

Peristeri, August 31 2006

**1<sup>st</sup> Half 2006 Financial Results**

- ☑ **Continued growth through mergers & acquisitions**
- ☑ **Gradual financial recovery**
- ☑ **Continuous strengthening of the capital base**

**FINANCIAL HIGHLIGHTS**

Based on the International Financial Reporting Standards (I.F.R.S)

<b>Income Statement</b>	<b>06/30/2006</b>	<b>06/30/2005</b>	<b>Δ %</b>
Turnover	27.491.047,00	28.789.070,00	-4,51%
Gross Profit	15.170.111,00	12.774.679,00	18,75%
(%)	55,18%	44,37%	24,36%
Operating Expenses	16.794.392,00	20.511.526,00	-18,12%
EBITDA	871.903,00	-5.498.287,00	115,86%
(%)	3,17%	-19,10%	116,61%
Financing Cost	1.516.029,00	2.063.651,00	-26,54%
Net Income Before Taxes	-3.001.901,00	-9.741.245,00	69,18%
(%)	-10,92%	-33,84%	67,73%
<b>Balance Sheet</b>	<b>06/30/2006</b>	<b>12/31/2005</b>	<b>Δ %</b>
Fixed Assets	31.265.121,00	33.296.585,00	-6,10%
Current Assets	42.758.348,00	37.785.717,00	13,16%
Total Assets	74.023.469,00	71.082.302,00	4,14%
Equity Capital	40.647.854,00	33.285.935,00	22,12%
Liabilities (Short-term)	18.831.769,00	18.052.521,00	4,32%
Liabilities (Total)	33.375.615,00	37.796.367,00	-11,70%
Quick Ratio (χ)	2,27	2,09	8,48%

**Turnover**

Turnover of the Company from Telecoms during the first half of 2006 decreased by 23% approximately with respect to the respective period of 2005, amounting to Euro 21.6 mil. form Euro 27.8 mil. in 2005. The decline is mainly attributed to major decline by 24% approximately in fixed line telephony revenues for the period 1.1-6.30.2006 with respect to 1.1-6.30.2005. This decline is essentially attributed to loss of clientele, particularly of household clients by 12% as well as the decrease in the price list of services provided due to competition (charge of long distance calls as local) that took place in November 2005.

At the same time the company's total turnover for the period noted a minor decline by 4.5% approximately amounting to €27.5 mil. against €28.8 mil. in the respective previous year's period. For the 1<sup>st</sup> half of 2006 the company posted revenues from other IT activities of €5.8 mil. approximately, mainly associated with sale of the 'Triple Play' technology for the establishment of telephony video on demand and IPTV services in broadband networks, for the amount of €5.5 mil. with respective charge in the cost of sales by €500 thous.

Hence, the Company's gross profit for the A' half of 2006 posted an increase by 18.75% amounting to €15.2 mil. versus €12.8 mil. in the A' half of 2005 attributed also due to the decline in the telecom cost.

### **Operating Expenses**

The company's operating expenses noted significant decrease by 18.12% at €16.79 mil. versus €20.51 mil. in the first half of 2005, due to the systematic control of all expenses and the implementation of the restructuring plan, aiming at the utmost effective use of the corporate resources.

### **EBITDA & Income for the period**

The company's EBITDA turned around at €871.9 thous. approximately with respect to the previous year losses of €5.49 mil. This turnaround attributed to the increase in gross income as mentioned above and also due to major cost trimming.

It is noted that the period's depreciation amounts to €2.36 mil. approximately. As a result, the company's net results reported loss of €3.00 mil. approximately, improved by 69% from the respective previous year period with reported losses of €9.74 mil.

### **Liabilities**

Total liabilities of the company for the first half of 2006 decreased by 11.7% compared to 12-31-2005, amounting to €33.37 mil. versus €37.79 mil., a fact attributed to the conversion of debt to the company's share capital.

### **Current Assets**

Current assets posted an increase by 13.16% at €42.76 mil. versus €37.78 mil. as of 12/31/2005, a change justified by the increase in turnover.

### **Equity Capital**

The company's equity capital on 6/30/2006 reached €40.65 mil. versus €33.28 mil. on 12/31/2005, significantly increased by 22.12%. This increase is mainly attributed to the share capital increase due to conversion of corporate bonds to shares during the first half of 2006.

### **Business Activity of the 1<sup>st</sup> half 2006**

- Implementation of the company's stock option plan to its Management and staff.
- Conversion of series of Corporate Bonds into LAN-NET Communications S.A. common nominal shares of € 5,200,000.
- Won the auction bid for an Assignment by the Ministry of Justice amounting to €5.47 mil. with a 2 year duration.
- Lannet and TELEPASSPORT Board of Directors resolution regarding the merger through absorption of the latter by the former.
- Finalized the acquisition of COLUMBIA TELECOM.
- PRIMUS CALL and ORBITECH acquisition offers.
- Launch of particularly competitive products ('Cut-Bill II', 'EGO-Free', 'BROADNET ADSL').
- Lannet, in the framework of Corporate Social Responsibility actions, took the initiative to financially support the research program carried out by the **International Research Institution for Juvenile Diabetes**.

### **Action Plan for the 2<sup>nd</sup> half**

- Finalizing of the PRIMUS CALL and ORBITECH acquisitions (have already taken place).
- Conclusion of the merger with TELEPASSPORT.
- Restructuring of the sales and promotion networks.
- Tentative disposal of «NET HOME» in specific geographic regions.
- Further capital support of the company.

Referring to the results, the Management stated: *«Lannet is in the process of gradually meeting its goals for 2006, that is to lead the developments for the consolidation of telecoms in Greece, by expanding its market share in voice services through acquisitions. The acquisition of COLUMBIA and PRIMUS CALL have already been finalized while by year-end the TELEPASSPORT merger through absorption will be also concluded. At the same time, with respect to the second goal set that is to become the leader in offering integrated telecom products, Lannet completed the acquisition of ORBITECH. A major driver to this direction is the creation of "NET HOME", an internet technology platform which ensures high tech telephony, fast Internet, HiFi stereo & Video on Demand over and above simple telephone connections based on ADSL2+.»*