

LAN-NET COMMUNICATIONS S.A.
Interim (Company and Consolidated) Financial Statements
for the period from 1 January to 30 September 2007
(Amounts are expressed in €)



‘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

INTERIM FINANCIAL STATEMENTS
(PARENT & CONSOLIDATED)
FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2007
IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
(IFRS)

LAN-NET COMMUNICATIONS S.A.
Interim (Company and Consolidated) Financial Statements
for the period from 1 January to 30 September 2007
(Amounts are expressed in €)



Interim Financial Statements (parent and consolidated)
for the period from 1 January to 30 September 2007
in accordance with the International Financial Reporting Standards

This is to certify that the attached Interim Financial Statements (solo and consolidated) are those which have been approved by the Board of Directors of 'LAN-NET COMMUNICATIONS S.A.' on 27th of November 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 and Group, in accordance with International Financial Reporting Standards (I.F.R.S.). Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

Peristeri, 27th of November 2007

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

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INTERIM INCOME STATEMENT FOR THE PERIOD 1.1-30.9.2007

GROUP	1.1-30.9.2007	1.7-30.9.2007	1.1-30.9.2006	1.7-30.9.2006
Turnover	47,595,278	15,044,188	38,214,499	10,723,452
Cost of sales	(31,947,696)	(12,117,883)	(17,837,380)	(5,516,444)
Gross profit	15,647,582	2,926,305	20,377,119	5,207,008
Other operating income	407,508	546,151	1,061,598	923,189
	16,055,090	3,472,456	21,438,717	6,130,197
Selling, distribution expenses	(16,874,550)	(6,740,824)	(19,269,991)	(6,678,554)
Administrative expenses	(6,152,451)	(1,791,938)	(5,139,572)	(1,101,325)
Research and development expenses	(55,377)	(20,069)	(108,423)	(9,956)
Other operating expenses	(873,513)	(162,708)	(83,555)	(17,314)
Losses before tax and financial results	(7,900,801)	(5,243,083)	(3,162,824)	(1,676,952)
Finance cost	(2,297,185)	(935,004)	(2,225,201)	(709,170)
Loss before tax	(10,197,986)	(6,178,087)	(5,388,025)	(2,386,122)
Less: Taxes	106,931	65,743	-	-
Loss after tax	(10,091,055)	(6,112,344)	(5,388,025)	(2,386,122)
Allocated to:				
Company shareholders	(10,091,055)	(6,112,344)	(5,388,025)	(2,386,122)
Minority interest	-	-	-	-
Loss after tax per share	-0.0706	-0.0428	-0.0887	-0.0347
Weighted average number of shares (basic)	142,732,940	142,732,940	60,718,743	68,643,746
COMPANY	1.1-30.9.2007	1.7-30.9.2007	1.1-30.9.2006	1.7-30.9.2006
Turnover	43,252,258	14,444,294	37,407,344	9,916,297
Cost of sales	(26,613,992)	(9,184,297)	(17,809,190)	(5,488,254)
Gross profit	16,638,266	5,259,997	19,598,154	4,428,043
Other operating income	358,295	(12,171)	738,343	599,934
	16,996,561	5,247,826	20,336,497	5,027,977
Selling, distribution expenses	(16,341,008)	(6,953,267)	(18,776,584)	(6,185,147)
Administrative expenses	(5,465,270)	(2,535,950)	(4,828,307)	(790,060)
Research and development expenses	(55,377)	(20,069)	(108,423)	(9,956)
Other operating expenses	(404,837)	(41,669)	(69,448)	(3,207)
Losses before tax and financial results	(5,269,931)	(4,303,129)	(3,446,265)	(1,960,393)
Finance cost	(2,275,485)	(926,632)	(2,191,143)	(675,114)
Loss before tax	(7,545,416)	(5,229,761)	(5,637,408)	(2,635,507)
Less: Taxes	-	-	-	-
Loss after tax	(7,545,416)	(5,229,761)	(5,637,408)	(2,635,507)
Loss after tax per share	-0.0528	-0.0366	-0.0928	-0.0384
Weighted average number of shares (basic)	142,732,940	142,732,940	60,718,743	68,643,746

The notes on pages 8 to 21 form an integral part of these Financial Statements which are presented on pages 4 to

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INTERIM BALANCE SHEET OF 30.9.2007

ASSETS	<i>Note</i>	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Non-current assets					
Tangible assets	3	38.254.027	40.676.081	36.827.227	39.223.678
Intangible assets	4	3.783.478	4.173.537	3.686.662	4.066.520
Investments in subsidiaries		-	-	27.103.546	26.703.546
Investments and other long-term receivables		5.564.040	1.058.355	5.508.495	1.365.684
Deferred Tax		60.010	28.969	-	-
Goodwill	7	62.032.078	61.724.640	37.628.606	37.628.606
		109.693.633	107.661.582	110.754.536	108.988.034
Current assets					
Inventories		481.431	454.546	464.405	404.130
Trade receivables	5	35.452.806	38.914.083	35.402.267	36.231.891
Financial assets value at fair value		284.304	-	284.304	387.917
Other assets	6	7.732.541	15.075.853	14.387.435	14.138.876
Cash and cash equivalents	9	5.481.011	4.506.269	5.158.537	4.070.442
		49.432.093	58.950.751	55.696.948	55.233.256
TOTAL ASSETS		159.125.726	166.612.333	166.451.484	164.221.290
LIABILITIES					
<u>EQUITY</u>					
Share capital		71.366.000	97.057.760	71.366.000	97.057.760
Share premium account		2.291.040	2.291.040	2.291.040	2.291.040
Reserves		7.972.896	7.909.396	6.518.410	6.518.410
Loss carried forward		(20.635.174)	(36.332.156)	(11.207.519)	(29.353.863)
		60.994.762	70.926.040	68.967.931	76.513.347
Minority interest		-	96.277	-	-
<i>Total equity</i>		60.994.762	71.022.317	68.967.931	76.513.347
Liabilities					
Long-term liabilities					
Loans	8	23.813.512	21.165.159	23.813.512	21.165.159
Staff retirement indemnity		313.985	358.155	295.200	295.200
Deferred tax		30.655	10.791	-	-
Other long-term liabilities		111.432	454.348	-	339.848
<i>Total long-term liabilities</i>		24.269.584	21.988.453	24.108.712	21.800.207
Short-term liabilities					
Trade and other payables	10	54.428.701	51.617.881	54.321.197	44.300.922
Provisions	11	5.580.764	12.055.414	5.580.764	12.055.414
Loans	8	13.851.915	9.928.268	13.472.880	9.551.400
<i>Total short-term liabilities</i>		73.861.380	73.601.563	73.374.841	65.907.736
<i>Total liabilities</i>		98.130.964	95.590.016	97.483.553	87.707.943
TOTAL LIABILITIES AND EQUITY		159.125.726	166.612.333	166.451.484	164.221.290

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INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

GROUP 2007	Share capital	Share premium	Statutory reserve	Reserves	Balance carried forward	Total
Balance at 1 January 2007	97,057,760	2,291,040	1,287,678	6,621,718	(36.332.156)	71.022.317
	(25,691,760)	-	-	-	25.691.760	-
Decrease of Share Capital	-	-	-	63,500	-	63.500
Goodwill from acquisition of percentage of the subsidiary TRI S.A.	-	-	-	-	(10.091.055)	(10.091.055)
Difference of final goodwill of TELEPASSPORT SA	-	-	-	-	-	-
Losses for the period from 1.1 till 30.9.2007	-	-	-	-	(20.635.174)	60.994.762
Balance at 30 September 2007	71,366,000	2,291,040	1,287,678	6,685,218	-	-
	-	-	-	-	(28.758.579)	33.285.935
GROUP 2006						
Balance at 1 January 2006	54,584,246	996,512	1,223,193	5,240,563	(1.136.510)	(1.129.598)
Equity of ORBITECH SA on 1.9.2006	-	-	6,912	-	(472.278)	(470.775)
Equity of PRIMUS SA on 1.9.2006	-	-	1,503	-	(3.794.016)	(3.794.016)
Equity of COLUMBIA SA on 1.7.2006	-	-	-	-	-	31.124.508
Share Capital Increase	28,413,788	2,710,720	-	-	-	(82.535)
Expenses of share capital increase	-	(82,535)	-	-	(5.388.025)	(5.388.025)
Losses for the period from 1.1 till 30.9.2006	-	-	-	-	39.549.408	53.545.494
Balance at 30 September 2006	82,998,034	3,624,697	1,231,608	5,240,563	Υπόλοιπο εις νέο	Σύνολο
					(29.353.863)	76.513.347
COMPANY 2007	Share capital	Share premium	Statutory reserve	Reserves		
Balance at 1 January 2007	97,057,760	2,291,040	1,277,847	5,240,563	25.691.760	-
Decrease of Share Capital	(25,691,760)	-	-	-	(7.545.416)	(7.545.416)
Difference of final goodwill of TELEPASSPORT SA	-	-	-	-	(11.207.519)	68.967.931
Losses for the period from 1.1 till 30.9.2007	-	-	-	-	-	-
Balance at 30 September 2007	71,366,000	2,291,040	1,277,847	5,240,563	(28.758.579)	33.285.935
	-	-	-	-	-	31.124.508
COMPANY 2006						
Balance at 1 January 2006	54,584,246	996,512	1,223,193	5,240,563	-	(82.535)
Share Capital Increase	28,413,788	2,710,720	-	-	(5.637.407)	(5.637.407)
Expenses of share capital increase	-	(82,535)	-	-	(34.395.986)	58.690.501
Losses for the period from 1.1 till 30.9.2006	-	-	-	-	(5,637,407)	(5,637,407)
Balance at 30 September 2006	82,998,034	3,624,697	1,223,193	5,240,563	(34,395,986)	58,690,501

The notes on pages 8 to 21 form an integral part of these Financial Statements which are presented on pages 4 to 7.

ΛΑΝ-NET ΕΠΙΚΟΙΝΩΝΙΕΣ Α.Ε.
Ενδιάμεσες (Απλές και Ενοποιημένες) Οικονομικές Καταστάσεις
για την περίοδο 1 Ιανουαρίου έως 30 Σεπτεμβρίου 2007
(Τα ποσά είναι εκφρασμένα σε Ευρώ)

INTERIM CASH FLOW STATEMENT OF 30.09.2007

	GROUP 1.1-30.9.2007	GROUP 1.1-30.9.2006	COMPANY 1.1-30.9.2007	COMPANY 1.1-30.9.2006
<u>Operating Activities</u>				
Loss before tax	(10,197,986)	(5,388,025)	(7,545,416)	(5,637,407)
Plus/Less adjustments for:				
Depreciation	5,553,785	3,548,051	5,325,185	3,523,379
Results of investing activities	(47,382)	(158,750)	(121,565)	(158,750)
Interest and similar expenses	2,542,439	2,385,536	2,499,036	2,351,480
(Increase)/Decrease of inventories	(26,885)	65,678	(60,275)	83,678
Decrease / (Increase) of receivables	3,461,277	(9,888,736)	829,623	(8,055,381)
(Increase) / Decrease of current liabilities (excl. banks)	(3,920,140)	17,362,869	3,885,478	11,764,449
Less:				
Interest and similar expenses paid	(2,542,439)	(2,385,536)	(2,499,036)	(2,351,480)
Profit from securities sale	66,437	325,911	55,090	325,911
Total cash flows from operating activities	(5,110,894)	5,866,998	2,368,120	1,845,879
<u>Investing activities</u>				
Purchase of tangible and intangible assets	(1,007,872)	(419,327)	(1,549,545)	(413,624)
Proceeds from the sale of tangible and intangible assets	29	4,273	-	4,273
Interest received	131,785	38,183	131,439	38,183
Purchase of participations	(88,500)	(29,191,634)	(88,500)	(26,086,200)
Proceeds from sale of securities	116,550	-	-	-
Increase/(Decrease) of short-term long-term receivables	2,553,326	(4,389,032)	(4,287,760)	(3,866,097)
Total (outflows) from investing activities	1,705,318	(33,957,537)	(5,794,366)	(30,323,465)
<u>Financing activities</u>				
Receipts from issued / taken loans	21,445,883	-	21,396,700	-
Receipts from share capital increase	4,434,777	28,413,788	4,434,777	28,413,788
Payments of financial leasing	(320,208)	(330,942)	(186,185)	(330,942)
Loan repayment	(21,180,134)	(3,364,385)	(21,130,951)	(3,364,385)
Total inflows from financing activities	4,380,318	24,718,461	4,514,341	24,718,461
Net increase/(decrease) in cash and cash equivalents of period	974,742	(3,372,078)	1,088,095	(3,759,125)
Cash and cash equivalents at the beginning of period	4,506,269	7,225,046	4,070,442	7,225,046
Cash and cash equivalents at the end of period	5,481,011	3,852,968	5,158,537	3,465,921

The notes on pages 8 to 21 form an integral part of these Financial Statements which are presented on pages 4 to 7.

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NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ON THE COMPANY

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.

The Company operates in the provision of telecommunication services to companies, banks, organizations and private individuals.

The Company's shares are traded on the medium and small capitalization category of the Athens Exchange.

2. ACCOUNTING PRINCIPLES AND BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS.

A. Basis for Preparation of the Interim Financial Statements

The attached solo and consolidated financial statements of September 30th 2007 have been prepared on the historical cost basis and are in accordance with the International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB), as well as their interpretations that have been issued by the International Financial Reporting Interpretation Committee (I.F.R.I.C.) of IASB, which have been adopted by the European Union under regulation No. 1606/2002 during 31.12.2006. The preparation of financial statements according to IFRS requires the use of estimations and judgments during the implementation of the accounting principles by the Group. The significant estimations and assumptions have been highlighted wherever deemed necessary.

The accounting principles and valuation methods used for the preparation and presentation of the attached brief interim consolidated statements are the same as those used for the preparation of the last annual financial statements and are presented in detail in the consolidated financial statements of 'LAN-NET COMMUNICATIONS S.A.' for 31 December 2006, which have already been posted on the website www.lannet.gr.

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For the purposes of providing better information, the classification of specific income statement and balance sheet accounts has changed and the respective accounts of the previous year have been readjusted in order to render such comparable. The relevant reclassification amounts are not significant and thus their disclosure is not required.

The Board of Directors of the company LANNET COMMUNICATIONS S.A. approved the company and consolidated interim financial statements for the period 1.1-30.9.2007 on 27 November 2007.

Modifications affecting published data of 31/12/2006.

The 30th of September of 2007 the final value of goodwill was recalculated for the 31st of December 2006 and this equals to € 37.628.606 vs € 29.722.599 that had been initially produced and the amount “loss carried forward” was made € 29.353.863 vs € 37.259.870. This finalized amount of goodwill is due to the acquisition through absorption of TELEPASSPORT HELLAS. In addition, in the consolidated statements, the amount of goodwill for 31st of December 2006 goes to €61.724.640 vs € 53.818.633 that had been initially produced and the amount “loss carried forward” was made € 36.332.156 vs €44.238.163

B. Basic Accounting Principles

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

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Minority rights are estimated at minority percentage regarding the fair values of the recognized items of Assets and Liabilities at the acquisition date.

The attached interim consolidated financial statements, 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 100%) which were consolidated under the method of complete consolidation and the company ‘TELEPASSPORT TELECOM

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LTD' (participation percentage 33%) under the net equity method.

C. New accounting standards and interpretations by the IFRIC

Until the approval date of the financial statements, the International Accounting Standards Boards 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 2007 onwards. The estimation of the Management of the Group and the Company regarding the effect of the new standards and interpretation is as follows:

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 Company is assessing the effect of IFRS 7 and the adjustment of IAS 1 to the Group's Financial Statements.

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

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

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (it is applied to annual accounting periods starting at or after 1 March 2006):

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

IFRIC 8, Scope of IFRS 2 (it is applied to annual accounting periods starting at or after 1 May 2006).

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

IFRIC 9, Re-evaluation of embedded derivatives (it is applied to annual accounting periods starting at or after 1 June 2006).

IFRIC 9 prohibits a subsequent re-evaluation of an embedded derivative initially present in a main derivative contract when such is contracted, unless there is a substantial change in the contract's terms. IFRIC 9 does not apply to the Group.

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 recognized 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. IFRIC 11 does not apply to the Group. EU does not yet adopt this interpretation.

IFRIC 12, Service Concession Arrangements (it is applied to annual accounting periods starting at or

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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 recognize the relevant infrastructure as tangible assets but to recognize a financial asset or an intangible asset. IFRIC 12 is not relevant to the Group. EU does not yet adopt this interpretation.

NOTES ON THE FINANCIAL STATEMENTS

3. TANGIBLE ASSETS

The tangible assets of the Group and the Company have changed during the period 1.1-30.9.2007 as follows:

	GROUP	GROUP	COMPANY	COMPANY
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
At January 1st	71,255,430	47,093,664	68,913,985	47,093,664
Cost if tangible assets for subsidiary Companies	-	22,859,028	-	20,527,897
Additions for the period 1.1 - 30.9	2,741,701	1,341,555	2,548,904	1,296,696
Disposals for the period 1.1 - 30.9	(29)	(38,817)	(29)	(4,273)
Total at September 30th	73,997,102	71,255,430	71,462,860	68,913,984
<u>Accumulated depreciation</u>				
At January 1st	30,579,349	20,028,751	29,690,306	20,028,751
Depreciation of subsidiaries' assets	-	5,501,016	-	4,688,543
Depreciations for the period 1.1 - 30.9	5,163,726	5,049,582	4,945,327	4,973,011
Disposals for the period 1.1 - 30.9	-	-	-	-
Total at September 30th	35,743,075	30,579,349	34,635,633	29,690,306
<u>Net book value</u>				
As at September 30th	38,254,027	40,676,081	36,827,227	39,223,678

4. INTANGIBLE ASSETS

Intangible assets have changes in the period 1.1-30.9.2007 as follows:

	GROUP	GROUP	COMPANY	COMPANY
	30.9.2007	31.12.2006	30.9.2007	31.12.2006

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At January 1st	5,056,219	2,958,075	4,920,218	2,958,075
Cost if tangible assets for subsidiary Companies	-	2,047,143	-	1,962,143
Additions for the period 1.1 - 30.9	-	51,000	-	-
Disposals for the period 1.1 - 30.9	-	-	-	-
Total at September 30th	5,056,219	5,056,218	4,920,218	4,920,218
<u>Accumulated depreciation</u>				
At January 1st	882,682	295,527	853,698	295,527
Depreciation of subsidiaries' assets	-	227,263	379,858	209,696
Depreciations for the period 1.1 - 30.9	390,059	359,891	-	348,475
Disposals for the period 1.1 - 30.9	-	-	-	-
Total at September 30th	1,272,741	882,681	1,233,556	853,698
<u>Net book value</u>				
As at September 30th	3,783,478	4,173,537	3,686,662	4,066,520

5. TRADE RECEIVABLES

Trade receivables as at 30.9.2007, are analyzed as follows:

	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Trade receivables	41,192,307	43,710,825	40,449,114	40,183,179
Notes and checks receivable	861,789	1,377,015	843,114	1,372,341
Checks receivable overdue	385,909	815,041	248,709	815,041
Doubtful – contested customers	669,305	667,706	641,330	641,330
	43,109,310	46,570,587	42,182,267	43,011,891
Less: Provisions	(7,656,504)	(7,656,504)	(6,780,000)	(6,780,000)
<i>Total Trade Receivable</i>	35,452,806	38,914,083	35,402,267	36,231,891

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.

6. OTHER ASSETS

Other assets are analyzed as follows:

	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Sundry debtors	891,319	6,282,367	8,030,349	6,832,610
Accounts for the administration of prepayments and credits	4,241,972	956,812	3,992,515	696,390
Securities		2,027,917	-	867,917
Prepayments for the purchase of securities		4,000,000	-	4,000,000
Expenses brought forward	2,348,030	1,570,748	2,113,351	1,503,950
Blocked deposits	251,220	238,009	251,220	238,009
<i>Total other assets</i>	7,732,541	15,075,853	14,387,435	14,138,876

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7. GOODWILL

Goodwill, which is presented in the attached consolidated financial statements, apart from the company ‘TELEPASSPORT SA’, refers to the consolidation differences that emerged from the acquisition of subsidiary companies and is analyzed as follows:

<u>COMPANY</u>	Net Book Value GROUP 30.9.2007	Net Book Value GROUP 31.12.2006	Net Book Value COMPANY 30.9.2007	Net Book Value COMPANY 31.12.2006
ORBITECH S.A.	14.456.000	14.256.000	-	-
COLUMBIA S.A.	3.227.772	3.120.334	-	-
TELEPASSPORT S.A.	37.628.606	37.628.606	37.628.606	37.628.606
PRIMUS S.A.	6.719.700	6.719.700	-	-
Total Goodwill	62.032.078	61.724.640	37.628.606	37.628.606

The Board of Directors of ‘LANNET COMMUNICATIONS S.A.’ (absorber) announced on 23.08.2007 its decision to merge through acquisition, according to the provisions of L. 2166/1993, the company ‘TELEPASSPORT (HELLAS) S.A.’ (absorbed company).

On September 18th 2006, a written Memorandum of Agreement was signed by representatives of the aforementioned companies, following a special decision by their Board of Directors. According to the Agreement, the companies will be merged through absorption of the Absorbed company by the Absorber, according to the relevant provisions of C.L. 2190/20 and L. 2166/93. The preparation date of the absorbed company’s transformation Balance Sheet, according to the decisions by the Boards of Directors and according to L. 2166/1993, was set as the 31st of August 2006, which was considered as the date control is acquired according to the provisions of IFRS 3. (G.M. Telepassport, 25.07.2007). The merger was approved by the companies’ General Shareholders Meetings on 24.12.2006 and 23.12.2006 respectively and was registered in the Societe Anonyme Registrar under Reg. No. K2-18300/29.12.2006.

The goodwill that emerged from the aforementioned acquisition-merger, was defined according to the Balance Sheet fair values of the absorbed company as at August 31st 2006 and the final definition took place on 30.09.2007.

The process for defining the fair value of assets, liabilities and contingent liabilities of the absorbed company, took place according to the provisions of IFRS 3. The Balance Sheet fair values of the absorbed company, which were used to calculate goodwill, the total acquisition price (cost) and the resulting goodwill as at August 31st 2006, namely the acquisition date, are as follows:

	Acquisition Date 31.08.07
ASSETS	
Fixed Assets	17,591,800

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Inventories	275,749
Trade Receivables	15,408,235
Participations	617,346
Deferred income taxes	6,768,927
Cash & cash equivalents	4,904,823
TOTAL ASSETS	<u>45,566,880</u>
LIABILITIES	
Other long-term liabilities	122,570
Short-term bank liabilities	3,124,369
Other short-term liabilities	37,158,732
TOTAL LIABILITIES	<u>40,405,671</u>
NET VALUE OF ASSETS	<u>5,161,209</u>
Total merger cost	42,789,815
Net value of assets absorbed	<u>5,161,209</u>
GOODWILL	<u>37,628,606</u>

The calculation of goodwill has not included from the liabilities of the company 'TELEPASSPORT S.A.', in the financial statements of 31.8.2006, the amount of € 12,346,120, which concerns reorganization cost (IFRS 3 paragraph 43).

Moreover, it is noted that for goodwill, deferred income taxes in assets amounting to € 6,768,927.00 were calculated, an amount that has not been included in the financial statements of 31.8.2006, due to the fact that the company realizes accounting and tax losses (IFRS 3 par. 65a).

The company in order to define and calculate the assets, liabilities and contingent liabilities of the absorbed company, took into account for the defined assets and liabilities the present value, for intangible assets the price that would be paid for their purchase in a bilateral transaction between equal and informed parties and for machinery and equipment the depreciated net replacement cost that was used due to their specialized nature.

The merger cost of € 42,789,815 was defined based on the number of new shares of 'LANNET S.A.', which were issued (number of shares 62,926,198) in favor of shareholders of 'TELEPASSPORT (HELLAS) S.A.' according to the exchange agreement defined by the Merger Memorandum of Agreement, multiplied by the nominal value of shares of € 0.68.

The difference between the value attributed to the shares (amounting to € 42,789,815) and the published price of the share of 'LANNET COMMUNICATIONS S.A.' on the Athens Exchange on 31.8.2006 (of € 71,735,866) amounted to € 28,946,051,

An impairment assessment will be implemented on 31.12.2007, as the Management considers that there are no deviations as regards to the estimation conditions.

8. LOANS

Company's loans have been granted by Greek banks in Euro. The amounts which are payable within 1

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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 analyzed as follows:

	GROUP 30.9.2007		GROUP 31.12.2006	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Bank loans	13,118,536	9,625,000	9,792,593	11,876,431
Financial leases	733,379	613,014	135,675	-
Convertible bond loans and bonds payable	-	13,575,498	-	9,288,728
Total loans	13,851,915	23,813,512	9,928,268	21,165,159

The loans of the Company are as follows:

	COMPANY 30.9.2007		COMPANY 31.12.2006	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Bank loans	12,784,115	9,625,000	9,415,725	11,876,431
Financial leases	688,765	613,014	135,675	-
Convertible bond loans and bonds payable	-	13,575,498	-	9,288,728
Total loans	13,472,880	23,813,512	9,551,400	21,165,159

9. CASH AND CASH EQUIVALENTS

	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Cash in hand	49,856	58,808	7,890	19,022
Site and term deposits	1,747,155	2,147,461	1,466,647	1,751,420
Time deposits against letters of guarantees	3,684,000	2,300,000	3,684,000	2,300,000
Total	5,481,011	4,506,269	5,158,537	4,070,442

10. SHARE CAPITAL

The 2nd Repeated Ordinary General Shareholders' Meeting of the Company LAN-NET COMMUNICATIONS S.A., that took place on 10.08.2007, unanimously decided on the share capital decrease by € 25,691,760 with a reduction of the share's nominal value from € 0.68 to € 0.50, with the objective of writing-off equivalent losses. Therefore, the share capital will amount to € 71,366,000, divided into 142,732,000 common registered shares with a nominal value of € 0.50 each.

11. SUPPLIERS AND OTHER LIABILITIES

Total liabilities at 30.09.2007, towards suppliers and other third parties are analyzed as follows:

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	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Suppliers	39,641,048	29,767,719	39,516,540	29,991,816
Cheques Payable	5,614,179	9,182,872	5,418,043	7,071,929
Advances from trade debtors	285,845	173,068	47,752	47,895
Insurance and pension fund dues	365,790	621,158	157,903	338,098
Taxes and duties	3,098,828	3,088,688	2,366,586	1,641,060
Dividends payable	101,571	101,570	101,571	101,570
Other suppliers	3,424,882	6,702,604	5,344,996	3,653,554
Accrued expenses	1,896,558	1,514,443	1,367,806	1,455,000
Other liabilities	-	465,759	-	-
Total suppliers and other liabilities	54,428,701	51,617,881	54,321,197	44,300,922

12. PROVISIONS

	GROUP 30.9.2007	GROUP 31.12.2006	COMPANY 30.9.2007	COMPANY 31.12.2006
Reorganization cost	-	6,017,660	-	6,017,660
Tax-audit differences	578,038	1,050,000	578,038	1,050,000
Other provisions	5,002,726	4,987,754	5,002,726	4,987,754
	5,580,764	12,055,414	5,580,764	12,055,414

The company made a provision for reorganization expenses on 31.08.2006 in accordance with the decision of the Board of Directors which approved the merger and reorganization plan of total amount of € 12,346,120, of which amount € 6,328,460 was used for reverse accounting for year 2006 and the amount € 6,017,660 for the period 1.1-31.6.2007. The reorganization of the company is mainly referring to the reorganization of services, technological base of networks and nodes, information systems, personnel and common customer base.

13. TRANSACTIONS WITH RELATED PARTIES

The amounts of sales, purchases and expenses cumulatively from the beginning of the financial period of the Company, with its related parties according to the definition of IAS 24, amount to € 3,070,162 and 1,829,867 respectively. The balances of receivables and liabilities of the Company with related parties, according to the definition of IAS 24, at the end of the current period, amount to € 9,513,315 and € 6,207,584 respectively. The amounts of sales and purchases at the consolidated level (following the write-off of intra-company transactions) cumulatively from the beginning of the financial period with related parties according to the definition of IAS 24, amount to € 4,974,607.

The balances of receivables and liabilities at the consolidated level (following the write-off of intra-company transactions) at the end of the current period with related parties according to the definition of IAS 24, towards such parties amounted to € 11,419,777. The sales and provision of services towards

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related companies take place at normal market prices. For the period that ended on 30 September 2007, the Company has not created a provision for doubtful receivables related to the amounts owed by related companies.

The remuneration of executive management and BoD members, as defined in IAS 24, for the company and Group for the period 1.1 – 30.9.2007 amount to € 787,696 and € 907,406 respectively. The company and group have no receivables and liabilities from executive management and BoD members, as defined by IAS 24.

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14. PERSONNEL COST

Number of employees and payroll cost:

	GROUP 1.1-30.9.2007	GROUP 1.1-30.9.2006	COMPANY 1.1-30.9.2007	COMPANY 1.1-30.9.2006
<u>Persons:</u>				
Permanent employment	418	248	265	200
<u>Analysis of employee cost for the period</u>				
Payroll	5,857,508	3,514,395	4,447,467	2,911,040
Employees' compensation	172,680	246,996	137,461	199,720
Insurance contribution	1,301,358	997,180	930,426	628,808
<i>Total cost</i>	7,331,546	4,758,571	5,515,354	3,739,568

15. CONTINGENT LIABILITIES

I. CONTINGENT LIABILITIES FROM JUDICIAL DIFFERENCES

There are contested (judicial) receivables of the parent company on 30.9.2007 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 "LANTEK COMMUNICATIONS S.A." up to the year 2002.

The absorbed company during 2006, 'TELEPASSPORT S.A.' was audited by the relevant tax authorities, during 2007, for the periods 2003-31.8.2006 and additional taxes emerged amounting to € 471,922 for which the company had created a relevant provision in previous periods.

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

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

f. The subsidiary company TELEPASS SA TELECOMMUNICATION SERVICES was audited by the relevant tax authorities, during 2007, for the periods 2005-2006 and additional taxes emerged

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amounting to € 15,084 for which the company had created a relevant provision in previous periods.

g. The subsidiary company TPH SA PRODUCTION AND DEVELOPMENT OF TECHNOLOGY was audited by the relevant tax authorities, during 2007, for the periods 2003-2006 and no additional taxes emerged given that the company had accumulated tax losses.

In a case of a future tax audit there may be additional taxes and dues to be imposed on the parent 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. The Board of Directors of the company LAN-NET COMMUNICATIONS S.A. on its meeting on the 3rd of April 2007 decided the 1st issue of a Corporate Bond Loan.

The 2nd repetitive Extraordinary General Assembly of Shareholders of the Company held on December 1st 2006 unanimously approved the issue of convertible bond loan in rows, with completion period within ten years, from the date of decision, duration up to four 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 € 575,000,000.

The Board of Directors of the Company approved the distribution of the 1st issue of the Convertible Bond Loan based on the provisions of C.L. 2190/1920 and L. 3156/2003 to the company SWEDTEL A.B., for the repayment of an existing debt from provision of services. This issue has a five year duration, with a right for convertible to shares prior to expiration, material, interest bearing, Bond Loan, mortgage free, with a total nominal value (capital) of € 444,000. The 1st issue of the Bond Loan consists of one hundred (100) bonds, material, convertible to shares, of nominal and disposal value of € 4,440 each that will be disposed primarily through private investment to the lender. The rate of the conversion is 5,550 nominal shares with vote rights, of €0.68 each for each 1 bond, namely to €0.80 per share. The annual interest rate is floating EURIBOR plus 2%.

B. The Board of Directors of the company LAN-NET COMMUNICATIONS S.A. on its meeting on the 25th of May 2007 decided on the 2nd issue of the Corporate Bond Loan, which was implemented on 1/6/2007.

The Board of Directors of the Company approved the distribution of the 2nd issue of the Convertible Bond Loan based on the provisions of C.L. 2190/1920 and L. 3156/2003 to the company MICRODATA S.A., for the repayment of an existing debt from provision of services. This issue has a two year duration, with a right for convertible to shares prior to expiration, material, interest bearing, Bond Loan, mortgage free, with a total nominal value (capital) of € 4,208,000. The 2nd of the Bond Loan consists of one thousand (1,000) bonds, material, convertible to shares, of nominal and disposal value of € 4,208 each that will be disposed primarily through private investment to the lender. The rate of the conversion is 5,260 nominal shares with vote rights, of €0.68 each for each 1 bond, namely to €0.80 per share. The annual interest rate is fixed 1.5%.

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B. The Board of Directors of the company LAN-NET COMMUNICATIONS S.A. on its meeting on the 25th of May 2007 decided on the 2nd issue of the Corporate Bond Loan, which was implemented on 1/6/2007.

16. POST BALANCE SHEET EVENTS

The subsidiary company TELEPASS S.A., following its decision by the Self-Convended General Meeting dated 27.9.2007, proceeded with: a) a decrease of its share capital by € 450,000.00 through decreasing the number of existing shares from 500,000 to 50,000 at a ratio of one new share for each ten existing shares that are deleted exclusively for the purpose of writing-off losses of equal value, and b) an increase of its share capital by € 250,000.00 through the issuance of 250,000 common registered shares with a nominal value of € 1.00 and issue price of € 6, with contribution by the parent company “LANNET COMMUNICATIONS S.A.” of 3,840,000 shares of the listed on the Athens Exchange company UNITED TEXTILES S.A., which are valued at € 1,497,600 and an amount of € 2,400.00 with cash, and an amount of € 1,250,000.00 will be allocated as a credit to the share premium reserve. Thus the share capital of the company TELEPASS S.A. amounts to € 300,000.00, divided into 300,000 common bearer shares with a nominal value of one euro € 1.00 each. The decision by the General Meeting was registered in the Societe Anonyme Registrar under Reg. No. K2-6068/11.10.2007.

The subsidiary company COLUMBIA S.A., following its decision by the Self-Convended General Meeting dated 27.9.2007, proceeded with: a) a decrease of its share capital by € 1,488,193.00 through decreasing the nominal value of shares from €30.00 to €1.00, exclusively for the purpose of writing-off losses of equal value, and b) an increase of its share capital by € 998,683.00 through the issuance of 998,683 common registered shares with a nominal value of € 1.00 and issue price of € 2.50, with contribution by the parent company “LANNET COMMUNICATIONS S.A.” of 4,400,000 shares of the listed on the Athens Exchange company UNITED TEXTILES S.A., which are valued at € 1,716,600, 100,000 common registered shares of the listed on the Athens Exchange KLONATEX GROUP OF COMPANIES S.A., valued at €44,000, and an amount of € 736,707.50 with capitalization of debt, from which an amount of € 1,498,024.50 will be allocated as a credit to the share premium reserve. Thus the share capital of the company COLUMBIA S.A. amounts to € 1,050,000.00, divided into 1,050,000 common bearer shares with a nominal value of one euro € 1.00 each. The decision by the General Meeting was registered in the Societe Anonyme Registrar under Reg. No. K2-6069/11.10.2007.

The subsidiary company ORBITECH S.A., following its decision by the Self-Convended General Meeting dated 27.9.2007, proceeded with: a) a decrease of its share capital by € 207,500.00 through decreasing the number of existing shares from 415,000 to 207,500 at a ratio of one new share for each two existing shares that are deleted exclusively for the purpose of writing-off losses of equal value, and b) an increase of its share capital by € 392,500.00 through the issuance of 392,500 common registered

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shares with a nominal value of € 1.00 and issue price of €4.00, with contribution by the parent company “LANNET COMMUNICATIONS S.A.” of 4,000,000 shares of the listed on the Athens Exchange company UNITED TEXTILES S.A., which are valued at € 1,560,000 and an amount of € 10,000.00 from the already distributed for the share capital increase, from which an amount of € 1,177,500.00 will be allocated as a credit to the share premium reserve. Thus the share capital of the company ORBITECH S.A. amounts to € 600,000.00, divided into 600,000 common bearer shares with a nominal value of one euro € 1.00 each. The decision by the General Meeting was registered in the Societe Anonyme Registrar under Reg. No. K2-6070/11.10.2007.

Peristeri, 27 November 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
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P 551771/97

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