‘LAN-NET COMMUNICATIONS S.A.’

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

FINANCIAL STATEMENTS
(PARENT & CONSOLIDATED)
AS OF DECEMBER 31, 2006
IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
(IFRS)

Annual Financial Statements (solo and consolidated) for 2006
in accordance with the International Financial Reporting Standards

This is to certify that the attached Annual Financial Statements (solo and consolidated) are those which have been approved by the Board of Directors of LAN-NET COMMUNICATIONS S.A. on 20th of March 2007 and have been published through the press, through their submission in the Athens Exchange and Hellenic Capital Market Commission and by posting them on the internet, at the address **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 (I.F.R.S.). Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

Peristeri, 20th of March 2007

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

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(Amounts are in Euro)

**BOARD OF DIRECTORS' MANAGEMENT REPORT
TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING
PER THE FINANACIAL STATEMENTS OF THE COMPANY FOR
FISCAL YEAR 2006**

Dear Shareholders,,

The Financial Statements as at 31.12.2006 concern the Company's 30th financial year that covers the period from January 1st to December 31st 2006. For 2006. the Company compiled for the first time consolidated financial statements, according to the International Financial Reporting Standards (IFRS).

During 2006, the company fundamentals of LAN-NET COMMUNICATIONS S.A. ascended significantly both through the acquisition of similar companies and through the merger by apsorption of TELEPASSPORT S.A.

In particular, the strengthening of the Company's position in the market, its development and the attainment or access to a larger market share, are considered significant by the company's management and constitute a primary objective, which was realized to a large extent both through acquisitions and through a merger. From 2006, LAN-NET comprises a group of 8 companies focused on the fixed telephony market and has proliferated its fundamentals. Specifically, at present the company participates in the following companies:

COMPANY	BUSINESS ACTIVITY	ACQUISITION DATE	PARTICIPATION
PRIMUS CALL S.A.	Call center, Telemarketing, Market Research	29.8.2006	100%
ORBITECH S.A.	Developer of broadband application	30.8.2006	100%
COLUMBIA TELECOM S.A.	VNO, Target Group Sales	18.7.2006	70%
TELEPASS S.A.	Multilevel Marketing Company	31.8.2006	100%
PASSPOINT S.A.	E-Sales, Collection Company	31.82006	80%
TPH S.A.	Τεχνολογική Έρευνα	31.8.2006	70%
TELEPASSPORT CYPRUS Ltd.	Telecom	31.8.2006	34%

From the above companies, Orbitech, Columbia Telecom and Primus were acquired by acquisition, while the remaining companies through the absorption of TELEPASSPORT. Following the completion of the latter, LAN-NET now maintains 600,000 lines, 490,000 active customers and a presence in 54 geographic areas in Greece and abroad.

To finance the aforementioned activities, six series of a convertible bond loan were issued, as is described in detail in the attached Annual Financial Statements.

Moreover, in August 2006 the Company estimated that the cost for consolidating the new companies in LAN-NET and the cost for the total restructuring of the node services, the network technological base, the employee IT systems and the integrated customer base will amount to approximately € 12.35 million, which will be financed by the Company's equity. Until the end of the current period, the realized restructuring cost amounted to € 6.3 million.

Dear Shareholders, during 2006, the telecommunication sector continued to endure acute competition conditions, mainly characterized by the acquisition of significant market shares through reductions in prices and by the efforts of alternative providers to attain a more powerful customer base in order to exploit the local loop unbundling more efficiently. At the same time, 2006 constituted a significant year for the telecommunication sector in general with company acquisitions such as TIM and Q TELECOM, HELLAS ON LINE, the entrance of SYSTEMA and WIND in the Greek market and the establishment of ON TELECOM.

Accordingly, such conditions had a significant effect on the company's turnover and results. Specifically, even through the Company's turnover appears increased at the company level by 6%, in effect it has decreased by 11.5%. This decrease is due to the loss of customers in the private client category and to a lesser extent to the reduction in service prices. It is noted that the financial statements for 2006 are not directly comparable with those of 2005 due to the fact that the former include data from the activity of the absorbed TELEPASSPORT for the period from 1/9 to 31/12/2006. Turnover increased by 10.63% compared to 2005, amounting to approximately € 61 million compared to € 55 million in the previous year, which included only the activity of the parent company. The consoliated balance sheet of 2006 included the activity of COLUMBIA TELECOM from 1/7/2006 to 31/12/2006 and that of the remaining companies from 1/9 to 31/12/2006.

Gross profit at the consolidated level amounted to € 29.35 million compared to € 25.26 million the previous year, thus posting an increase of 16.14% in absolute terms, while at the company level gross profit amounted to € 28 million, increased by 10.89%. In percentage terms, gross profit both at the company and the consolidated level increased from 45.86% to 48.17% and 48.15% respectively. Earnings before taxes and financing results increased from €-3.8 million to € -7.8 million at the company level and to € 8.8 million at the consolidated. Respectively, losses after taxes amounted to € 12.4 million for the Group and 11.15% compared to € 6.58% in 2005.

The company's EBITDA is positive for 2006 and amounts to € 1,108,670 for the parent and to € 209,317 for the group compared to € 793,078 in 2005, namely posting an increase of approximately

40% at the parent level. As regards to the analysis of assets, liabilities, net position and results for 2006 as well as the accounting principles applied by the Company at the parent and consolidated level, a detailed analysis is provided in the Notes on the Financial Statements that constitute an inseparable part of the Company's Annual Financial Statements.

At the same time, in the context of the Corporate Social Responsibility plan LANNET supports the World Juvenile Diabetes Foundation. Specifically LAN-NET assists children with diabetes and their families by undertaking the initiative to financial support the research program conducted by the Foundation for many years. Moreover, from 2006 it has established a Blood Bank program that has met significant support from the company's total employees and which has contributed until today to the assistance of many fellow beings and LAN-NET employees when in need of blood.

Disclosure Requirements under Article 11a of Law 3371/2005:

a) The company's share capital after the merger via absorption of TELEPASSPORT consists of 142,732,000 common registered shares. Out of these shares, a total of 79,805,802 which are Lannet's shares before the merger, are listed shares in the Athens Exchange Main Market and the remaining 62,926,198 shares that were added after the merger are in the process to be listed under the current legislation. Shareholders rights and obligations are those described by the current legislation.

b) There are no restrictions in disposing of the shares

c) Based on P.D. 51/1992, Prensco Holding LTD controls 9.59% of the listed Company shares, which also correspond to the same number of voting rights.

d) There are no shares with special controlling rights.

e) All Voting rights bear no restrictions. Under current legislation all voting rights may be used in Shareholders Meetings.

f) To the company's knowledge there are no shareholder agreements in effect that carry restrictions both in the disposal of these shares or in exercising voting rights.

g) The company rules for replacing and/or appointing members of the Board are those of Law 2190/1920.

h) The Board of Directors or any of its members has no power in issuing new shares and/or buying back existing shares according article 16 of Law 2190/1920.

i) There exist three agreements issued by the company, which can be in effect besides any existing loan agreements, regarding ownership status changes may occur under common practices in the case of a tender offer.

j) No agreements are in effect between the company and Members of the Board or the personnel that provides for any compensation in the case of resignation, or dismissal without major reason or termination of work as a result of a Public Tender Offer.

Other Information under Article 1 paragraph 7b of Law 3487/2006:

The company's most significant facts for the period between year-end and the publicaiton of this report are as follows:

- In the beginning of January the Company faced an illegal disruption of its circuits, instigated abusely by the Hellenic Telecommunication Organization (OTE). This action took place immediately following the completion of the merger through absorption of TELEPASSPORT and while our company operated under twofold protection, on the one hand based on the temperary order by EETT dated 21.02.2006 issued in favor of Lannet and on the other based on the temporary orders of the Athens Unilateral Court of First Instance dated 24.10.2006 and 13.11.2006 issued in favor of the company TELEPASSPORT HELLAS S.A. It is obvious that OTE, with this action, for yet another time pursued to obstruct our activity with the creation of false impressions, always against the smooth operation of Lannet and against the servicing of its subscribers, the market and also its shareholders.
- In February 2007, the company was certified in the context of the International Quality Management Standard by the TUV organization with the ISO 9001:2000 Quality Assurance Standard. Thus, it currently constitutes the only company in this sector in the Greek market to be certified for its total services. The objective of the aforementioned certification is to reassure that the offered quality of LAN-NET's telecommunication services is exactly that promised and what it commits for its customer.
- In March 2007, our Company converted the amount of € 4 million it had deposited for the share capital increase to the company FANCO since October 2005, to a bond loan and thus settled a significant and prolonged impediment. Today, with the loan's conversion to the universal successor of UNITED TEXTILES S.A., the company is expeced to have a significant liquid asset at is disposal.
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In relation to the circumstances in the fixed telephony market, the main trends are as follows:

2006 was characterized by a further intensification of the alredy increased competition since all companies are striving to acquire critical sizes as it is now even clearer that more companies are present in the market than those that can efficiently operate.
Alternative providers are trying to take advantage of the conditions that prevail with the local loop unbundling and the explotation of new technologies. Already, competitor companies advertise the provision of advanced services particularly in the triple play area, without however being in a position

to directly offer the services they provide in theory, thus creating confusion in the market.

LAN-NET is ready for the provision of triple play services through its self-owned system – developed by ORBITECH – which was in trial operation since the middle of 2006 and is expected to productively operate within 2007.

Furthermore, following the agreement signed in November 2006 with Craig Wireless, Lannet now maintains a WiMAX system that will serve the smooth direct distribution of broadband services both to household users and to corporate clients throughout the country. The network of Craig Wireless, with its programmed form and structure, without taking into account its possible future expansions, will be able to serve at least 500 thousand broadband subscribers of all types.

In addition, its is important to note that through the specific trade agreement, Lannet acquires a significant level of independence as regards to the provision of the aforementioned services, thus utterly utilizing the technologically advanced capabilities offered by the WiMAX network and the infrastructure developed by Craig Wireless.

Subsequent to the merger with TELEPASSPORT, LAN-NET now maintains 911,000 CLI's that cover almost 8% of the country's population, as well as 51 nodes throughout Greece with the capacity to provide broadband services. For their better utilization, Orange Business Systems was appointed a study concerning the configuration of the future network and infrastructure for the provision of new advanced QUAD PLAY services and the reduction of operating cost over 25%. The implementation of this plan is expected to be completed within 2007.

The company runs 3 outlets and owns 51 nodes throughout Greece.

Research & Development activity during the same period amounted to € 149 thousand and we note that almost 10% of affiliate company Orbitech operations regard mostly the development of triple-play platform.

Dear Shareholders,

Following thses clarifications we invite you to approve the Company's submitted financial statements at the parent and consolidated level, which have been compiled according to IFRS, and to proceed with decisions on the remaining issues of the daily agenda.

Peristeri, March 20th 2007

Thomas Ch. Lanaras
Chairman and Managing Director
'LAN-NET COMMUNICATION S.A.'

AUDIT REPORT BY THE INDEPENDENT CERTIFIED AUDITOR ACCOUNTANT
To the Shareholders of 'LAN-NET COMMUNICATIONS SA'

Report on the Financial Statements

We have audited the accompanying financial statements (separate and consolidated) of 'LAN-NET TELECOMMUNICATIONS S.A.' (the Company), which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements (separate and consolidated) based on our audit. We conducted our audit in accordance with Greek Standards on Auditing which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entities of the Group internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Other Legal Requirements

In our opinion the content of Board of Directors' Report, is consistent with the aforementioned financial statements.

Athens, 20 March 2007
The Certified Auditor Accounts
Theodore G. Zervos
CPPA R.N. 17591

BDO Standard Greek Auditing SA
Certified Auditors Accountants

(Amounts are in Euro)

INCOME STATEMENT FOR THE PERIOD 1.1-31.12.2006

GROUP	*Note.*	1.1-31.12.2006	1.1-31.12.2005	1.10-31.12.2006	1.10-31.12.2005
Turnover	4	60,949,499	55,094,754	22,735,000	14,659,633
Cost of sales		(31,604,428)	(29,828,326)	(13,767,048)	(7,906,740)
Gross profit		29,345,071	25,266,428	8,967,952	6,752,893
Other operating income		1,595,042	9,543,335	533,444	9,481,595
		30,940,113	34,809,763	9,501,396	16,234,488
Selling, distribution expenses	7	(30,772,867)	(33,191,921)	(11,502,876)	(8,309,721)
Administrative expenses	7	(8,434,306)	(4,957,264)	(3,294,734)	(596,215)
Research and development expenses		(149,148)	(312,372)	(40,725)	(92,946)
Other operating expenses		(354,163)	(147,137)	(270,608)	(103,040)
Losses before tax and financial results		(8,770,371)	(3,798,931)	(5,607,547)	7,132,566
Finance cost	8	(3,646,021)	(2,785,522)	(1,420,820)	(518,308)
Loss before tax		(12,416,392)	(6,584,453)	(7,028,367)	6,614,258
Less: Taxes	9	8,876	-	8,876	-
Loss after tax		(12,407,516)	(6,584,453)	(7,019,491)	6,614,258
Loss after tax per share		-0,1678	-0,1724	-0,0669	0,1574
Weighted number of shares (basic)		73,965,389	38,184,540	104,935,062	42,030,090

COMPANY	*Note*	1.1-31.12.2006	1.1-31.12.2005	1.10-31.12.2006	1.10-31.12.2005
Turnover	4	58,164,261	55,094,754	20,756,917	14,659,633
Cost of sales	5	(30,145,976)	(29,828,326)	(12,336,786)	(7,906,740)
Gross profit		28,018,285	25,266,428	8,420,131	6,752,893
Other operating income		932,562	9,543,335	194,219	9,481,595
		28,950,847	34,809,763	8,614,350	16,234,488
Selling, distribution expenses	7	(29,412,577)	(33,191,921)	(10,635,993)	(8,309,721)
Administrative expenses	7	(7,065,509)	(4,957,264)	(2,237,202)	(596,215)
Research and development expenses		(149,148)	(312,372)	(40,725)	(92,946)
Other operating expenses		(105,553)	(147,137)	(36,105)	(103,040)
Losses before tax and financial results		(7,781,940)	(3,798,931)	(4,335,675)	7,132,566
Finance cost	8	(3,366,244)	(2,785,522)	(1,175,101)	(518,308)
Loss before tax		(11,148,184)	(6,584,453)	(5,510,776)	6,614,258
Less: Taxes		-	-	-	-
Loss after tax		(11,148,184)	(6,584,453)	(5,510,776)	6,614,258
Loss after tax per share		-0,1507	-0,1724	-0,0525	0,1574
Weighted number of shares (basic)		73,965,389	38,184,540	104,935,062	42,030,090

The notes on pages 15 to 51 form an integral part of these interim accounts which related on pages 10 to 14.

(Amounts are in Euro)

BALANCE SHEET

ASSETS	Note	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Non-current assets					
Tangible assets	11	40,676,081	27,064,913	39,223,678	27,064,913
Intangible assets	12	4,173,537	2,662,548	4,066,520	2,662,548
Investments in subsidiaries	14	-	-	26,703,546	-
Deferred Tax	24	28,969	-	-	-
Goodwill	13	53,818,633	3,569,124	29,722,599	3,569,124
		98,697,220	33,296,585	99,716,343	33,296,585
Current assets					
Inventories	16	454,546	228,096	404,130	228,096
Trade receivables	15	38,414,083	21,169,905	35,731,891	21,169,905
Other assets	17	16,134,208	9,162,670	15,892,477	9,162,670
Cash and cash equivalents	18	4,506,269	7,225,046	4,070,442	7,225,046
		59,509,106	37,785,717	56,098,940	37,785,717
TOTAL ASSETS		**158,206,326**	**71,082,302**	**155,815,283**	**71,082,302**
LIABILITIES					
EQUITY					
Share capital	19	97,057,760	54,584,246	97,057,760	54,584,246
Share premium account	19	2,291,040	996,512	2,291,040	996,512
Reserves		7,909,396	6,463,756	6,518,410	6,463,756
Profit carried forward		(44,238,163)	(28,758,579)	(37,259,870)	(28,758,579)
		63,020,033	33,285,935	68,607,340	33,285,935
Minority interest		96,277	-	-	-
Total equity		63,116,310	33,285,935	68,607,340	33,285,935
Liabilities					
Long-term liabilities					
Loans	20	21,165,159	19,533,944	21,165,159	19,533,944
Staff retirement indemnity	23	358,155	209,902	295,200	209,902
Deferred tax	24	10,791	-	-	-
Other long-term liabilities		454,348	-	339,848	-
Total long-term liabilities		21,988,453	19,743,846	21,800,207	19,743,846
Short-term liabilities					
Trade and other payables	21	51,617,881	9,560,302	44,300,922	9,560,302
Provisions	22	11,555,414	-	11,555,414	-
Loans	20	9,928,268	8,492,219	9,551,400	8,492,219
Total short-term liabilities		73,101,563	18,052,521	65,407,736	18,052,521
Total liabilities		95,090,016	37,796,367	87,207,943	37,796,367
TOTAL LIABILITIES AND EQUITY		**158,206,326**	**71,082,302**	**155,815,283**	**71,082,302**

The notes on pages 15 to 51 form an integral part of these interim accounts which related on pages 10 to 14.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

GROUP 2006	Share capital	Share premium	Statutory reserve	Other reserves	Profit carried forward	Total
Balance at 1 January 2006	54,584,246	996,512	1,223,193	5,240,563	(28,758,579)	33,285,935
Equity of ORBITECH SA on 1.9.2006	-	-	6,912	-	(1,136,510)	(1,129,598)
Equity of PRIMUS SA on 1.9.2006	-	-	1,503	-	(472,277)	(470,774)
Equity of COLUMBIA SA on 1.7.2006	-	-	-	-	(3,794,016)	(3,794,016)
Equity of PASSPOINT SA on 1.9.2006	-	-	-	-	214,004	214,004
Equity of TELEPASS SA on 1.7.2006	-		1,399	-	(2,394,949)	(2,393,550)
Equity of TRI TECHNOVLASTOS SA on 1.9.2006	-	-	17	-	(148,260)	(148,243)
Equity of TELEPASSPORT SA on 1.9.2006	13,067,215	-	54,654	-	(27,075,707)	(13,953,838)
Share capital increase from 1.1 till 31.12.2006	29,406,299	1,718,209	-	-	(760,000)	(31,889,508)
Expenses of share capital increase	-	(423,681)	-	-	-	(423,681)
Goodwill	-	-	-	-	29,722,599	29,722,599
Other changes	-	-	-	1,381,155	1,253,048	2,634,203
Minority interest	-	-	-	-	96,277	96,277
Losses for the period from 1.1 till 31.12.2006	-	-	-	-	(12,407,516)	(12,407,516)
Balance at 31 December 2006	**97,057,760**	**2,291,040**	**1,287,678**	**6,621,718**	**(44,141,886)**	**63,116,310**

GROUP 2005	Share capital	Share premium	Statutory reserve	Other reserves	Profit carried forward	Total
Balance at 1 January 2005	38,378,798	1,257,708	1,223,193	5,240,563	(22,174,126)	23,926,136
Share capital increase	16,205,448	32,108	-	-	-	16,237,556
Expenses of share capital increase	-	(293,304)	-	-	-	(293,304)
Loss for the period from 1.1 till 31.12.2005	-	-	-	-	(6,584,453)	(6,584,453)
Balance at 31 December 2005	**54,584,246**	**996,512**	**1,223,193**	**5,240,563**	**(28,758,579)**	**33,285,935**

The notes on pages 15 to 51 form an integral part of these interim accounts which related on pages 10 to 14.

(Amounts are in Euro)

COMPANY 2006

	Share capital	Share premium	Statutory reserve	Other reserves	Profit carried forward	Total
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 from 1.1 till 31.12.2006	29,406,299	1,718,209	-	-	-	31,124,508
Expenses of share capital increase	-	(423,681)	-	-	-	(423,681)
Equity if the absorbed TELEPASSPORT SA on 1.9.2006 in accordance with IFRS	13,067,215	-	54,654	-	(27,075,707)	(13,953,837)
Goodwill	-	-	-	-	29,722,599	29,722,599
Losses for the period from 1.1 till 31.12. 2006	-	-	-	-	(11,148,184)	(11,148,184)
Balance at 31 December 2006	**97,057,760**	**2,291,040**	**1,277,847**	**5,240,563**	**(37,259,870)**	**68,607,340**

COMPANY 2005	Share capital	Share premium	Statutory reserve	Other reserves	Profit carried forward	Total
Balance at 1 January 2005	38,378,798	1,257,708	1,223,193	5,240,563	(22,174,126)	23,926,136
Share capital increase	16,205,448	32,108	-	-	-	16,237,556
Expenses of share capital increase	-	(293,304)	-	-	-	(293,304)
Losses for the period from 1.1 till 31.12. 2005	-	-	-	-	(6,584,453)	(6,584,453)
Balance at 31 December 2005	**54,584,246**	**996,512**	**1,223,193**	**5,240,563**	**(28,758,579)**	**33,285,935**

The notes on pages 15 to 51 form an integral part of these interim accounts which related on pages 10 to 14.

(Amounts are in Euro)

CASH FLOW STATEMENT

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Operating Activities				
Loss before tax	(12,416,394)	(6,584,453)	(11,148,182)	(6,584,453)
Plus/Less adjustments for:				
Depreciation	8,978,597	4,592,009	8,890,610	4,592,009
Provisions	406,626	-	248,782	-
Results of investing activities	(7,140)	23,230	217,103	23,230
Interest and similar expenses	3,397,440	2,246,588	3,341,907	2,246,588
(Increase)/Decrease of inventories	(226,450)	1,867,482	99,714	1,867,482
(Increase) / Decrease of receivables	(8,120,690)	3,976,750	(6,836,704)	3,976,750
Decrease/(Increase) of current liabilities (excl. banks)	33,653,840	(16,976,701)	12,840,604	(16,976,701)
Less:				
Interest and similar expenses paid	(3,397,440)	(2,246,588)	(3,341,907)	(2,246,588)
(Loss) / Profit from securities sale	(76,955)	-	325,911	-
Total cash flows from operating activities	22,191,434	(13,101,683)	4,637,839	(13,101,683)
Investing activities				
Purchase of tangible and intangible assets	(1,392,555)	(1,611,102)	(129,696)	(1,611,102)
Proceeds from the sale of tangible and intangible assets	38,817	6,256	4,273	6,256
Interest received	69,815	46,704	69,730	46,704
Purchase of subsidiaries and other investments	(28,728,546)	(975,618)	(26,086,200)	(975,618)
(Decrease)/Increase of long-term receivables	(16,095,026)	731,944	(7,260,180)	731,944
Total (outflows)/inflows from investing activities	(46,107,495)	(1,801,816)	(33,969,073)	(1,801,816)
Financing activities				
Receipts from issued / taken loans	7,268,000	5,720,000	7,268,000	5,720,000
Receipts from share capital increase	21,145,788	16,205,448	21,145,788	16,205,448
Payments of financial leasing	(447,947)	(909,197)	(399,586)	(909,197)
Loan repayment	(6,768,557)	(1,737,877)	(6,742,395)	(1,737,877)
Total inflows/(outflows) from financing activities	21,197,284	19,278,374	21,271,808	19,278,374
Net decrease in cash and cash equivalents of period	(2,718,777)	4,374,875	(8,059,427)	4,374,875
Cash and cash equivalents at the beginning of period	7,225,046	2,850,171	12,129,869	2,850,171
Cash and cash equivalents at the end of period	4,506,269	7,225,046	4,070,442	7,225,046

The notes on pages 15 to 51 form an integral part of these interim accounts which related on pages 10 to 14.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established in 1976 (GGI 2755/1-11-1976), with a term of 50 years and initial title 'GIANNIS TH. GIANNOUSSIS SA.' On 16/7/2002 G. GIANNOUSSIS SA merged LAN-NET COMMUNICATIONS SA by absorption, and at the same time it was renamed LANNET SA. Subsequently LAN-NET SA merged LANTEC COMMUNICATIONS SA by absorption and was renamed LAN-NET COMMUNICATIONS SA. The company LAN-NET COMMUNICATIONS SA merged via absorption with the company 'TELEPASSPORT (HELLAS) TELECOMMUNICATIONS, MANAGEMENT AND TECHNOLOGICAL SERVICES SA' by absorption. The merger was approved by the General Shareholders' Meetings of the companies on 24/12/2006 and 23/12/2006 respectively and was registered in the Société Anonyme Register under K2-18300/29.12.2006. With the same decision the deposit of € 13.067.215 for the Share Capital Increase was verified, which corresponds to the contributing Share Capital of the absorbed company plus € 992.511 from the capitalization of difference from the issue of shares above par, that is a total sum of € 14.059.726. The merger of the company 'TELEPASSPORT (HELLAS) TELECOMMUNICATIONS, MANAGEMENT AND TECHNOLOGICAL SERVICES SA' in the accounting books of LAN-NET COMMUNICATIONS SA was performed using the pooling method. Based on the accounting practice that is applied in transactions under the pooling method and also in accordance with L. 2166/1993, the commercial transactions realised by the absorbed company with transformation date (31/8/006) are recorded in the accounts of the absorber. Therefore, the results for the period 1st of September 2006 till 31st of December 2006 of the absorbed (at parent level) include also the activities of the absorbed company. Therefore, the results for the period 1/1-31/12/2006 of the parent company are not comparable with those of 2005. Based on the ratios of values, which were approved by the General Shareholders' Meetings of the merged companies, the exchange ratios of the absorbing 'LAN-NET COMMUNICATIONS SA' and the absorbed 'TELEPASSPORT (HELLAS) SA' are as follows:

a. Every shareholder of 'LAN-NET COMMUNICATIONS SA' exchanges one common registered share of nominal value € 1.04 which s/he holds in 'LAN-NET COMMUNICATIONS SA' with a new common registered share of nominal value € 0.68 each, which means that 'LAN-NET COMMUNICATIONS SA' shareholders retain the same number of shares.

b. Every shareholder of 'TELEPASSPORT (HELLAS) SA' exchanges a common registered share with voting rights that s/he holds with 2,50410071764947 new common registered shares with voting rights of 'LAN-NET COMMUNICATIONS SA' of nominal value € 0.68 each, which means that shareholders of 'TELEPASSPORT (HELLAS) SA' receive in total 25.129.260 shares X 2,50410071764947= 62.926.198 new shares, SA' of nominal value € 0.68 each.

Consequently the share capital of 'LAN-NET COMMUNICATIONS SA' now reaches € 97.059.759, divided into 142.732.000 common registered shares of nominal value € 0.68 each.

The company activates in the provision of telecommunications services to companies, banks, organizations, and private parties.

The Company is an alternative provider of telecommunication services that following the merger has presence in 51 geographical areas in Greece and 3 abroad (Great Britain, Germany and Austria). Its operation is based on general and special licences that are provided by the Hellenic Telecommunications and Postal Services Commission as well as the British Ministry of Trade and forms a new great power in telecommunications holding 600,000 lines, 490,000 active customers and 7 subsidiaries. It offers services of Fixed-Line telephony, Short Messages Sending from Fixed Line telephony, economic programmes Lannet under the trademarks ego FREE , Cut bill , Biz Plus Services Lannet Free Internet Log & Play and broadband services BroadNet ADSL. Also, it holds, in co-operation with Graig Wireless, a license for the use of wi max network and through its subsidiary Orbitech, has developed a Triple play system having important technological innovations.

The Company's shares, which totaled on Dec. 31st 2006 79,805,802 common registered (prior to the Telepassport merger), are listed in the Main Market of the Athens Exchange.

Information on subsidiaries:

<u>'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATIONS SERVICES SUPPORT'</u>

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 sighed for the price of € 7,600,200.

From the total amount of € 7,600,200, an amount of € 3,130,010 was paid in cash until 28.8.2006 and the remaining amount of € 4,470,190 was covered with the issuance of convertible bond loan of, 550 bonds having a nominal and distribution price of € 8,127.60 with two years maturity and bullet repayment with annual rate of 5%, which on 31.8.2006 converted in 3,725,150 new common registered shares.

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 TELECOMMUNICATIONS SA’

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

From the total amount of € 3,990,000, € 210,952 was paid in cash and the remaining amount of € 3,779,048 was covered by the issue of a convertible bond loan of, 1,253 bonds having a nominal and distribution price of € 3,016 and fixed annual coupon of 2.58%.

On 31.7.2006 583 bonds of nominal value of € 3,016 per bond were converted to equity of € 1,576,432 with the issuance of 1,515,800 new common registered shares and the share premium account amounted to € 181,896.

In accordance with the decision of the Extraordinary shareholders meeting on 30.11.2006 a share capital increase of € 461,850 was decided with the issue of 15,395 new shares having a nominal value of € 30 each and issue price of € 64.96 each. Therefore, the Share Capital increased by € 461,850 and a reserve was formed from a share premium of € 538,209. ΄LAN-NET COMMUNICATIONS SA’ which hold 100% of the shares did not participate in the increase and its share was reduced to 70% as the initial contract stated.

‘COLUMBIA TELECOMMUNICATIONS SA’, was founded on 1998 based in Athens being today the largest Virtual Network Operator in Greece.

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 y the issuance of a convertible three-year corporate loan of 1,000 bonds having a nominal value and issue price of € 14,496 per bond and annual coupon of 4.50% which on 31.8.2006 converted to 12,080,000 new common registered shares. 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 materialisation of integrated solutions, the company has a number of large clients in its client list. Recognising 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.

'PASSPOINT ELECTRONIC TRANSACTIONS SA'

The company was established in Greece in May 2004 (GGI 6449/21.06.04), based in the municipality of Maroussi under the title 'PASSPOINT ELECTRONIC TRANSACTIONS SA.' The term of the company according to its articles of incorporation is 50 years, beginning with its registration in the Société Anonyme Register and ends on the corresponding date of year 2,054. The aim of the company is the establishment and operation of electronic networks for handling payments and transactions with terminals, the management and exploitation of systems and electronic networks for handling payments and transactions, the development and provision of services the provision of which is offered through electronics networks for payments and transactions, the creation and management of electronic commercial sites on the Internet, the organization and management of games of chance and bets of predetermined or not yield to the measure allowed by law, and finally the creation of products and services of consumer credit which will mutually serve merchants and consumers. The company was an 80% subsidiary of 'TELEPASSPORT SA.'

'TELEPASS TELECOMMUNICATIONS SERVICES AND PRODUCTS SA'

The company 'TELEPASS TELECOMMUNICATIONS SERVICES AND PRODUCTS SA' was established in November 2002 (GGI 11766/22.11.2002), based in the Athens municipality, according to the modification of its articles of incorporation in November 2006 its base was changed to the Peristeri municipality. The term of the company, according to its articles of incorporation was set at 100 years (with the option to extend), beginning with its registration in the Société Anonyme Register and ending on 31/12/2101.

The object of the company is to establish, operate, and manage a clients network for the promotion of a) telecommunications services and products and b) electronic commerce and internet and c) to provide all manner of services and products related to telecommunications, to provide managerial, consulting and customer services to companies and private parties relating to the above activity.
The company was a 100% 'TELEPASSPORT SA' subsidiary.

TRH SOCIETE ANONYME COMPANY FOR THE PROMOTION AND DEVELOPMENT OF TECHNOLOGY'

The company 'TPH TECHNOLOGY PROMOTION AND DEVELOPMENT SA' was established in December 2003 (GGI 21/2.1.2004) and based in the Maroussi municipality. The term of the company, according to its articles of incorporation has been set to 50 years, beginning with its registration in the Société Anonyme Register and ending on 19/12/2053.

The aim of the company is the study and production of systematic research based on existing knowledge, in order to prepare the production of new materials, products or regulations, the creation of systems or services procedures and the substantial improvement of those in existence for particular applications, the development on behalf of third parties or for own use of technological products or regulations, or innovations or services to increase competitiveness, productivity and the commercial activity of industries and companies, and the support of activities of international and technological cooperation and transfer of technology. The company was a 70% 'TELEPASSPORT SA' subsidiary.

2. ACCOUNTING PRINCIPLES

2.1. Basis of preparation of financial statements

The attached solo and consolidated financial statements of 2006 have been prepared on the historical cost basis and have also been prepared according to the principal of going concern. The financial statements have been prepared in accordance with the amended or newly issued Standards and Interpretations that are effective on the group on December, 31 2006 and were taken into account at the extend that were applicable
The annual financial statements of 31.12.2006, are compiled in accordance with the accounting principles followed for the compilation of annual statements for the year ended on December, 31 2005. The Company compiled for the first time annual consolidated financial statements 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. Subsidiaries are those entities that are governed or controlled directly or indirectly by other companies, either through the majority of the voting rights or through the know-how dependence by the Group. That is to say, subsidiaries are the companies governed by the parent. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange less any cost directly related to the transaction.

The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Minority rights are estimated at minority percentage regarding the fair values of the recognised items of Assets and Liabilities at the acquisition date.

The acquisition of minority rights that effectively refers to acquisitions made after the control of a company was taken, are estimated with the recognition of a minority interest reduction based on the transferred share capital amount at the acquisition date.

Related are the companies that the Group may have a significant influence but do not meet the requirements to be classified as subsidiaries. The assumptions used by the Group state that the holding share ranges between 20% and 50% of the voting rights of a company, a fact that suggest the existence of a significant influence. Investments in related companies are initially recognised at cost and subsequently at net equity. At the end of every year the cost is increased in analogy with the participation of the investing company in the net equity changes of the investment company, and reduced by the amount of the received dividends by the related company.

Goodwill is the difference between the acquisition price and the fair value of the assets of the acquired companies. The goodwill emerges by acquisitions occurring after the 1st of January 2004 are don't depreciated but are subject to annual impairment or a more frequent one if facts or changes in conditions suggest that the accounting value may have been impaired.

The consolidated financial statements (compiled for the first time on 30.9.2006), excluding the parent company 'LAN-NET COMMUNICATIONS SA', include its subsidiaries 'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATION SERVICES SUPPORT' (participation percentage 100%), 'COLUMBIA COMMUNICATIONS S.A.' (participation percentage 70%) and 'ORBITECH TECHNOLOGIES OF INFORMATION TECHNOLOGY AND COMMUNICATIONS SOCIETE ANONYME' (participation percentage 100%), 'TELEPASS SOCIETE ANONYME OF TELECOMMUNICATION SERVICES AND PRODUCTS' (participation percentage 100%), 'PASSPOINT SOCIETE ANONYME

COMPANY OF ELECTRONIC TRANSACTIONS' (participation 80%), 'TRH SOCIETE ANONYME COMPANY FOR THE PROMOTION AND DEVELOPMENT OF TECHNOLOGY' (participation percentage 70%) which were consolidated under the method of complete consolidation and the company 'TELEPASSPORT TELECOM LTD' (participation percentage 33%) under the net equity method.

It is noted that based on the consolidated financial statements on 31.12.2006 there was no change by more than 25% on the turnover, the net earnings after tax and the minority interest and the equity of the shareholders of the company.

Consolidated results for the period 1.1-31.12.2006

The consolidated results of the period 1.1-31.12.2006 include the results of the company 'LAN-NET COMMUNICATIONS SA' for the period 1.1-31.12.2006, of the absorbed company 'TELEPASSPORT (HELLAS) SOCIETE ANONYME OF TELECOMMUNICATION, ADMINISTRATION AND TECHNOLOGICAL SERVICES' for the period 1.9-31.12.2006, the company 'COLUMBIA TELECOMMUNICATIONS S.A.' and the companies 'ORBITECH TECHNOLOGIES OF INFORMATION TECHNOLOGY AND COMMUNICATIONS SOCIETE ANONYME', 'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATION SERVICES SUPPORT', 'PASSPOINT SOCIETE ANONYME COMPANY OF ELECTRONIC TRANSACTIONS', 'TRH SOCIETE ANONYME COMPANY FOR THE PROMOTION AND DEVELOPMENT OF TECHNOLOGY' for the period 1.9-31.12.2006.

The Company and its subsidiaries keep their accounting books under the provisions of the Law for Societe Anonymes 2190/1920 and the current tax laws. From the 1st of January 2005 onwards, the parent Company and its subsidiaries are forced by the provisions of the laws to compile their financial statements in accordance with the provisions of IFRS as these are adopted by the European Union.

As they have the right though, they keep maintaining their accounting books in accordance with the provisions of the Greek accounting laws. Therefore, and referring to the compilation of the consolidated financial statements, the financial statements of the parent and its subsidiaries are adjusted and restated through non-accounting entries for the reconciliation with IFRS.

The compilation of financial statements in accordance with IFRS requires from the managements to perform estimations and hypothesis that affect the amounts of asset and liabilities items, to notify for potential receivables and liabilities at the date the financial statements are compiled, as well as the income and expenses during the year. The real results may differ from estimates.

The Board of Directors of the Company approved the attached solo and consolidated financial statements for the period ended on 31 December 2006, on 20 March 2007.

Some entries of the previous year were reclassified in order to become homogenous and comparable with those of the precious year. The relevant amounts of these reclassifications are not significant and their reporting is not required.

2.2. Changes in accounting principles

The Committee of International Accounting Standards and the Interpretation Committee have issued a series of new accounting standards and interpretations, or have amended existing ones, which application is mandatory for the accounting period starting from January the 1st 2006 onwards. The estimation of the Management of the Group and the Company regarding the effect of the new standards and interpretation is as follows:

IAS 19 (amendment) – Employee benefits (effective from 1/1/2006)

The amendment introduces an alternative option for the recognition of actuarial profit and losses.

It may force new prerequisites for the recognition of cases for which there are pension plans in which many employers participate and for which there are no adequate information for the application of defined benefit accounting. This amendment is not applicable in the Group.

IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006).

The amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, under the hypothesis that the structure and the relevant transactions will not alter.

IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006).

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group has not classified its financial instruments in fair value through the results. This amendment is not relevant to the Group's operations.

IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment and concluded that it is not relevant to the Group and the Company.

IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).

These amendments are not relevant to the Group's operations.

IFRS 6, Exploration for and exploitation of Mineral resources (effective from 1 January 2006):

These amendment is not relevant to the Group's operations and will not affect its financial statements.

IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007).

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. IFRS 7 replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and disclosure requirements in IAS 32 "Financial Instruments: Disclosure and Presentation." It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group and the Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

IFRIC 3, Emission rights:

The interpretation was not adapted by EU and was subsequently withdrawn by IASB. It is not relevant to the Group's operations and will not affect its financial statements.

IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006).

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management believes that IFRIC 4 is not expected to have an impact on the accounting presentation of the current business arrangements.

IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).

IFRIC 5 is not relevant to the Group's and the Company's operations.

IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005).

IFRIC 6 is not relevant to the Group's and the Company's operations.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006):

IFRIC 7 is not relevant to the Group's and the Company's operations.

IFRIC, Scope of IFRS (effective from 1 May 2006):

It is not relevant to the Group's operations and will not affect its financial statements.

IFRIC 9, Reassessment of Embedded Derivatives (effective from 1 June 2006):

It is not relevant to the Group's operations and will not affect its financial statements.

IFRIC 10, Interim Financial Reporting and Impairment (it is applied to annual accounting periods starting at or after 1 November 2006)

IFRIC 10 may affect the financial statements in case a loss impairment is recognised in an interim period regarding a goodwill or investments in participations available for sale or non-listed participations stated at cost value as this impairment cannot be reversed in future interim or annual financial statements. EU does not yet adopt IFRIC 10.

IFRIC 11, IFRS2 – Group and treasury shares transactions (it is applied to annual accounting periods starting at or after 1 March 2007)

This interpretation requires that the transactions in which a right on participation shares is given to personnel, is assumed to be made for the scope of accounting treatment as remuneration stated by the value of the share and are settled with participation titles even in the case that the company chooses or has the responsibility to buy these shares from third parties or the shareholders of the company offer the shares. The interpretation is also extended in the way subsidiaries treat in their solo financial statements programs in which personnel acquire rights on the shares of the parent company. EU does not yet adopt this interpretation.

IFRIC 12, Service Concession Arrangements (it is applied to annual accounting periods starting at or after 1 January 2008)

(Amounts are in Euro)

IFRIC 12 treats the way in which those participate in concession arrangements must apply the current International Financial Reporting Standards (IFRS) in order to record their liabilities and the rights relevant to the concession arrangements. Based on the Interpretation those participate in concession arrangements should not recognise the relevant infrastructure as tangible assets but to recognise a financial asset or an intangible asset. IFRIC 12 is not relevant to the Group. EU does not yet adopt this interpretation.

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2.3. Property, plant and equipment

Property, plant and equipment is stated at historical or replacement cost. These values are stated less (a) accumulated depreciation and (b) impairment. Initial cost of a tangible asset includes the acquisition price that includes any import taxes and non-refundable purchase tax, as well as any cost required for the asset to become operational. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realised. Any other expenditure for repairing or service etc. of the tangible assets are recorded in the expenses of he year they refer to. During the withdrawal or sale of an asset, the relevant cost and the accumulated depreciation are erased from the relevant accounts at the time of withdrawals or sale and the relevant profit or loss is recognised through the results. Depreciation is charged against the results based on the straight-line method over their estimated useful lives. Residual values and useful life of tangible assets are subject to review at every annual balance sheet. When the accounting values of the tangible assets exceed their recoverable value, the differences (impairment) are recorded as expenses in the results. The useful life per asset category is as follows:

Buildings-infrastructure in third party buildings	12-25 years
Machinery and installations	4-10 years
Motor vehicles	9 -12years
Furniture and fittings	5-20 years
Tools	3-9 years

2.4. Intangible assets

a) Computer software

Computer software refer to the acquisition cost or self-production of software such as payroll, materials, services and any expenditure occurred during the development of software in order for this to become operational is recognised as capital expenditure and is added to the initial cost of the software.

The depreciation of software is charged against the results using the straight-line method during the useful life. The useful life for software is 10 years.

b) Other intangible assets

The expenses for the acquisition of patents, trademarks and licences are capitalised and depreciated using the straight-line method during their useful life.

2.5. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The net sale price is the expected income from the sale of an asset in a transaction in which the participating parties have complete knowledge and act willingly after the deduction of any additional direct distribution cost of the asset. Value of use is the present value of all expected cash flows arising from the continuous use of the asset and its distribution at the end of its useful life. If there is no chance for the evaluation of recoverable value of an asset for which there is an indication for impairment, then the recoverable value of the unit that creates the cash flows is estimated. Accounting reversal of impairment of assets that was recorded in previous years is made only when there are sufficient indications that the impairment does not exist or is reduced. In these cases, the aforementioned accounting reversal is recognised as income.

2.6. Investments

The available for sale investments refer to investments that may remain in the portfolio of the company for an indefinite period of time but may be sold instantly for liquidity reasons or changes in interest rates.

The purchases or sales of investments are recorded in acquisition price at the time the transaction occurs, and which is the date at which the company is bind to purchase or sell the asset. The acquisition cost includes the transaction cost. The available for sale investments are recorded at fair value. The non-recognised profits (losses) arising from changes in the fair value of securities are classified as cash available for sale and are recognised in equity. The fair value of the investments is estimated by using price to earnings or price to cash flow ratios adjusted according to the circumstances of each issuer. Shares which fair value may not be estimated precisely are recognised at book value less any impairment.. When securities are classified as available for sale and they are sold or impaired, the accumulated readjustment of fair value are included in the results as profits or losses from securities.

2.7. Inventories

Inventories are recorded at the lower value between acquisition or production cost and their value of liquidation. The liquidation value is the estimated sale value reduced by the distribution cost of inventories. The cost of inventories is estimated by the use of weighted average and includes the expenses needed for the acquisition of inventories, their production expenses (if they are related to self-produced products) and the transportation expenses to bring them to current location.

Specifically the inventories of specialised spare parts of machines that are purchased at the same time with the machine are assumed to be an integral part of the machine's value and are depreciated together with the machine, while the replacements of used parts are expensed at the acquisition time. In contrast, the consumable parts for the maintenance of machines and the spare parts for general use are included in inventories and are expenses at the time of their use.

2.8. Receivables

Short-term receivables are recorded at book value after provisions for potential non-receivable balances while long-term receivables (balances that are not counted under normal credit range) are recorded at net book value under the real interest rate method. The Company has set criteria for the provision of credit to its clients which in general terms are based on the activities of the client, with parallel estimation of relevant economic information.

The transactions with clients are generally taking place under normal terms and estimated average collection period of sixty days following the shipment of products. At every balance sheet date all delayed or doubtful receivables are estimated in order to evaluate the need for the provision of doubtful receivables. The balance of the specific provision for doubtful receivables is appropriately adjusted at each balance sheet date in order to reflect the potential relevant risks. Every deletion of customer balances is debited at the current provision for doubtful receivables. It is the Company's policy not to proceed with any write-offs until all legal actions for their collections are made. It is noted that the concentration of credit risk is limited compared to the total amount trade receivables due to the large diversification of balances.

2.9. Cash and cash equivalents

The Company classifies time deposits and other highly liquid investments with duration of less than three months as cash.

For the compilation of cash flow statements, cash and equivalents include cash and deposit sin banks as well as cash as described above.

2.10. Transactions in foreign currencies

Transaction in foreign currencies are translated in euro using the exchange rate prevailing gat the time the transaction occurs. At the balance sheet date, currency assets and liabilities expressed in foreign currency are translated in euro using the prevailing exchange rate at that date. The foreign exchange differences that emerge from the conversion are recorded in results.

2.11. Share capital

Common shares are classified as capital. The increased cost from the issue of new shares is shown in capital reducing the amount to be received. When the Company acquires part of its share capital, the price plus any additional cost further to income tax is deducted from the total share capital as own shares until these are cancelled. When these shares (own) are sold or re-issued at further point in time, any arising price is recorded in share capital.

2.12. Loans

All loans are initially recorded at cost which is the fair value of benefit plus the expenses required for the acquisition of the loans. The loans are valued at future time at their depreciated book value using the discounted rat method. The cost of loans is recognised as an expense at the period in which it occurs.

2.13. Leases

Finance leases that transfer to the Company all risks and benefits that follow the ownership to the Company transfer all risks and benefits that follow the ownership of the leased asset and are recorded as assets having a value at the beginning of the lease equal to the real value of the leased asset or if this is lower, with the present value of the least leases. Leases are apportioned in financial expenses and they reduce the unpaid liability in order for a stable periodic interest on the remaining liability balance to emerge. Financial expenses are charge directly in results.

Leased assets are depreciated based on their useful life. Leases where the lessor is liable for all benefits and risks that emerge from the ownership of the asset are classified are operating leases. The payments for operating leases are recorded as expenses in the income statement on a systematic base during the duration of the lease.

2.14. Income tax (current and deferred)

Current and deferred income tax is based on the relevant items of the financial statements in accordance with the tax laws that are applicable in Greece. Current income tax refer to tax on the profits of the Company as these were restated in accordance with the requirements of the tax law, and was estimated

based on the current tax rate.
Deferred tax is estimated using the liability method in all temporary tax differences between the tax base and the book value of assets and liabilities occurring at the balance sheet date. Expected tax impact arising from temporary tax differences is defined and appear either as future (deferred) tax liability either as deferred tax receivables.
Deferred tax receivables are recorded for all tax-exempt temporary differences and the transferred tax losses, at the extend that it is estimated that a taxable profit will emerge against which a tax-exempt temporary difference may be used. The book value of deferred tax receivables is reviewed at every balance sheet date and is reduced to the degree that no other taxable earnings are expected to occur against of which part or all deferred tax may be used.
Current tax receivables and liabilities for the current and the previous years are valued at the amount which is estimated to be paid to tax authorities (or recovered by them) using tax rates (and tax laws) that are legislated or would be effectively legislated by the balance sheet date.

2.15. Distribution of dividends

Dividends payable are recorded as liability at the time of their approval by the General Shareholders Meeting.

2.16. Employee benefits

The liability of the Company towards its employees regarding the future payment of benefits related to the length of employment of each of them, is added and recorded based on accrued right that is expected to be paid to each employee, at the balance sheet date, discounted to its present value according to its estimated time of payment. The interest rate used for the discounting equals the yield of long-term Greek government bonds at the balance sheet date. The company estimates the employee benefits based on an actuarial study that takes place every 2 years.

2.17. Provisions

Provisions are created when the Company has a legal or implied liability that emerges as a result of a past event and is expected that an outflow would be required in order for this liability to be settled, and a reliable estimation of this liability may be made.
Provisions are reviewed at the end of each year and are adjusted in order to reflect the best possible estimations and n case it is requires are discounted based on a pre-tax discount rate. Potential liabilities are not recorded in financial statements but are notified, unless the possibility for an outflow that encompass economic benefit is limited. Potential receivables are not recorded in financial statements but are notified if the inflow of economic benefit is possible.

2.18. Grants

State grants are initially recognised at their nominal value when there is a reasonable assurance that the grand would be received and the Company will follow all relevant terms and conditions. State grants regarding the purchase of tangible assets are classified in long-term liabilities as income and are transferred in income statement during the useful life of the asset that is financed by the grant.
The grants that refer to expenses reduce these expenses during the period required for the systematic correlation with the granted expenses.

2.19. Financial assets

Financial receivables and financial liabilities recorded in the balance sheet include cash, receivables, short-term liabilities, long-term liabilities and financial derivatives. Given the short-term nature of these tools, the Management of the Company believes that their fair value equals the one recorded in the accounting books of the Company. Given the short-term nature of these tools, the management of the Company believes that their fair value equals the one recorded in the accounting books of the Company. In addition, the management of the Company believes that interest paid, in relation to taken loans, equals the current fair rates prevailing at the market an therefore there is no need for any readjustment in which these liabilities are reflected. The Company does not use financial derivatives. The financial products are shown as receivables, liabilities or items in equity based on the substance and the content of the relevant contracts they emerge from. Interest, dividends, profits and losses arising from the financial products that are classified as receivables or liabilities are recorded as income or expenses respectively. The distribution of dividends to shareholders is directly recorded in equity.
Financial products are offset when the Company, according to the law, has the legal right and wishes to offset in net base (between them) or recover the asset and settle the liability at the same time.
Convertible bond loans are debt liability that includes a conversion right. The liability item is based on the present value of conventional future cash flows discounted at a rate prevailing at that period in the market for similar credit products which offer the same cash flows under the sane terms but excluding the conversion right.
The remaining part of the product, if any, is part of the equity representing the embedded conversion right of the liability in the equity of the issuer. Following the apportion of the bond value as mentioned above, any profit or loss related to the liability is recorded in income statement, while the price related to share capital is recorded in equity.

2.20. Income recognition

Income from the sale of goods is recognised when the main risks and benefits of ownership are transferred to the owner of the goods. Income from the provision of services are based on the completion stage that is set by the reference to up to now offered services, as percentage of the total services offered. Income arising from royalties are recognised separately for each accounting year and in accordance with the provision of the relevant agreements. Interest income is recognised based on time analogy taking into account the balance of the initial amount and the current rate of the period till maturity when the income would be payable to the Company. Income from dividends is recognised at the date the distribution is approved.

3. RISK MANAGEMENT

Financial risk factors

The Company is exposed to many financial risks such as market risk (foreign exchange differences, interest rates, market prices), credit risk, liquidity risk, cash flow risk and fair value risk resulting form interest rate changes. The general risk management practices of the Company is focused on the non-forecast ability of financial markets and aims to limit their potential negative impact on the financial performance of the Company.

Risk management is performed by the Economic Division which sets, estimates and hedges the financial risk in co-operation with the departments that face these risks. Before any transaction is taking place an approval is taken from the employees that are entitled to bind the Company to its counter parties.

(a) Foreign exchange risk

The Company has no international presence, neither it has debt liabilities in foreign currency and therefore is not exposed to foreign exchange risk arising from exchange rate volatility.

(b) Interest rate risk

The operating income and cash flows of the Company are independent of interest rate changes.

(c) Credit risk

The Company does not have a significant credit risk concentration in any of its related parties and has set principles in order to ensure that the sales of goods and services will be made to clients of high credit rating.

(d) Liquidity risk

The prudent management of liquidity is achieved by the use of an appropriate combination of cash and approved bank credit. The Company manages the risks that may emerge from the lack of adequate liquidity ensuring that bank credit would always be available for use. Current available and unused approved bank credits to the Company are adequate to face any potential cash shortage.

(Amounts are in Euro)

FINANCIAL STATEMENT ANALYSIS

4. TURNOVER

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Telecommunications	52,233,162	50,372,819	51,944,443	50,372,819
Wholesale trade of other electronic elements and equipment	191,683	3,397,946	191,683	3,397,946
Call centre activities	2,496,519	-	-	-
Other activities relevant with the information technology	6,028,135	1,323,989	6,028,135	1,323,989
Total	**60,949,499**	**55,094,754**	**58,164,261**	**55,094,754**

Telecommunications Revenues

It is noted that the company's financial statements for FY 2006 are not comparable with those of 2005 as in the FY 2006 statements are also included the results of the merged company TelePassport for the period from Sept. 1st to Dec. 31st .

Even though Company Telecommunications' Revenues in FY 2006 are reported higher by 3.69% from last year, which is mainly due to the addition of TelePassport S.A. results that was merged via absorption by Lannet (see Note 10), they are actually lower by 17.15% and is mainly due to a loss in our clientele base, specifically on the retail and SOHO part, as well as form the reduction in offered prices (long-distance calls priced at local rates).

Other Revenues from IT related Activity

Revenues from Information Technology related activity is reported at € 6,028,135 and consists mainly of the sale on Sept. 30, 2006, of a € 5,500,000 'Triple Play' system that enables the development and application of Voice, Data, Video on Demand and IPTV services in a broadband network.

5. COST OF SALES

The cost of sales as reported in the financial statements is analysed as follows:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Telecommunication of production	27,254,026	27,843,072	27,137,212	27,843,072
Personnel wages	1,155,287	556,300	761,112	556,300
Third party provisions	1,781,946	626,321	1,531,353	626,321
Other cost	1,413,169	802,633	716,299	802,633
Total cost of sales	31,604,428	29,828,326	30,145,976	29,828,326

(Amounts are in Euro)

6. PERSONNEL COST

Number of employees and payroll cost:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Persons:				
Permanent employment	489	183	293	183
Analysis of employee cost for the period				
Payroll	5,888,469	4,171,023	5,094,952	4,171,023
Employees´ compensation	1,025,118	212,291	1,003,604	212,291
Insurance contribution	645,919	889,140	432,965	889,140
Total cost	**7,559,506**	**5,272,454**	**6,531,521**	**5,272,454**

7. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

The administration and distribution expenses that are included in the financial statements are analysed as follows:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Compensation and other personnel expenses	7,559,506	5,272,454	6,531,521	5,272,454
Compensation and third party expenses	20,147,930	23,014,009	19,613,851	23,014,009
Depreciation	8,261,123	4,592,009	8,890,610	4,592,009
Other cost	3,238,614	5,270,713	1,442,104	5,270,713
Total administrative and distribution expenses	39,207,173	38,149,185	36,478,086	38,149,185

8. FINANCIAL INCOME AND EXPENSES

The financial income and expenses are analysed as follows:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Interest debit of bank liabilities	(3,397,440)	(2,246,588)	(3,341,907)	(2,246,588)
Losses from the sale of securities	(225,915)	(23,545)	(1,587)	(23,545)
Provisions for impairment of securities	(241,440)	(562,164)	(241,440)	(562,164)
Total financial expenses	(3,864,795)	(2,832,297)	(3,584,934)	(2,832,297)
Interest credit and related income	69,814	46,543	69,730	46,543
Income from securities	148,960	232	148,960	232
Total financial income	218,774	46,775	218,690	46,775
Net financial results	**(3,646,021)**	**(2,785,522)**	**(3,366,244)**	**(2,785,522)**

(Amounts are in Euro)

9. INCOME TAX

The companies (excluding the company 'PASSPOINT SOCIETE ANONYME OF ELECTRONIC TRANSACTIONS', and 'ORBITECH TECHNOLOGIES OF INFORMATION & COMMUNICATIONS' realise losses through its normal activities in the years 2002 till 2006 and no income taxes or deferred taxes have been calculated.

In accordance with the tax laws, the tax rate that is applied on the companies up to 31st of December 2005 was 32% and for the year 2006 it was 29%. At November 2004 the new tax law was approved according to which the corporate tax rate will further decrease in 2007 to 25%.

The provision for income tax that is reflected in the attached consolidated financial statements is analysed as follows:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Income tax	(9,692)	-	-	-
Deferred tax-income	18,568	-	-	-
Total income tax and deferred tax	8,876	-	-	-

Deferred income tax results from temporary differences between the accounting value and the tax base of assets and liabilities are estimated based on the current income tax rate.

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Balance at beginning	-	-	-	-
Debit in equity	(390)	-	-	-
Debit in results	18,568	-	-	-
Balance	18,178	-	-	-

The movements of deferred income tax for assets and liabilities are analysed as follows:

	GROUP 1.1-31.12.2006	GROUP 1.1-31.12.2005	COMPANY 1.1-31.12.2006	COMPANY 1.1-31.12.2005
Provision for doubtful receivables	15,327	-	-	-
Fixed assets	(5,245)	-	-	-
Personnel compensation	1,000	-	-	-
Other movements	7,096			
Balance	18,178	-	-	-

10. FINANCIAL RESULTS OF ACQUIRED SUBSIDIARIES

The consolidated results for the period 1.1-31.12.2006 include the financial results of the absorbed company 'TELEPASSPORT (HELLAS) SOCIETE ANONYME OF TELECOMMUNICATION,

(Amounts are in Euro)

ADMINISTRATION AND TECHNOLOGICAL SERVICES' for the period 1.9-31.12.2006, the company 'COLUMBIA COMMUNICATIONS S.A' for the period 1.9-31.12.2006, and the companies 'ORBITECH TECHNOLOGIES OF INFORMATION TECHNOLOGY AND COMMUNICATIONS SOCIETE ANONYME', 'PRIMUS SOCIETE ANONYME COMPANY OF COMMUNICATION SERVICES SUPPORT', 'TELEPASS SOCIETE ANONYME COMPANY OF TELECOMMUNICATION SERVICES AND PRODUCTS', 'PASSPOINT SOCIETE ANONYME COMPANY OF ELECTRONIC TRANSACTIONS', 'TRH SOCIETE ANONYME COMPANY FOR THE PROMOTION AND DEVELOPMENT OF TECHNOLOGY' for the period 1.9-31.12.2006 which are analysed as follows:

INCOME STATEMENT	ORBITECH	PRIMUS	COLUMBIA
	1.9-31.12.2006	1.9-31.12.2006	1.7-31.12.2006
Turnover	485,642	299,375	3,416,371
Cost of sales	(95,602)	(422,496)	(2,407,581)
Gross profit	390,040	(123,121)	1,008,790
Other operating income	48,057	69,721	531,964
	438,097	(53,400)	1,540,754
Selling and distribution expenses	-	(1,091)	(1,134,117)
Administrative expenses	(467,089)	(171,141)	(449,704)
Other operating expenses	(43,725)	(28,925)	(117,210)
Earnings/(Losses) before tax and financial results	(72,717)	(254,557)	(160,277)
Cost of financing	(517)	(1,415)	(51,755)
Earnings/(Losses) before tax	(73,234)	(255,972)	(212,032)
Less: tax	19,277	-	-
Earnings/(Losses) after tax	(53,957)	(255,972)	(212,032)

INCOME STATEMENT	TELEPASSPORT	TELEPASS	PASSPOINT	TPH
	1.9-31.12.2006	1.9-31.12.2006	1.7-31.12.2006	1.9-31.12.2006
Turnover	10,211,368	803,444	1,541,463	-
Cost of sales	(4,647,067)	(726,448)	(1,567,383)	-
Gross profit	5,564,301	76,996	(25,920)	-
Other operating income	165,382	11,983	755	-
	5,729,683	88,979	(25,165)	-
Selling and distribution expenses	(987,111)	(181,567)	(32,699)	(10,816)
Administrative expenses	(597,956)	(136,677)	(144,185)	-
Other operating expenses	(360)	(52,950)	(5,800)	-
Earnings/(Losses) before tax and financial results	4,144,256	(282,215)	(207,849)	(10,816)
Cost of financing	(372,765)	(212,833)	(13,193)	(64)
Earnings/(Losses) before tax	3,771,491	(495,048)	(221,042)	(10,880)
Less: tax	-	-	(10,401)	-
Earnings/(Losses) after tax	3,771,491	(495,048)	(231,443)	(10,880)

(Amounts are in Euro)

11. TANGIBLE ASSETS

The tangible assets of the Group and the Company have changed during the period 1.1-31.12.2006 as follows:

GROUP	Buildings &installations	Machinery &mechanical installations	Motor vehicle	Furniture and fittings	Assets under construction or installation	Total
At 31.12.2005	962,748	40,009,052	26,417	6,095,447	-	47,093,664
Cost if tangible assets for subsidiary Companies (acquisition date)	2,878,352	17,126,390	35,216	2,819,070	-	22,859,028
Additions 2006	19,964	501,884	-	219,707	600,000	1,341,555
Disposals 2006	-	(4,273)	-	(34,544)	-	(38,817)
Total at 31.12.2006	3,861,064	57,633,053	61,633	9,099,680	600,000	71,255,430
Accumulated depreciation						
At 31.12.2005	247,838	16,799,525	21,957	2,959,432	-	20,028,751
Depreciation of subsidiaries' assets (acquisition date)	709,053	3,901,841	5,069	885,053	-	5,501,016
Additions 2006	161,847	4,066,571	3,901	817,263	-	5,049,582
Disposals 2006	-	-	-	-	-	-
Total at 31.12.2006	1,118,738	24,767,937	30,927	4,661,748	-	30,579,349
Net book value						
At 31.12.2005	714,910	23,209,527	4,460	3,136,016	-	27,064,913
At 31.12.006	2,742,326	32,865,116	30,706	4,437,932	600,000	40,676,081

COMPANY	Buildings &installations	Machinery &mechanical installations	Motor vehicle	Furniture and fittings	Assets under construction or installation	Total
At 31.12.2005	962,748	40,009,052	26,417	6,095,447	-	47,093,664
Cost if tangible assets for subsidiary Companies (acquisition date)	2,757,179	16,294,484	3,397	1,472,837	-	20,527,897
Additions 2006	19,964	501,884	-	174,848	600,000	1,296,696
Disposals 2006	-	(4,273)	-	-	-	(4,273)
Total at 31.12.2006	3,739,891	56,801,147	29,814	7,743,132	600,000	68,913,984
Accumulated depreciation						
At 31.12.2005	247,838	16,799,525	21,957	2,959,432	-	20,028,751
Depreciation of subsidiaries' assets (acquisition date)	662,538	3,592,387	1,024	432,594	-	4,688,543
Additions 2006	157,654	4,035,690	2,756	776,911	-	4,973,011
Disposals 2006	-	-	-	-	-	-
Total at 31.12.2006	1,068,030	24,427,602	25,737	4,168,937	-	29,690,306
Net book value						
At 31.12.2005	714,910	23,209,527	4,460	3,136,016	-	27,064,913
At 31.12.006	2,671,861	32,373,545	4,077	3,574,195	600,000	39,223,678

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

(Amounts are in Euro)

12. INTANGIBLE ASSETS

Intangible assets have changes in the period 1.1-31.12.2006 as follows:

	Intangible assets of the GROUP	Intangible Assets of the Company
Cost		
At 1.1.2006	2,958,075	2,958,075
Cost of tangible assets of subsidiary Companies (acquisition date)	2,047,143	1,962,143
Additions for the period 1.1-31.12.2006	51,000	-
Disposals for the period 1.1-31.12.2006	-	-
Total at 31.12.2006	5,056,218	4,920,218
Depreciations		
At 1.1.2006	295,527	295,527
Depreciations of tangible assets of subsidiary Companies (acquisition date)	227,263	209,696
Depreciation for the period 1.1-31.12.2006	359,891	348,475
Disposals for the period 1.1-31.12.2006	-	-
Total at 31.12.2006	882,681	853,698
Net book value 31.12.2006	4,173,537	4,066,520
Net book value 31.12.2005	2,662,548	2,662,548

13. GOODWILL

The goodwill that is shown in the attached consolidated financial statements refers to, besides the company 'TELEPASSPORT SA', the consolidation differences that emerged during the acquisition of the subsidiary companies and is analysed as follows:

COMPANY	Net book value GROUP 31.12.2006	Net book value GROUP 31.12.2005	Net book value COMPANY 31.12.2006	Net book value COMPANY 31.12.2005
LANTEK COMMUNICATIONS SA	-	3,569,124	-	3,569,124
ORBITECH S.A.	14,256,000	-	-	-
COLUMBIA S.A.	3,120,334	-	-	-
TELEPASSPORT S.A.	29,722,599	-	29,722,599	-
PRIMUS S.A.	6,719,700	-	-	-
Total Goodwill	53,818,633	3,569,124	29,722,599	3,569,124

The company absorbed 'LANTEK COMMUNICATIONS S.A.', which shares were listed in Athens Exchange, with transformation balance sheet of 31.7.2003 and a goodwill of € 3,965,124 emerged which is derived from the difference between the equity of the absorbed company according to the transformation balance sheet ((€17,328,969) and the nominal value of the share capital that the shareholders of the absorbed company LANTEK received (20,475,090 shares * € 1.04= € 21,294,093) during the exchange of their sales with shares of the absorber company (LANNET) and until 31.12.2004 reported accumulated depreciation of € 396,000.

(Amounts are in Euro)

At 31.12.2006 the company charged its results with the remaining undepreciated value € 3,569,124.

The Company absorbed the company 'TELEPASSPORT SA' with transformation balance sheet at 31.8.2006 and a goodwill of € 29,722,599 emerged (which was recorded in equity) and is derived from the difference between the equity of the absorbed company in accordance with the transformation balance sheet (Share Capital € 13,067,215) and the nominal value of Share Capital that the shareholders of the absorbed company received (62,926,198 shares* € 0.68 = € 42,789,815) during the exchange of their shares with shares of the absorbed company. An audit for impairment will be made on 31.12.2007.

14. PARTICIPATIONS IN SUBSIDIARY COMPANIES

The participations in subsidiary companies that are recorded in the attached financial statements of the parent company are analysed as follows:

	PERCENT OWNERSHIP	COMPANY 31.12.2006	COMPANY 31.12.2005
ORBITECH S.A.	100%	14.496.000	-
COLUMBIA S.A.	70%	3.990.000	-
TELEPASS S.A.	100%	1.556.000	-
PASSPOINT S.A.	80%	236.000	-
TPH TECHNOVLASTOS S.A.	70%	206.500	-
PRIMUS A.E	100%	7.600.200	-
TPH TECHNOVLASTOS S.A.	33%	643.846	-
Acquisition Value		28.728.546	
Provision from Devaluation		(2.025.000)	
Total Participations 31-12-2006		26.703.546	-

15. TRADE RECEIVABLES

Trade receivables are analysed as follows:

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Trade receivables	43,710,825	23,895,306	40,183,179	23,895,306
Notes and checks receivable	1,377,015	164,560	1,372,341	164,560
Checks receivable overdue	815,041	248,709	815,041	248,709
Doubtful – contested customers	667,706	641,330	641,330	641,330
	46,570,587	24,949,905	43,011,891	24,949,905
Less: Provisions for bad debts	(7,656,504)	(3,780,000)	(6,780,000)	(3,780,000)
Total Trade Receivable	38,914,083	21,169,905	36,231,891	21,169,905

(Amounts are in Euro)

All other receivables are of a short-term duration and is not demanded a discount at the balance sheet date. There is no concentration of credit risk in relation with trade receivables as the company has a large number of trade receivables and the credit risk is diversified.

16. INVENTORIES

The inventories are analysed as follows:

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Merchandise	454,546	228,046	404,130	228,046
Prepayments for purchase of inventories	-	50	-	50
Total inventories	454,546	228,096	404,130	228,096

17. OTHER ASSETS

Other assets are analysed as follows:

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Sundry debtors	6,282,367	1,449,760	7,700,527	1,449,760
Accounts for the administration of prepayments and credits	956,812	748,067	696,390	748,067
Securities	2,027,917	1,311,436	867,917	1,311,436
Prepayments for the purchase of securities	4,000,000	4,000,000	4,000,000	4,000,000
Expenses brought forward	1,570,748	944,645	1,503,950	944,645
Blocked deposits	238,009	21,048	238,009	21,048
Other long-term receivables	1,058,355	687,714	885,684	687,714
Total other assets	16,134,208	9,162,670	15,892,477	9,162,670

Securities at 31.12.2006 and 31.12.2005 are analysed as follows:

	Shares of the GROUP	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
KLONATEX S.A.	935,000	951,650	980,000	951,650	980,000
NAOUSSA SPINNING MILLS S.A.	2,000,000	717,076	892,693	717,076	892,693
LAN-NET COMMUNICATIONS SA	1,000,000	1,160,000	-	-	-
OTE S.A.	100	877	877	877	877
COSMOTE S.A.	100	1,888	-	1,888	-
INTRAKOM S.A.	10	30	30	30	30
		2,831,521	1,873,600	1,671,521	1,873,600
Less:					
Provisions for impairment of securities		(803,604)	(562,164)	(803,604)	(562,164)
Total securities		**2,027,917**	**1,311,436**	**867,917**	**1,311,436**

Prepayments for the purchase of securities

The prepayments for the purchase of securities of the parent company at 31.12.2006, for the amount of € 4,000,000, refer to the capitalisation of the largest part of the liability of the company FANCO S.A. to the parent Company "LANNET COMUNICATIONS S.A.".

On 31 March 2007, the listed in Athens Exchange company 'UNITED TEXTILES S.A.' (arising from the merger between 'FANCO SA' and 'NAOUSSA SPINNING MILLS SA') issued a convertible not guaranteed bond of € 4,002,000 with holder the company 'LAN-NET COMMUNICATIONS SA' with payment date the 1.3.2012 and conversion right to shares every monthly anniversary of the issue date. The conversion ratio to underlying values is set at 26,680 common registered voted shares for each one bond that is to say 13,340,000 shares. It is noted that the closing price of the share 'UNITED TEXTILES S.A' was € 0.3 in the Athens Exchange on 15.3.2007.

Investments by Lannet totalling € 776,000 include 600,000 shares of ATHEX listed KLONATEX GROUP OF COMPANIES S.A. and 2,000,000 shares of ATHEX listed UNITED TEXTILES S.A. (ex NAOUSSA SPINNINGM MILLS S.A.), which are pledged at AGRICULTURAL BANK of GREECE.

18. CASH AND CASH EQUIVALENTS

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

19. SHARE CAPITAL

Company's share capital ON 31.12.2006 consists of 142.732.000 common registered shares with nominal value of € 0.68 each and sum of € 97,057,760. 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).

With the decision of the B' repeat General Shareholders Meeting of the Company 'LAN-NET COMMUNICATIONS' on 24.12.2006 the share capital increased due to the merger by absorption of the company 'TELEPASSPORT (HELLAS) SA' under the provision of L.2166/1993 by the amount of

(Amounts are in Euro)

€ 13,067,215 and by € 992,511 with the capitalization of the share premium account, that is to say a total amount of € 14,059,726 with the reduction of the nominal value of the shares of € 0.68 each., and the issue of 62,926,198 new common registered shares with nominal value € 0.68 each.

20. 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.

Group's loans are analysed as follows:

	GROUP 31.12.2006		GROUP 31.12.2005	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Bank loans	9,792,593	11,876,431	7,970,325	14,333,944
Financial leases	135,675	-	521,894	-
Bond payable	-	9,288,728	-	-
Convertible bond loan	-	-	-	5,200,000
Total loans	9,928,268	21,165,159	8,492,219	19,533,944

The loans of the Company are as follows:

	COMPANY 31.12.2006		COMPANY 31.12.2005	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Bank loans	9,415,725	11,876,431	7,970,325	14,333,944
Financial leases	135,675	-	521,894	-
Bond payable	-	9,288,728	-	-
Convertible bond loan	-	-	-	5,200,000
Total loans	9,551,400	21,165,159	8,492,219	19,533,944

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.

The bonds payable at 31.12.2006 for the amount of € 9,288,728 refer to bonds of a total amount of € 6,728,000 that mature on 20.7.2008, and for the amount of € 540,000 that mature at 7.11.2008 and the amount of € 2,020,728 that mature at 21.7.2009.

(Amounts are in Euro)

21. SUPPLIERS AND OTHER LIABILITIES

Total liabilities at 31.12.2006, towards suppliers and other third parties are analysed as follows

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Suppliers	29,767,719	8,631,756	29,991,816	8,631,756
Cheques Payable	9,182,872	60,234	7,071,929	60,234
Advances from trade debtors	173,068	59,990	47,895	59,990
Insurance and pension fund dues	621,158	213,578	338,098	213,578
Taxes and duties	3,088,688	223,205	1,641,060	223,205
Dividends payable	101,570	101,570	101,570	101,570
Other suppliers	6,702,604	137,095	3,653,554	137,095
Accrued expenses	1,514,443	70,914	1,455,000	70,914
Other liabilities	465,759	61,960	-	61,960
Total suppliers and other liabilities	51,617,881	9,560,302	44,300,922	9,560,302

22. PROVISIONS

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Reorganisation cost	6,017,660	-	6,017,660	-
Tax-audit differences	550,000	-	550,000	-
Other provisions	4,987,714	-	4,987,714	-
	11,555,414	-	11,555,414	-

The company made a provision for reorganisation expenses on Oct 31st 2006 in accordance with the decision of the Board of Directors which approved the merger and reorganisation plan of total amount of € 12,346,120, of which amount € 6,328,460 was used for reverse accounting for year 2006. The organisation of the company is mainly referring to the reorganisation of services, technological base of networks and nodes, information systems, personnel and common customer base.

23. EMPLOYEE BENEFITS

The liability of the Company towards its employees regarding the future payment of benefits related to the length of employment of each of them, is added and recorded based on accrued right that is expected to be paid to each employee, at the balance sheet date, discounted to its present value according to its estimated time of payment.

On 31.12.2006 a company of independent actuaries made an estimation regarding the liabilities of the companies as these arise from the liability to pay pension benefits. The main hypotheses behind this actuarial study on 31.12.2006 and on 31.12.2005 was a discount rate of 3.7%, a wage growth of 4% and consumer price index growth of 2%.

(Amounts are in Euro)

The liability in the attached balance sheet of the group and the company for 206 is as follows:

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Liability at the beginning of the year	209,902	209,902	209,902	209,902
Absorption of the company	92,640	-	92,640	-
Acquisition of subsidiaries	81,597	-	-	-
Income recognised in income statements	(25,984)	-	(7,342)	-
	358,155	209,902	295,200	209,902

24. DEFERRED INCOME TAX

Deferred tax receivables and liabilities have been estimated using a tax rate of 25% which is applied in periods that the deferred taxable liabilities or receivables will be settled or received and are offset, when there is a legal rights related to the offset of tax receivables against tax liabilities and hen the deferred income tax is related to the same tax principle.

RECEIVABLES	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Tangible assets	15,695	-	-	-
Provision for doubtful receivables	5,178	-	-	-
Employee compensation	1,000	-	-	-
Other	7096	-	-	-
TOTAL	28,969	-	-	-
LIABILITIES				
Tangible assets	20,940	-	-	-
Provisions of doubtful debts	(10,149)	-	-	-
TOTAL	10,791	-	-	-

On 31 December 2006 there were tax losses of the Group of € 56,591,930 for which a deferred tax receivable was not estimated because up to now their tax exploitation is not certain. Based on tax law, the Company has the right to utilise the tax benefit from the aforementioned losses over a five-year period following the year these were created.

(Amounts are in Euro)

25. TRANSACTIONS AND BALANCES WITH SUBSIDIARIES AND RELATED PARTIES

The company purchases and provides services to its subsidiaries.

The transactions and the balances of the accounts with the related parties are mentioned below:

INTRACOMPANY PURCHASES	1.1-31.12.2006	1.1-31.12.2005
LANNET S.A.	1,744,949	-
COLUMBIA S.A.	1,844,227	-
PRIMUS S.A.	41,654	-
PASSPOINT S.A.	59,411	-
TELEPASS S.A.	46,698	-
ORBITECH S.A.	24,118	-
TPH S.A.	-	-
TOTALS	**3,761,057**	-

INTRACOMPANY SALES	1.1 -31.12.2006	1.1-31.12.2005
LANNET S.A.	1,958,426	-
COLUMBIA S.A.	1,813	-
PRIMUS S.A.	339,618	-
PASSPOINT S.A.	175,041	-
TELEPASS S.A.	800,517	-
ORBITECH S.A.	485,642	-
TPH S.A.	-	-
TOTALS	**3,761,057**	-

INTRACOMPANY BALANCES OF RECEIVABLES	31.12.2006	31.12.2005
LANNET S.A.	2,324,524	-
COLUMBIA S.A.	2,155	-
PRIMUS S.A.	29,477	-
PASSPOINT S.A.	192,116	-
TELEPASS S.A.	490,362	-
ORBITECH S.A.	3,556	-
TPH S.A.	54,260	-
TOTALS	**3,096,450**	-

INTRACOMPANY BALANCES OF LIABILITIES	31.12.2006	31.12.2005
LANNET S.A.	767,831	-
COLUMBIA S.A.	457,759	-
PRIMUS S.A.	801,459	-
PASSPOINT S.A.	1,526,749	-
TELEPASS S.A.	(471,656)	-
ORBITECH S.A.	14,308	-
TPH S.A.	-	-
TOTALS	**3,096,450**	-

The remuneration of BoD members as well s the executive management for the periods 1 January 2005 till 31 December 2005 and 1 January 2006 till 30 December 2006 respectively are analysed as follows:

	GROUP 31.12.2006	GROUP 31.12.2005	COMPANY 31.12.2006	COMPANY 31.12.2005
Remuneration of BoD members and executives	1,983,000	-	1,835,000	-
Receivables by BoD members and executives	-	-	-	-
Liabilities to BoD members and executives	-	-	-	-

26. STOCK OPTION PLAN

The Extraordinary General Shareholders Meeting of 27.12.2002 unanimously decided to establish a stock option plan for the BoD members and the personnel of the Company and of the related companies in accordance with the provisions of Article 13, par. 9, L N. 2190/1920 as amended with Article 16, par.2 of L. 2919/2001.

The BoD of the Company decided that stock options should be given to the BOD members and the employees and informed the beneficiaries in written.

The right is given to the beneficiaries and may be exercised every year, on December, by 40% in the same year, 30% in the year after the option is granted and 30% the second year after the option is granted. Given that the plan aims mainly at the upper level management is directly linked with their presence in the Company, and at the same time is not transferable and may not be used for any transaction excluding the inheritance case.

The BoD of the Company with its decision on 27.12.2002 started the application of the Stock Option Plan, a decision that was approved by the Extraordinary Shareholders Meeting on 27.12.2002, with the first issue of 91,710 shares. The period for the exercise of the aforementioned rights ended without any exercises being made by any of the beneficiaries. For 2003 following a BoD decision no options were granted.

With its decision on 26.11.2004 the BoD proceeded with a second issue of stock options of 847,010 shares. The second repeat Extraordinary General Shareholders Meeting of the Company on 30.6.2005, approved the stock option plan amendment for the BoD members and the employees of the company having as exercise price the nominal price of the shares at the time of the exercise increased by 10%, authorising at the same time the Board of Directors of the Company to decide on the details of the program for 5,166,376 shares having as exercise price the last nominal value of the share at a 10% premium.

Also, the BoD was given the authority to amend the exercise time (that was initially set within 3 years) in order to be able to attract qualified upper level management staff in the future.

With its decision on 28.11.2005 the BoD proceeded with the third issue of stock options of 1,779,200 shares.

With its decision on 30.11.2006 the BoD proceeded with the fourth issue of stock options of 2,646,100 shares. This issue was granted to 156 upper level management of the Company (Board of Directors, Managers and employees). With its decision on 24.12.2006 the second repeat Extraordinary Shareholders Meeting, that was recorded in the Societe Anonyme registry with the K-2 17618/9-1-2007 decision of the Ministry of Development, the stock option plan was amended and its duration was extended to five years in order to cover the new subsidiaries, to allow the BoD to distribute the stock options at its free will during one or more of its meetings, increased the number of rights to 7,980,580 and finally amended the exercise procedure to lift the timing or quantitative restrictions linked with the options that were already distributed to beneficiaries or with the forthcoming rights at every year the plan runs.

(Amounts are in Euro)

Based on the New Plan, the issue price of the new shares is €1.14 per share. After the merger via absorption of “TelePassport S.A.” the new issue price is set at €0.75 per share. On 31.12.2006 the Board of Directors of the Company realised that the stock options were not exercise in accordance with the terms of the plan.

Therefore, the total valid stock options for the purchase of shares following the exercise of 2005 and the departure of members of management are as follows:

- From the second issue (2004) there are valid rights for 428,150 shares.
- From the third issue (2005_ there are valid rights for 900,094 shares.
- From the fourth issue (206) there are valid rights for 2,646,100 shares.

The following table shows the number of shares as well as the various exercise prices of the share option plan to the employees and the Board members of Lannet:

	2006		2005	
	OPTIONS	EXERCISE PRICE	OPTIONS	EXERCISE PRICE
Options to Exercise at the Beginning of Year	1,328,244	1.14	428,150	1.14
Options Issued during the Year	6,652,336	1.14	1,779,200	1.14
Options to Resigned Personnel and/or Members of the Board	-	-	(748,787)	1.14
Options Exercised during the Year	-	-	(130,319)	1.14
Options to be exercised at Year-end	7,980,580	0.75	1,328,244	1.14

(Amounts are in Euro)

27. SUMMARY BALANCE SHEETS OF ACQUIRED COMPANIES AT THE TIME OF ACQUISITION IN ACCORDANCE WITH IFRS

BALANCE SHEET	**Orbitech**	**Primus**	**Columbia**
ACQUISITION DATE	1.9.2006	1.9.2006	1.9.2006
ASSETS			
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
TOTAL ASSETS	**255,283**	**1,466,318**	**2,300,895**
LIABILITIES			
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
TOTAL LIABILITIES AND EQUITY	**255,283**	**1,466,318**	**2,300,895**

	Telepassport	**Passpoint**	**Telepass**	**TPH**
ACQUISITION DATE	1.9.2006	1.9.2006	1.9.2006	1.9.2006
ASSETS				
Fixed assets	17,591,800	372,123	21,389	64,079
Inventory	275,749	-	-	-
Trade receivables	9,311,569	1,030,879	216,662	-
Participations	617,346	-	-	-
Other assets	6,096,666	734,590	3,826,777	82,928
Cash and cash equivalents	4,904,823	196,725	27,567	986
TOTAL ASSETS	**38,797,953**	**2,334,317**	**4,092,395**	**147,993**
LIABILITIES				
Share capital	13,067,215	295,000	500,000	295,000
Share premium	-	-	1,056,000	-
Capital Reserves	54,654	-	1,399	25
Reserves	(27,075,707)	214,004	(2,394,949)	(148,259)
Profit (loss) carried forward	(13,953,838)	509,004	(837,550)	146,766
Equity	12,468,690	179	19,325	-
Other long-term liabilities	-	390	-	-
Short-term bank liabilities	3,124,369	-	-	-
Other short-term liabilities	37,158,732	1,824,744	4,910,620	1,227
Total liabilities	52,751,791	1,825,313	4,929,945	1,227
TOTAL LIABILITIES AND EQUITY	**38,797,953**	**2,334,317**	**4,092,395**	**147,993**

28. Contingent liabilities from judicial or under arbitration differences

I. CONTINGENT LIABILITIES FROM JUDICIAL OR UNDER ARBITRATION DIFFERENCES

There are contested (judicial) receivables of the parent company on 31.12.2006 of total sum of € 4,582,000 roughly for which the company has formed adequate provisions

II. OTHER CONTINGENT LIABILITIES

1. *Tax un-audited years*

a. The parent company LAN-NET 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.

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

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

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

e. The subsidiary company PASSPOINT SA ELECTRONIC TRANSACTIONS has not been audited since its inception in 2004.

f. The subsidiary company TELEPASS SA TELECOMMUNICATION SERVICES has been audited by tax-authorities up to the year 2004.

g. The subsidiary company TPH SA PRODUCTION AND DEVELOPMENT OF TECHNOLOGY has not been audited by the tax authorities since its inception in 2003.

In a case of a future tax audit there may be additional taxes and dues to be imposed on the mother company and its subsidiaries. The group asserts that adequate provisions have been accounted for any such additional taxes that may arise from a future tax audit, and those where estimated based on past experience.

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.

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.

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 and the issue of a common bond loan € 6,000,000 (third and fourth issues).

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%.

(Amounts are in Euro)

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 TELECOMMUNICATIONS 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. 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 1000 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.

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 IF 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

(Amounts are in Euro)

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	-	
TOTAL	**49,993,228**		**31,644,508**		**27,820,950**		**18,348,720**	

a: Corporate bond loan to be issued

b: Corporate bond loan for potential conversion

29. POST BALANCE SHEET EVENTS

There are no post balance sheet events that may affect the structure or the financial position of the company.

30. OTHER INFORMATION

The 2nd Repeat Shareholders Meeting of the company decided the issue of a covertible bond loan in accordance with the provisions of article 1 par. 2 and 3 of L. 3156/2003, up to the amount of € 575,000,000 for the strengthening of the company's need for capital. The Bond would be used for acquisitions, investments subsidised or not, substitution of bank or other loans, working capital needs or the coverage of part of the company's liabilities to suppliers, creditors or debtors with the equal conversion of the liabilities to bond loan. The duration of the bond loan would be 10 years from the following the issue of each series, while the issue of further series may occur within a four years period from the approval date. The General Shareholders Meeting authorised the Board of Directors to set the terms of each issue as well as the number of issues.

Peristeri, 25th of March 2007

The Chairman and Managing director	The director	Director of Finance	The Accountant
Thomas H. Lanaras I.D.number X 085877/03	Vasilios N. Tsilibaris I.D.number N 055127/84	Georgios H. Karaplis I.D.number P 551771/97	Stamatis K. Tsardakas Licence of OEE A' Class 20046