



**Hellenic Telecommunications and Electronics Industry**

**Interim condensed financial statements in accordance with  
International Financial Reporting Standards endorsed by the  
European Union**

**30 September 2005**

**INTRACOM S.A.**  
**Interim condensed financial statements**  
**30 September 2005**  
**(unaudited)**  
**(All amounts in €000)**

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**Balance Sheet**

ASSETS	Note	Group		Company	
		30/9/2005	31/12/2004	30/9/2005	31/12/2004
<b>Non-current assets</b>					
Property, plant and equipment		300.981	323.114	227.093	257.381
Intangible assets		60.941	51.022	44.889	43.893
Investments in subsidiaries	6	-	-	47.572	34.995
Investments in associates and joint ventures	6	28.889	1.387	25.563	319
Other investments		-	10.619	-	13.647
Available - for - sale financial assets		7.268	-	9.177	-
Investment property		40.175	6.106	30.868	4.843
Deferred income tax assets		13.718	12.543	7.550	11.210
Trade and other receivables	7	37.453	64.340	24.528	51.955
		<b>489.425</b>	<b>469.131</b>	<b>417.240</b>	<b>418.243</b>
<b>Current assets</b>					
Inventories	8	160.921	149.801	138.607	129.399
Trade and other receivables	7	514.470	509.178	469.468	449.437
Construction contracts		31.470	28.983	-	-
Available - for - sale financial assets		1.781	-	-	-
Financial assets at fair value through profit or loss		3.496	-	-	-
Other investments		-	11.530	-	3.899
Current income tax assets		-	-	3.234	-
Cash and cash equivalents		75.092	139.516	53.238	108.836
Assets classified as held for sale		-	3.493	-	-
		<b>787.230</b>	<b>842.501</b>	<b>664.548</b>	<b>691.571</b>
<b>Total assets</b>		<b>1.276.656</b>	<b>1.311.633</b>	<b>1.081.788</b>	<b>1.109.814</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to the Company's equity holders</b>					
Share capital	9	467.570	455.395	467.570	455.395
Reserves		166.366	196.916	127.252	153.267
		633.936	652.311	594.822	608.662
<b>Minority interest</b>		<b>31.910</b>	<b>31.053</b>	-	-
<b>Total equity</b>		<b>665.846</b>	<b>683.364</b>	<b>594.822</b>	<b>608.662</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings		35.368	144.805	1.956	120.943
Deferred income tax liabilities		4.885	5.605	3.100	4.560
Retirement benefit obligations		6.399	4.922	5.738	4.266
Grants		589	569	87	413
Derivative financial instruments	10	12.772	-	12.772	-
Provisions for other liabilities and charges		3.393	3.491	1.600	1.912
		<b>63.406</b>	<b>159.392</b>	<b>25.253</b>	<b>132.094</b>
<b>Current liabilities</b>					
Trade and other payables		211.795	243.504	172.255	203.135
Current income tax liabilities		5.261	5.303	1.961	958
Construction contracts		3.135	3.529	-	-
Borrowings		296.365	202.855	266.283	154.771
Derivative financial instruments	10	17.997	-	17.997	-
Provisions for other liabilities and charges		12.849	10.928	3.217	10.193
Liabilities associated with assets classified as held for sale		-	2.758	-	-
		<b>547.404</b>	<b>468.877</b>	<b>461.713</b>	<b>369.057</b>
<b>Total liabilities</b>		<b>610.809</b>	<b>628.269</b>	<b>486.966</b>	<b>501.151</b>
<b>Total equity and liabilities</b>		<b>1.276.656</b>	<b>1.311.633</b>	<b>1.081.788</b>	<b>1.109.814</b>

The notes on pages 8 to 22 form part of these interim condensed financial statements.

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**Income Statement for the period 1 January to 30 September 2005**

	Note	Group		Company	
		1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
<b>Continued operations</b>					
Sales		373.982	449.155	252.579	359.808
Cost of goods sold		(265.937)	(302.273)	(177.036)	(251.291)
<b>Gross profit</b>		<b>108.045</b>	<b>146.882</b>	<b>75.543</b>	<b>108.516</b>
Other operating income - net		(2.538)	3.451	1.107	5.011
Selling and research costs		(43.707)	(57.473)	(36.375)	(49.774)
Administrative expenses		(50.825)	(47.382)	(28.330)	(25.084)
<b>Operating profit</b>		<b>10.976</b>	<b>45.478</b>	<b>11.945</b>	<b>38.669</b>
Finance costs - net	5	(3.992)	(14.117)	401	(11.691)
Share of profit of associates and joint ventures		1.017	2.225	-	-
<b>Profit before income tax</b>		<b>8.000</b>	<b>33.586</b>	<b>12.345</b>	<b>26.978</b>
Income tax expense		(3.441)	(14.510)	(2.248)	(9.543)
<b>Profit for the period from continued operations</b>		<b>4.559</b>	<b>19.075</b>	<b>10.097</b>	<b>17.435</b>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations		-	(568)	-	-
<b>Profit for the period</b>		<b>4.559</b>	<b>18.508</b>	<b>10.097</b>	<b>17.435</b>
<b>Attributable to:</b>					
Equity holders of the Company		5.251	17.495	10.097	17.435
Minority interest		(693)	1.013	-	-
		<b>4.559</b>	<b>18.508</b>	<b>10.097</b>	<b>17.435</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)</b>					
Basic	17	0,04	0,14	0,08	0,14
Diluted	17	0,04	0,14	0,08	0,14

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**Income Statement for the period 1 July to 30 September 2005**

	Note	Group		Company	
		1/7-30/9/2005	1/7-30/9/2004	1/7-30/9/2005	1/7-30/9/2004
<b>Continued operations</b>					
Sales		115.808	154.424	69.803	120.486
Cost of goods sold		(92.364)	(112.352)	(58.074)	(94.635)
<b>Gross profit</b>		<b>23.444</b>	<b>42.072</b>	<b>11.729</b>	<b>25.850</b>
Other operating income - net		(1.065)	2.229	(154)	5.002
Selling and research costs		(8.526)	(17.094)	(6.195)	(14.334)
Administrative expenses		(15.565)	(14.069)	(9.361)	(7.223)
<b>Operating profit</b>		<b>(1.711)</b>	<b>13.139</b>	<b>(3.981)</b>	<b>9.295</b>
Finance costs - net	5	(2.804)	(4.184)	(4)	(3.412)
Share of profit of associates and joint ventures		647	1.001	-	-
<b>(Loss) / profit before income tax</b>		<b>(3.868)</b>	<b>9.956</b>	<b>(3.985)</b>	<b>5.882</b>
Income tax expense		(1.342)	(4.178)	(254)	(2.111)
<b>(Loss) / profit for the period from continued operations</b>		<b>(5.210)</b>	<b>5.778</b>	<b>(4.239)</b>	<b>3.771</b>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations		-	(207)	-	-
<b>(Loss) / profit for the period</b>		<b>(5.210)</b>	<b>5.571</b>	<b>(4.239)</b>	<b>3.771</b>
<b>Attributable to:</b>					
Equity holders of the Company		(5.557)	5.065	(4.239)	3.771
Minority interest		347	507	-	-
		<b>(5.210)</b>	<b>5.571</b>	<b>(4.239)</b>	<b>3.771</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)</b>					
Basic		(0,04)	0,04	(0,03)	0,03
Diluted		(0,04)	0,04	(0,03)	0,03

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**Statement of changes in equity**

**Group**

	<u>Attributable to Company's shareholders</u>		<u>Retained earnings</u>	Minority interest	Total equity
	Share capital	Other reserves			
<b>Balance at 1 January 2004</b>	455.182	227.130	(37.637)	28.636	673.311
Restatement as per IAS 8	-	(1.631)	-	-	(1.631)
<b>Balance at 1 January 2004 - Restated</b>	455.182	225.499	(37.637)	28.636	671.681
Currency translation differences	-	-	(295)	-	(295)
Net income recognised directly in equity	-	-	(295)	-	(295)
Profit for the period	-	-	17.495	1.013	18.508
Total recognised income for the period	-	-	17.200	1.013	18.213
Change in investment in subsidiary due to increase in share capital	-	(3.062)	3.079	7.654	7.670
Treasury shares	(1.355)	-	-	-	(1.355)
Expenses on issue of share capital	(43)	-	-	-	(43)
Dividend	-	-	(12.820)	(1.109)	(13.929)
Transfer	-	89.005	(84.001)	(5.004)	(0)
<b>Balance at 30 September 2004</b>	<b>453.784</b>	<b>311.442</b>	<b>(114.180)</b>	<b>31.191</b>	<b>682.238</b>

	<u>Attributable to Company's shareholders</u>		<u>Retained earnings</u>	Minority interest	Total equity
	Share capital	Other reserves			
<b>Balance at 31 January 2004</b>	455.395	243.283	(44.673)	37.189	691.195
Restatement as per IAS 8	-	88.699	(90.394)	(6.136)	(7.831)
<b>Balance at 31 December 2004 - Restated</b>	455.395	331.982	(135.067)	31.053	683.364
Adoption of IAS 32 and IAS 39	-	(667)	(24.693)	-	(25.360)
<b>Balance at 1 January 2005</b>	455.395	331.316	(159.759)	31.053	658.004
Fair value gain on available - for - sale financial assets	-	423	-	-	423
Currency translation differences	-	-	1.263	-	1.263
Net income recognised directly in equity	-	423	1.263	-	1.686
Profit for the period	-	-	5.251	(693)	4.559
Total recognised income for the period	-	423	6.514	(693)	6.245
Expenses on issue of share capital	(11)	-	-	-	(11)
Disposal of treasury shares	12.186	1.452	1.254	-	14.892
Increase in investment in subsidiary	-	9	(1.095)	(1.002)	(2.088)
Changes from disposal of investments	-	(375)	-	-	(375)
Impairment of investment	-	(28)	-	-	(28)
Dividend	-	-	(13.126)	(1.444)	(14.570)
Revaluation of building	-	2.682	-	1.096	3.778
Transfer	-	4.157	(7.057)	2.900	-
<b>Balance at 30 September 2005</b>	<b>467.570</b>	<b>339.635</b>	<b>(173.269)</b>	<b>31.910</b>	<b>665.846</b>

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**Statement of changes in equity**

**Company**

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1 January 2004</b>	455.182	207.755	(63.002)	599.934
Profit for the period	-	-	17.435	17.435
Total recognised income for the period	-	-	17.435	17.435
Treasury shares	(1.355)	-	-	(1.355)
Expenses on issue of share capital	(43)	-	-	(43)
Dividend relating to 2003	-	-	(12.820)	(12.820)
	(1.398)	-	(12.820)	(14.218)
<b>Balance at 30 September 2004</b>	<b>453.784</b>	<b>207.755</b>	<b>(58.388)</b>	<b>603.151</b>

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 31 January 2004</b>	455.395	219.295	(66.028)	608.662
Adoption of IAS 32 and IAS 39	-	(667)	(23.778)	(24.445)
<b>Balance at 1 January 2005</b>	455.395	218.628	(89.806)	584.218
Fair value gain on available - for - sale financial assets	-	34	-	34
Net income recognised directly in equity	-	34	-	34
Profit for the period	-	-	10.097	10.097
Total recognised income for the period	-	34	10.097	10.132
Expenses on issuance of ordinary share capital	(11)	-	-	(11)
Impairment of available - for - sale financial assets	-	(28)	-	(28)
Transfer	-	(2.293)	2.293	-
Disposal of treasury shares	12.186	1.452	-	13.638
Dividend relating to 2004	-	-	(13.126)	(13.126)
	12.175	(869)	(10.833)	473
<b>Balance at 30 September 2005</b>	<b>467.570</b>	<b>217.794</b>	<b>(90.542)</b>	<b>594.822</b>

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**Cash flow statement**

	Note	Group		Company	
		1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
<b>Cash flows from operating activities</b>					
Cash generated from operations	12	21.954	14.523	(8.230)	8.294
Interest paid		(15.007)	(15.557)	(11.894)	(13.629)
Income tax paid		(7.662)	(4.089)	(4.490)	(1.822)
<b>Net cash generated from operating activities</b>		<b>(716)</b>	<b>(5.123)</b>	<b>(24.613)</b>	<b>(7.157)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment (PPE)		(13.694)	(6.853)	(4.277)	(3.701)
Purchase of intangible assets		(11.396)	(4.812)	(10.959)	(3.546)
Proceeds from sale of PPE		353	5.360	194	77
Dividends received		3.702	5.951	2.803	5.739
Loans granted		4.418	2.236	-	-
Purchase of financial assets at fair value through profit or loss		(2.499)	(1.658)	-	-
Sale of other investments / available - for - sale financial asstes		5.538	7.271	5.717	7.271
Purchase of other investments / available - for - sale financial assets		(1.233)	-	-	(392)
Increase in investment in subsidiaries / associates		(45.113)	(5.144)	(35.481)	(506)
Sale of subsidiaries		-	-	200	-
Sale of financial assets at fair value through profit or loss		2.826	-	-	-
Interest received		-	-	238	95
Receipts from loan repayments		1.038	1.727	-	-
Other		(306)	244	-	-
<b>Net cash from investing activities</b>		<b>(56.366)</b>	<b>4.320</b>	<b>(41.564)</b>	<b>5.037</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of ordinary shares		17.809	11.507	-	-
Sale / (purchase) of treasury shares		20.204	(5.347)	13.638	(1.355)
Expenses on issue of share capital		-	-	-	(43)
Expenses on disposal of treasury shares		-	-	(11)	-
Dividends paid to shareholders		(17.590)	(22.788)	(13.240)	(13.136)
Proceeds from borrowings		23.686	42.859	-	-
Repayments of borrowings		(58.213)	(69.268)	-	(35.500)
Grants received		-	-	87	-
Repayments of finance leases		(1.957)	(4.688)	(883)	(839)
Other		1.888	(688)	-	-
<b>Net cash used in financing activities</b>		<b>(14.173)</b>	<b>(48.413)</b>	<b>(409)</b>	<b>(50.872)</b>
<b>Net decrease in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of period		(19.305)	17.882	(44.809)	(5.017)
Exchange gains on cash and cash equivalents		1.018	(149)	-	-
<b>Cash and cash equivalents at end of period</b>		<b>(89.541)</b>	<b>(31.483)</b>	<b>(111.394)</b>	<b>(58.009)</b>

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## **Notes to the interim condensed financial statements**

### **1. General information**

INTRACOM SA Hellenic Telecommunications and Electronics Industry (“The Company”) and its subsidiaries (“The Group”) develops products, provides services and undertakes complex, integrated and advanced technology projects in the telecommunications, defence, public administration, and banking & finance industries and has also activities in the construction sector.

The Group has operations in Greece, USA, Bulgaria, Romania, and various other countries. The Company’s shares are listed on the Athens Stock Exchange.

The Company’s registered office is at 19,5 km Markopoulou Ave., Peania, Athens, Greece. Its website address is [www.intracom.gr](http://www.intracom.gr).

The Board of Directors has approved these interim condensed financial statements for issue on 28 November 2005.

### **2. Summary of significant accounting policies**

These interim condensed financial statements of INTRACOM S.A. are for the nine months ended 30 September 2005. They have been prepared in accordance with IAS 34, Interim Financial Reporting, and are covered by IFRS 1, First-Time Adoption of IFRS, because they are part of the period covered by the Group’s first IFRS financial statements for the year ended 31 December 2005.

The accounting policies used for the preparation and presentation of these interim condensed financial statements are consistent with those applied for the preparation of the financial information of the Company and the Group for the year ended 31 December 2004. These interim condensed financial statements must be examined together with the interim condensed financial statements for the six months to 30 June 2005 and the IFRS transition report for the year 2004, as published on the Group’s website [www.intracom.gr](http://www.intracom.gr).

According to the provisions of IFRS1 and other relevant standards, the Group has applied the Standards that are applicable for the year ended 31 December 2005 to the comparative information (as of 1 January 2004), except for IAS 32 and IAS 39. IAS 32 and IAS 39 have been applied from 1 January 2005, in accordance with IFRS 1, and as a result comparative figures have not been adjusted. The IFRS standards and IFRIC interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. As a consequence, the Group has prepared these financial statements based on standards and interpretations that have been issued by the International Accounting Standards Board and endorsed by the European Union up to the time of preparation.

Financial statements were prepared in accordance with Generally Accepted Accounting Principles in Greece (Greek GAAP) until 31 December 2004. Greek GAAP differ in some areas from IFRS. In preparing these financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Greek GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on equity and net income are provided in Note 3.

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These financial statements have been prepared under the historical cost convention, as modified by the revaluation of shares listed on the Athens stock exchange and as of 1 January 2005 of available-for-sale financial assets, and financial assets (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates and requires management to exercise its judgement in the process of applying the accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounting policies used in the preparation of the financial information of subsidiaries, associates and joint ventures, are consistent with those applied by the parent company.

### **3. Transition to IFRS**

According to the provisions of IFRS 1, the Group has applied the accounting policies retrospectively to prepare its opening IFRS balance sheet at the date of transition (1 January 2004). The reconciliations between Greek GAAP and IFRS for the period 1/1-30/9/2004 are presented below. The reconciliations for 1 January and 31 December 2004 are presented in the interim financial statements of 30 June 2005.

#### **Group**

- Reconciliation of equity at 30 September 2004
- Consolidated balance sheet at 30 September 2004
- Consolidated income statement and reconciliation of net income for the period 1/1-30/9/2004

#### **Company**

- Reconciliation of equity at 30 September 2004
- Company balance sheet at 30 September 2004
- Company income statement and reconciliation of net income for the period 1/1-30/9/2004

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**Reconciliation of equity at 30 September 2004 - Group**

<b>Total equity under Greek GAAP</b>	<b>802.257</b>
Write off of intangible assets that do not meet the IFRS definition	(34.426)
Recognition of other provisions	(44.394)
Restatement of accumulated depreciation to reflect PPE's and intangibles' useful lives rather than their tax lives	44.241
Impairment of investments in subsidiaries and other investments	(8.440)
Deferred tax adjustments	4.318
Effect of adjustments to work in progress under IFRS	(16.987)
Adjustment to value of trade and other receivables	(36.063)
Write-off of income tax receivable	(5.397)
Transfer of treasury shares to equity	(8.962)
Restatement of the provision for post-employment/ termination benefits	2.445
Warranty provision	(5.042)
Revenue recognition adjustments	(11.833)
Provision for income tax	(7.839)
Reversal of proposed dividends payable	8.602
Change in group structure and consolidation exchange differences	(120)
Other	(121)
<b>Total adjustments</b>	<b>(120.019)</b>
<b>Total equity under IFRS</b>	<b>682.238</b>

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**Consolidated balance sheet at 30 September 2004**

	<b>GREEK GAAP</b>	<b>IFRS Adjustments</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	301.883	7.244	309.127
Intangible assets	39.806	(3.025)	36.781
Investments in associates and joint ventures	10.104	(2.994)	7.110
Other investments	27.867	(7.687)	20.180
Investment property	-	6.381	6.381
Deferred income tax assets	-	10.151	10.151
Trade and other receivables	108.259	(42.022)	66.237
	<b>487.920</b>	<b>(31.952)</b>	<b>455.968</b>
<b>Current assets</b>			
Inventories	193.037	(37.470)	155.567
Trade and other receivables	608.438	(76.989)	531.449
Construction contracts	-	36.713	36.713
Other investments	-	5.139	5.139
Cash and cash equivalents	127.325	(5.164)	122.161
	<b>928.800</b>	<b>(77.771)</b>	<b>851.029</b>
<b>Total assets</b>	<b>1.416.720</b>	<b>(109.723)</b>	<b>1.306.997</b>
<b>EQUITY</b>			
Share capital	466.619	(12.835)	453.784
Reserves	297.341	(100.079)	197.262
	763.960	(112.913)	651.047
Minority interest	38.296	(7.105)	31.191
<b>Total equity</b>	<b>802.257</b>	<b>(120.019)</b>	<b>682.238</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	125.876	(2.913)	122.963
Deferred income tax liabilities	-	5.828	5.828
Retirement benefit obligations	7.393	(3.219)	4.174
Grants	-	905	905
Provisions for other liabilities and charges	7.073	(2.136)	4.937
	<b>140.341</b>	<b>(1.535)</b>	<b>138.806</b>
<b>Current liabilities</b>			
Trade and other payables	266.109	(11.710)	254.399
Current income tax liabilities	-	8.366	8.366
Construction contracts	-	3.089	3.089
Borrowings	208.013	5.615	213.628
Provisions for other liabilities and charges	-	6.471	6.471
	<b>474.122</b>	<b>11.830</b>	<b>485.953</b>
<b>Total liabilities</b>	<b>614.464</b>	<b>10.295</b>	<b>624.759</b>
<b>Total equity and liabilities</b>	<b>1.416.720</b>	<b>(109.723)</b>	<b>1.306.997</b>

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**Consolidated income statement for the period 1/1 – 30/9/2004**

	<b>GREEK GAAP</b>	<b>IFRS Adjustments</b>	<b>IFRS</b>
Sales	447.730	1.425	449.155
Cost of goods sold	(296.657)	(5.616)	(302.273)
<b>Gross profit</b>	<b>151.073</b>	<b>(4.191)</b>	<b>146.882</b>
Selling and research costs	(56.762)	(711)	(57.473)
Administrative expenses	(47.921)	539	(47.382)
Other operating income - net	(1.041)	4.492	3.451
<b>Operating profit</b>	<b>45.350</b>	<b>128</b>	<b>45.478</b>
Finance costs - net	(15.802)	1.686	(14.117)
Share of profit of associates and joint ventures	-	2.225	2.225
<b>Profit before income tax</b>	<b>29.548</b>	<b>4.038</b>	<b>33.586</b>
Income tax expense	-	(14.510)	(14.510)
<b>Profit for the period from continued operations</b>	<b>29.548</b>	<b>(10.472)</b>	<b>19.075</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loss for the period from discontinued operations	-	(568)	(568)
<b>Profit for the period</b>	<b>29.548</b>	<b>(11.040)</b>	<b>18.508</b>
<b>Attributable to:</b>			
Equity holders of the Company	28.384	(10.889)	17.495
Minority interest	1.163	(150)	1.013
	<b>29.548</b>	<b>(11.040)</b>	<b>18.508</b>

**Reconciliation of net income for the period 1/1 – 30/9/2004 - Group**

<b>Profit before tax under Greek GAAP</b>	<b>29.548</b>
Write off of intangible assets and reversal of depreciation of assets written off	(1.431)
Effect of change in depreciation rates of tangible and intangible assets	9.800
Revenue recognition adjustments	2.817
Transfer to cost of goods sold	(11.615)
Other adjustments	3.900
<b>Profit before income tax under IFRS</b>	<b>33.018</b>
Income tax expense	(14.510)
<b>Profit for the period under IFRS</b>	<b>18.508</b>

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**Reconciliation of equity at 30 September 2004 – Company**

<b>Total equity under Greek GAAP</b>	<b><u>712.300</u></b>
Write-off of intangible assets that do not meet the IFRS definition	(26.053)
Recognition of other provisions	(38.057)
Restatement of accumulated depreciation to reflect PPE's and intangibles' useful lives rather than their tax lives	28.244
Impairment of investments	(6.849)
Deferred tax adjustments	5.700
Effect of adjustments to work in progress under IFRS	(15.164)
Adjustment to value of trade and other receivables	(28.500)
Write-off of income tax receivable	(5.397)
Transfer of treasury shares to equity	(12.122)
Restatement of the provision for post-employment/ termination benefits	2.198
Warranty provision	(5.042)
Provision for income tax	(4.493)
Adjustment to cost of goods sold	(11.430)
Other adjustments	7.816
<b>Total adjustments</b>	<b><u>(109.149)</u></b>
<b>Total equity under IFRS</b>	<b><u>603.151</u></b>

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**Company balance sheet at 30 September 2004**

	<b>GREEK GAAP</b>	<b>IFRS Adjustments</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	242.670	15.697	258.367
Intangible assets	44.920	(14.535)	30.385
Investment property	-	4.908	4.908
Investments in subsidiaries	39.907	(4.986)	34.921
Investments in associates	319	-	319
Other investments	11.973	3.180	15.153
Trade and other receivables	79.345	(28.500)	50.845
Deferred income tax assets	-	8.408	8.408
	<b>419.134</b>	<b>(15.829)</b>	<b>403.305</b>
<b>Current assets</b>			
Inventories	145.867	(17.547)	128.320
Trade and other receivables	430.546	50.245	480.791
Other investments	13.893	(12.122)	1.771
Cash and cash equivalents	101.494	(5.858)	95.636
	<b>691.800</b>	<b>14.718</b>	<b>706.519</b>
<b>Total assets</b>	<b>1.110.935</b>	<b>(1.111)</b>	<b>1.109.824</b>
<b>EQUITY</b>			
Share capital	466.619	(12.835)	453.784
Reserves	245.681	(96.314)	149.367
	<b>712.300</b>	<b>(109.149)</b>	<b>603.151</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	118.000	3.185	121.185
Provisions for other liabilities and charges	11.006	(8.916)	2.090
Grants	-	413	413
Retirement benefit obligations	5.655	(2.198)	3.457
Deferred income tax liabilities	-	2.708	2.708
	<b>134.661</b>	<b>(4.808)</b>	<b>129.853</b>
<b>Current liabilities</b>			
Trade and other payables	107.293	105.991	213.284
Borrowings	153.645	1.170	154.815
Current income tax liabilities	3.037	1.497	4.534
Provisions for other liabilities and charges	-	4.187	4.187
	<b>263.974</b>	<b>112.846</b>	<b>376.820</b>
<b>Total liabilities</b>	<b>398.635</b>	<b>108.038</b>	<b>506.673</b>
<b>Total equity and liabilities</b>	<b>1.110.935</b>	<b>(1.111)</b>	<b>1.109.824</b>

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**Company income statement for the period 1/1 – 30/9/2004**

	GREEK GAAP	IFRS Adjustments	IFRS
Sales	354.966	4.842	359.808
Cost of goods sold	(244.722)	(6.570)	(251.291)
<b>Gross profit</b>	<b>110.244</b>	<b>(1.728)</b>	<b>108.516</b>
Other operating income - net	685	4.634	5.318
Selling costs	(21.594)	420	(21.174)
Administrative expenses	(27.843)	2.759	(25.084)
Research and development costs	(25.306)	(3.294)	(28.600)
Other operating expenses	-	(307)	(307)
<b>Operating profit</b>	<b>36.186</b>	<b>2.483</b>	<b>38.669</b>
Finance costs - net	(7.553)	(4.138)	(11.691)
Extraordinary gains and non-operating income	3.320	(3.320)	-
Prior year's income	435	(435)	-
Extraordinary losses and non-operating expenses	(3.099)	3.099	-
Prior year's expenses	(962)	962	-
Depreciation expense not included in operating cost	(840)	840	-
<b>Profit before income tax</b>	<b>27.486</b>	<b>(508)</b>	<b>26.978</b>
Income tax expense	-	(9.543)	(9.543)
<b>Profit for the period</b>	<b>27.486</b>	<b>(10.051)</b>	<b>17.435</b>

**Reconciliation of net income for the period 1/1-30/9/2004 – Company**

<b>Profit before income tax under Greek GAAP</b>	<b>27.486</b>
Write off of intangible assets and reversal of depreciation of assets written off	(184)
Effect of change in depreciation rates of tangible and intangible assets	7.761
Transfer to cost of goods sold	(12.066)
Revenue recognition adjustments	4.842
Other	(861)
<b>Profit before income tax under IFRS</b>	<b>26.978</b>
Income tax expense	(9.543)
<b>Profit for the period under IFRS</b>	<b>17.435</b>



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**4. Segment information**

The segment results for the period 1/1-30/9/2005 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Sales	187.023	82.829	48.563	46.728	8.142	698	373.982
Operating profit	5.448	2.494	4.102	(2.037)	399	570	10.976
Share of profits of associates	(2)	(62)	-	1.077	3	-	1.017

The segment results for the period 1/1-30/9/2004 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Sales	251.708	76.459	54.378	55.620	8.398	2.592	449.155
Operating profit	21.948	4.368	10.720	7.915	339	188	45.478
Share of profits of associates	-	3	-	2.195	27	-	2.225

**5. Finance costs – net**

Fair value gains of €7.584 thousand on derivative financial instruments and hedged loan are included in finance costs for the period ended 30 September 2005. The Group has elected to apply the exemption given by IFRS 1 from restating comparatives for IAS 32 and IAS 39 and therefore the results for 2004 do not include the effect of derivatives.

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## **6. Investment in subsidiaries / associates**

During the period, the Group increased its percentage holding in the subsidiary Intrasoft International SA, registered in Luxembourg, from 69,73% to 100%, through the acquisition of 1.877 shares. The consideration was €2.410.724 paid in cash. The consideration exceeded the company's carrying value by €10.083.764 during the period of acquisition. Based on valuations by international firms and based on the continuous growth of the company, the Group expects strong cash flows over the next years.

In addition, during the period group companies have set up new companies in which the Group participates as follows:

- (a) 100% in Intracom Armenia LLC, registered in Armenia, for €300.000,
- (b) 67% in Fornax Informatika DOO registered in Croatia, for €2.727,
- (c) 100% in Intracom Middle East FZ-LLC registered in United Arab Emirates, for €8.750,
- (d) 58% in Eurokat through Intrakat, for €410.000 and
- (e) 67% in Fornax Informatika S.R.O Slovensko registered in Slovakia, for €171.

During the period, the Company disposed of:

- (a) its entire holding (60%) in "Galani Sports Data SA", at a loss of €4 thousand,
- (b) its entire holding (66%) in the Group Bulfon S.A., registered in Sofia, Bulgaria, at a loss of €11 thousand. In addition, as part of the sale agreement of Bulfon SA, the Company assumed the subsidiary's debt of €1.751 thousand. The resulting loss was included in administration expenses.

During the months August and September 2005, the Company acquired 24,8% of the share capital of FORTHnet S.A., for €2.882.917.

## **7. Trade and other receivables**

Selling costs include provisions for doubtful debts amounting to €8.750 thousand, as well as reversal of provisions for doubtful debts amounting to €2.427 thousand.

## **8. Inventories**

Inventory write-downs of €1.310 thousand have been expensed in the period to 30 September 2005.

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**9. Share capital**

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Balance at 1 January 2005	131.258.772	276.956	190.625	(12.186)	455.395
Treasury shares sold	-	-	-	12.186	12.186
Expenses on issue of share capital	-	-	(11)	-	(11)
<b>Balance at 30 September 2005</b>	<b>131.258.772</b>	<b>276.956</b>	<b>190.614</b>	<b>(0)</b>	<b>467.570</b>

During the nine months ended 30 September 2005, the Company sold the treasury shares it held for €13.637.959.

**10. Derivative financial instruments**

	<u>30/9/2005</u>	
	<b>Liabilities</b>	<b>Nominal value</b>
Interest-rate swaps	4.494	€100.000.000
Forward foreign exchange contracts	8.278	\$29.963.000
Cross-currency swaps - loan hedge	17.997	€18.000.000
<b>Total</b>	<b>30.769</b>	
Current liabilities	17.997	
Non-current liabilities	12.772	
	<b>30.769</b>	

**11. Capital expenditure**

Total acquisitions of property, plant and equipment for the Company and the Group for the nine months ended 30 September 2005 amounted to €4.277 thousand and €3.694 thousand respectively. Total additions to intangible assets for the nine months amounted to €10.959 thousand and €1.396 thousand for the Company and the Group respectively.

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**12. Operating cash flows**

	Group		Company	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
<b>Profit for the period</b>	<b>4.559</b>	<b>19.075</b>	<b>10.097</b>	<b>17.435</b>
Adjustments for:				
Tax	3.441	14.510	2.248	9.543
Depreciation of PPE	13.078	13.722	8.038	8.648
Amortisation of intangible assets	11.935	10.491	9.963	8.893
Depreciation of investment property	404	195	378	195
Impairment of assets	350	51	350	51
Loss / (profit) on sale of PPE	27	(2.829)	(71)	(13)
Fair value loss on other investments	-	1.517	-	1.812
Profit on sale of other investments	-	-	-	(295)
Gain on sale of available - for - sale financial assets	-	-	(896)	-
Gain on sale of subsidiaries	-	-	(2)	-
Fair value gains on derivative financial instruments	(10.588)	-	(10.588)	-
Interest income	(1.076)	(1.727)	(238)	(95)
Interest expense	15.004	15.991	11.894	13.629
Dividend income	(3.702)	(5.951)	(2.803)	(5.739)
Depreciation of grants received	(421)	(8)	(413)	-
Share of profit from associates	(1.017)	(2.225)	-	-
Exchange loss on loans	1.420	311	-	-
Other	(2.911)	(114)	-	-
	<b>30.503</b>	<b>63.010</b>	<b>27.957</b>	<b>54.064</b>
<b>Changes in working capital</b>				
(Increase) / decrease in inventories	(11.120)	(2.148)	(9.209)	7.864
(Increase) / decrease in trade and other receivables	18.638	(49.994)	7.177	(65.142)
Increase / (decrease) in trade and other payables	(19.531)	497	(28.337)	11.912
Increase / (decrease) in provisions for other liabilities and charges	1.823	3.418	(7.288)	180
Increase / (decrease) in retirement benefit obligations	1.477	(349)	1.471	(584)
Other	163	90	-	-
	<b>(8.550)</b>	<b>(48.486)</b>	<b>(36.186)</b>	<b>(45.770)</b>
<b>Cash generated from operations</b>	<b>21.954</b>	<b>14.523</b>	<b>(8.230)</b>	<b>8.294</b>

**13. Dividends**

Dividends for the year 2004 amounting to €13.126 thousand (€0,10 per share) were approved at the Annual General Meeting that took place on 30 June 2005 and the initial payment date was 29 August 2005.

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## 14. Commitments

### Capital commitments

There is no capital expenditure contracted for at the balance sheet date but not yet incurred.

## 15. Contingencies

The Group has contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. During the normal course of business, the Company has given (a) guarantees for prepayments for €103.768 thousand, (b) guarantees for good performance for €108.162 thousand and (c) guarantees for participation in contests for €1.738 thousand.

The Company has given guarantees to banks for subsidiaries' loans amounting to €2.405 thousand.

## 16. Related party transactions

The following transactions are carried out with related parties:

	Group		Company	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
<b>Sales of services:</b>				
To subsidiaries	-	-	2.112	1.344
To other related parties	1.341	3.792	1.315	2.312
	<b>1.341</b>	<b>3.792</b>	<b>3.427</b>	<b>3.656</b>
<b>Purchases of services:</b>				
From subsidiaries	-	-	3.893	5.374
From other related parties	1.654	4.379	1.654	4.379
	<b>1.654</b>	<b>4.379</b>	<b>5.547</b>	<b>9.753</b>
<b>Sales of goods</b>				
To subsidiaries	-	-	14.452	33.861
To other related parties	6.734	15.744	6.734	15.744
	<b>6.734</b>	<b>15.744</b>	<b>21.186</b>	<b>49.604</b>
<b>Purchases of goods</b>				
From subsidiaries	-	-	13.854	31.440
	-	-	<b>13.854</b>	<b>31.440</b>
<b>Disposals of fixed assets:</b>				
To subsidiaries	-	-	-	10
	-	-	-	<b>10</b>
<b>Purchases of fixed assets:</b>				
From subsidiaries	-	-	1.333	1.983
From other related parties	5.355	649	5.355	649
	<b>5.355</b>	<b>649</b>	<b>6.688</b>	<b>2.632</b>
<b>Rental income:</b>				
From subsidiaries	-	-	198	329
From other related parties	139	131	113	105
	<b>139</b>	<b>131</b>	<b>312</b>	<b>433</b>

Transactions with related parties are carried out on the basis of the price lists in force with non-related parties.

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Year-end balances arising from transactions with related parties are as follows:

	Group		Company	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
<b>Receivables from related parties:</b>				
From subsidiaries	-	-	32.883	31.777
From other related parties	37.089	27.711	36.060	26.700
	<b>37.089</b>	<b>27.711</b>	<b>68.942</b>	<b>58.477</b>
<b>Payables to related parties</b>				
To subsidiaries	-	-	10.825	14.141
To other related parties	17.642	9.649	17.642	9.485
	<b>17.642</b>	<b>9.649</b>	<b>28.466</b>	<b>23.626</b>

**Key management compensation**

For the nine months to 30 September 2005, the Company has paid the amounts of €1.557 thousand and €1.144 thousand as directors' remuneration and key management compensation respectively (nine months to 30 September 2004: €1.149 thousand and €1.139 thousand for directors' remuneration and key management compensation respectively).

**17. Earnings per share**

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group		Company	
	1/1 - 30/9/2005	1/1 - 30/9/2004	1/1 - 30/9/2005	1/1 - 30/9/2004
<b>Basic earnings per share (€per share)</b>				
Profit attributable to equity holders of the Company	5.251	17.495	10.097	17.435
Weighted average number of ordinary shares in issue	131.259	128.101	131.259	128.101
<b>Basic earnings per share (€per share)</b>	<b>0,04</b>	<b>0,14</b>	<b>0,08</b>	<b>0,14</b>
<b>Diluted earnings per share (€per share)</b>				
Profit attributable to equity holders of the Company	5.251	17.495	10.097	17.435
Weighted average number of ordinary shares in issue	131.596	128.352	131.596	128.352
<b>Diluted earnings per share (€per share)</b>	<b>0,04</b>	<b>0,14</b>	<b>0,08</b>	<b>0,14</b>

**18. Unaudited tax years**

The Company has been audited by the tax authorities up to the year 2002.

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## **19. Number of employees**

The number of employees at the end of the current period was 5.180 and 3.088 for the Group and the Company respectively (30/9/2004: 5.818 and 3.647 respectively).

## **20. Transfer of segments to subsidiaries**

On 12 September 2005, Intracom Holdings announced, in light of its overall strategic plan, its decision for its restructuring and transformation to a holdings company. This restructuring will be achieved through the spin-off of the Telecom Solutions, the Defense Electronic Systems and the IT Services and their transfer to three newly established companies.

On 17 November, the Extraordinary General Meetings of Shareholders approved the spin-off of the Telecom Solutions and the Defense Electronic Systems and their transfer respectively to the 100% subsidiaries of Intracom, Intracom ILIDA HELLAS S.A. (renamed to "INTRACOM TELECOM") and PRAXIS AYTOMATIONS S.A. (renamed to "INTRACOM DEFENSE"), in accordance with paragraphs 1-5 of Law 2166/1993. The balance sheet date for the spin-off was 30/09/2005. The relevant approvals by the authorities have not yet been announced.

## **21. Post balance sheet events**

On 14 November 2005, the Extraordinary General Meeting of Shareholders of Intrakat approved the merger of Intramet. The merger is expected to be completed until 31 December 2005.