



## PRESS RELEASE

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### **Positive EBITDA up by 40% for Lannet in 2006**

- **Increase of customer lines by 267% (1.066.335 CLIs)**
- **Operating Expenses down by 5%**
- **Arithmetic Sum of the Group's Turnover: 109 mil. €**
- **Private Network consisting of 54 nodes**

Lannet Communications announces today its financial results for the fiscal year 2006 based on the information and records of the company for the period from Jan 1<sup>st</sup> to Dec. 31<sup>st</sup> as prepared under the International Financial Reporting Standards (IFRS).

2006 can be characterized as a milestone year for the Lannet Group after finalizing several acquisitions and at the same time succeeded in improving most of its balance-sheet key performance indicators.

Group sales in 2006 reached € 60.94 mil, higher by 10.63% from last year's reported sales of € 55.09 mil.

**However, the arithmetic sum of the Group's sales in 2006, for all companies acquired in 2006 (excluding intercompany transactions), reached € 109 mil.**

Group's gross profit was also higher by 10.89% or € 28.02 mil. versus € 25.27 last year.

**A significant 40% growth is reported for the company's EBITDA in 2006, which reached € 1.11 mil. versus € 793 thousand last year.**

The company's earnings (losses) before tax are reported at € (11.148) mil. Included in the results are also one-off costs of:

- (a) a € 3.569 mil. balance of undepreciated amount and
- (b) a € 6.328 mil. restructuring cost of the acquired and merged entities

## **2006 Accomplishments**

### **Mergers & Acquisitions**

Lannet completed in 2006:

- The acquisition **COLUMBIA TELECOM S.A., PRIMUS S.A., and ORBITECH S.A.**
- The merger via absorption of **TelePassport S.A.**

### **Customer Lines' growth**

Total Customer Lines (CLI's) grew by 267% versus last year and reached 1,066,335 CLI on Dec. 31<sup>st</sup>, 2006.

### **Nodes & LLU's Growth**

**The company's backbone network reached a total of 54 nodes from 12 last year,** covers all of Greece and includes three central node locations in Europe. Out of the 54 nodes, 44 of them have LLU capability and can offer unbundled broadband services.

### **Broadband Strategy**

**Lannet, having conducted an in depth analysis of prevailing market trends,** accurately predicted that attempts to increase market share would become a money losing venture, due to existing intense pricing competition. Consequently, Lannet opted to forge new grounds and developed a two-pronged broadband strategy: By offering **DSL-SDSL** products independent from other carriers, an area where Lannet is a pioneer, and by offering value added services over DSL capacity.

In order to realise the first part of this strategy, an agreement was concluded with Craig Wireless, a Canadian company, to use its Wi-MAX network. In effect, this network is currently being built and will soon be completed and ready to handle the wireless needs of Lannet's clients. This technology offers substantially higher capacity than DSL/ADSL, short delivery cycle and is completely independent from other providers. The realization of the Wi-MAX project, is expected to improve **substantially the company's results** in the 2<sup>nd</sup> half of 2007.

For the second part of this strategy, our company was the first to conduct research and develop a pilot, triple-play platform in Greece. Based on its research as well as the results from its triple-play pilot project, which was tested successfully in 2006, Lannet concluded that the existing economic model is not commercially viable and consequently not worth pursuing. Lannet, again at the forefront of product development, adopted a unique, highly efficient model for the expansion of triple-play services and is expected to commercially launch them during the 2<sup>nd</sup> quarter of 2007.

## SUMMARY FINANCIAL RESULTS

(Under International Financial Reporting Standards -- I.F.R.S)

<i>(Amounts in € '000)</i>	<b>GROUP</b>			<b>COMPANY</b>		
	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>Δ %</b>	<b>31/12/2006</b>	<b>31/12/2005</b>	<b>Δ %</b>
<b>Turnover</b>	<b>60.949,50</b>	<b>55.094,75</b>	<b>10,63%</b>	<b>58.164,26</b>	<b>55.094,75</b>	<b>5,57%</b>
<b>Gross Profit</b>	29.345,07	25.266,43	16,14%	28.018,29	25.266,43	10,89%
<b>(%)</b>	<i>48,15%</i>	<i>45,86%</i>	4,99%	<i>48,17%</i>	<i>45,86%</i>	5,04%
<b>Operating Cost</b>	39.710,48	38.608,69	2,85%	36.732,79	38.608,69	-4,86%
<b>EBITDA</b>	<b>208,23</b>	<b>793,08</b>	<b>-73,74%</b>	<b>1.108,67</b>	<b>793,08</b>	<b>39,79%</b>
<b>(%)</b>	<i>0,34%</i>	<i>1,44%</i>	-76,27%	<i>1,91%</i>	<i>1,44%</i>	32,42%
<b>Financing Cost</b>	3.646,02	2.785,52	30,89%	3.366,24	2.785,52	20,85%
<b>Earnings Before Tax</b>	-12.416,39	-6.584,45	-88,57%	-11.148,18	-6.584,45	-69,31%
<b>(%)</b>	<i>-20,37%</i>	<i>-11,95%</i>	-70,46%	<i>-19,17%</i>	<i>-11,95%</i>	-60,38%

Notes:

Lannet is reporting for the first time **consolidated** statements using the full consolidation method including the results of the companies that were acquired during 2006 and only after the acquisition date.

The actual consolidation of the three acquired companies' operations commenced right after their acquisition date.

Concurrently with the approval of the Ministry of Development of the merger via absorption of TelePassport S.A. by Lannet S.A., the consolidation of the two companies' operations commenced and is expected to be completed by the end of the 2<sup>nd</sup> quarter of 2007. Consequently the full value of the economies of scale and synergies to be gained from the merger will be reflected fully in the company's results of the 2<sup>nd</sup> half of 2007.