



INTRACOM
Holdings S.A.

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

30 June 2006

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Contents	Page
Balance sheet	2
Consolidated income statement for the period 1/1 – 30/6/2006	3
Company income statement for the period 1/1 – 30/6/2006	4
Income statement for the period 1/4 – 30/6/2006	5
Statement of changes in equity	6
Cash flow statement	8
Notes to the interim condensed financial statements	9
1. General information	9
2. Summary of significant accounting policies	9
3. Segment information	10
4. Investments in subsidiaries / associates	11
5. Discontinued operations	11
6. Cash and cash equivalents	12
7. Share capital	12
8. Other gains - net	12
9. Capital expenditure	12
10. Capital commitments	13
11. Cash generated from operations	13
12. Contingencies	14
13. Related party transactions	14
14. Earnings per share	15
15. Transfer of segments to subsidiaries	16
16. Events after the balance sheet date	16
17. Subsidiaries	16

REPORT OF THE CERTIFIED AUDITOR - ACCOUNTANT

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Balance sheet

	Note	Group		Company	
		30/6/2006	31/12/2005	30/6/2006	31/12/2005
ASSETS					
Non-current assets					
Property, plant and equipment		159.489	284.024	58.880	80.464
Goodwill	4	33.708	11.361	-	-
Intangible assets		17.883	55.091	6.072	6.897
Investment property		59.487	38.664	43.520	19.235
Investments in subsidiaries	4	-	-	181.676	376.308
Investments in associates and joint ventures	4	136.455	3.438	116.175	276
Available-for-sale financial assets		10.987	12.044	8.212	8.528
Deferred income tax assets		6.867	9.434	3.958	6.037
Trade and other receivables		13.361	94.458	5.703	5.703
		438.237	508.513	424.196	503.448
Current assets					
Inventories		56.388	157.193	-	-
Trade and other receivables		288.757	470.239	69.762	96.586
Construction contracts		39.765	29.169	-	-
Available-for-sale financial assets		-	1.852	-	-
Financial assets at fair value through profit or loss		1.156	3.441	-	-
Current tax assets		7.161	4.112	4.610	4.112
Cash and cash equivalents		147.748	95.832	115.750	66.862
		540.974	761.838	190.122	167.561
Assets classified as held for sale		-	37.882	-	22.883
		540.974	799.720	190.122	190.444
Total assets		979.212	1.308.233	614.318	693.892
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	7	470.211	472.205	470.211	472.205
Reserves		140.887	161.318	72.501	66.806
		611.098	633.523	542.712	539.011
Minority interest		19.717	27.810	-	-
Total equity		630.816	661.333	542.712	539.011
LIABILITIES					
Non-current liabilities					
Borrowings		42.683	21.416	9	-
Deferred income tax liabilities		820	-	-	-
Retirement benefit obligations		2.710	6.811	389	1.133
Grants		878	564	-	-
Provisions for other liabilities and charges		2.257	2.801	-	-
		49.348	31.592	398	1.133
Current liabilities					
Trade and other payables		144.042	240.482	39.193	49.614
Current income tax liabilities		5.256	5.285	1.509	1.379
Construction contracts		5.912	5.626	-	-
Borrowings		127.942	318.757	19.535	91.675
Derivative financial instruments		10.829	26.801	10.829	10.939
Provisions for other liabilities and charges		5.067	6.518	142	142
		299.048	603.468	71.208	153.748
Liabilities associated with assets classified as held for sale		-	11.840	-	-
		299.048	615.308	71.208	153.748
Total liabilities		348.396	646.900	71.606	154.881
Total equity and liabilities		979.212	1.308.233	614.318	693.892

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Consolidated income statement for the period 1/1 – 30/6/2006

	Note	1/1-30/6/2006			1/1-30/6/2005
		Continuing operations	Discontinued operations	Total	Total
Sales		159.964	171.548	331.512	258.174
Cost of goods sold		(129.941)	(126.321)	(256.262)	(173.573)
Gross profit		30.022	45.227	75.250	84.601
Other gains - net	8	13.007	1.034	14.041	(1.473)
Selling and research costs		(9.542)	(24.135)	(33.677)	(35.181)
Administrative expenses		(20.649)	(15.342)	(35.991)	(35.260)
Operating profit		12.838	6.784	19.622	12.687
Finance costs - net		(3.508)	(5.441)	(8.950)	(1.188)
Share of profits of associates and joint ventures		399	-	399	370
Profit before income tax		9.729	1.343	11.072	11.869
Income tax expense		(9.247)	(751)	(9.998)	(2.099)
Profit for the period after tax		482	591	1.073	9.769
Loss for the period from the disposal of sub-group	5	-	(19.148)	(19.148)	-
Net profit / (loss)		482	(18.557)	(18.075)	9.769
Attributable to:					
Equity holders of the Company		691	(18.665)	(17.974)	10.809
Minority interest		(209)	108	(101)	(1.039)
		482	(18.557)	(18.075)	9.769
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period (expressed in €per share)					
Basic	14	0,01	(0,15)	(0,14)	0,08
Diluted	14	0,01	(0,15)	(0,14)	0,08

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
 (All amounts in €000 unless otherwise stated)

Company income statement for the period 1/1 – 30/6/2006

	Note	1/1-30/6/2006	1/1-30/6/2005
Continuing operations			
Sales		13.329	182.776
Cost of goods sold		(10.412)	(118.962)
Gross profit		2.917	63.815
Other gains - net	8	13.169	1.261
Selling and research costs		(31)	(30.180)
Administrative expenses		(704)	(18.970)
Operating profit		15.351	15.926
Finance costs - net		(253)	405
Profit before income tax		15.098	16.331
Income tax expense		(9.187)	(1.994)
Profit for the period from continuing operations		5.911	14.336
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in €per share)			
Basic	14	0,04	0,11
Diluted	14	0,04	0,11

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Income statement for the period 1/4 – 30/6/2006

	Note	Group		Company	
		1/4-30/6/2006	1/4-30/6/2005	1/4-30/6/2006	1/4-30/6/2005
Sales		170.639	134.597	7.709	93.303
Cost of goods sold		(131.627)	(93.719)	(5.350)	(63.675)
Gross profit		39.013	40.878	2.359	29.628
Other gains - net		2.058	(887)	839	(5)
Selling and research costs		(15.273)	(17.158)	(16)	(14.263)
Administrative expenses		(19.723)	(20.791)	(12)	(11.634)
Operating profit		6.074	2.042	3.170	3.727
Finance costs - net		(5.092)	(2.011)	(920)	(1.063)
Share of profits of associates and joint ventures		465	629	-	-
Profit before income tax		1.447	660	2.250	2.664
Income tax expense		(6.759)	59	(6.362)	540
Profit/(loss) for the period after tax		(5.312)	719	(4.112)	3.204
Loss for the period from the disposal of sub-group	5	(19.148)	254	-	-
Net profit/(loss)		(24.460)	973	(4.112)	3.204
Attributable to:					
Equity holders of the Company		(24.908)	1.372	(4.112)	3.204
Minority interest		448	(399)	-	-
		(24.460)	973	(4.112)	3.204
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period (expressed in €per share)					
Basic		(0,19)	0,01	0,04	0,02
Diluted		(0,19)	0,01	0,04	0,02

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Statement of changes in equity

Group

	<u>Attributable to equity holders of the Company</u>				Total equity
	Share capital	Other reserves	Retained earnings	Minority interest	
Balance at 31 December 2004	455.395	331.982	(135.067)	31.053	683.363
Adoption of IAS 32 and IAS 39	-	(912)	(24.408)	(89)	(25.409)
Balance at 1 January 2005	455.395	331.071	(159.475)	30.964	657.954
Profit for the period	-	-	3.226	(875)	2.351
Valuation/Disposal of available-for-sale investments	-	269	-	112	381
Expenses on issue of share capital of the parent company	(111)	-	-	-	(111)
Expenses on issue of share capital of subsidiaries	-	-	(2.961)	-	(2.961)
Acquisition of subsidiaries	-	-	(114)	-	(114)
Transfer between reserves	-	(69.917)	69.917	-	-
Treasury shares	12.186	1.452	-	-	13.638
Employee share option scheme:					
-value of employee services	1.392	-	-	-	1.392
-proceeds from shares issued	3.342	-	-	-	3.342
Currency translation differences	-	560	(40)	518	1.038
Effect of changes in the group structure	-	(42)	498	(1.502)	(1.046)
Dividends paid to parent company's shareholders	-	-	(13.126)	-	(13.126)
Dividends paid to minority interests	-	-	-	(1.407)	(1.407)
Balance at 31 December 2005	472.205	263.392	(102.075)	27.810	661.332
Balance at 1 January 2006	472.205	263.392	(102.075)	27.810	661.332
Loss for the period	-	-	(17.974)	(101)	(18.075)
Fair value gains on available-for-sale investments	-	(334)	-	-	(334)
Purchase of treasury shares	(1.964)	-	-	-	(1.964)
Expenses on issue of share capital	(29)	-	-	-	(29)
Currency translation differences	-	(530)	-	(129)	(659)
Effect of changes in the group structure	-	(437)	(1.156)	(7.602)	(9.194)
Dividends paid to minority interests	-	-	-	(261)	(261)
Balance at 30 June 2006	470.211	262.092	(121.204)	19.717	630.816

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Statement in changes in equity

Company

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 31 December 2004	455.395	219.295	(66.028)	608.662
Adoption of IAS 32 and IAS 39	-	(667)	(23.778)	(24.445)
Balance at 1 January 2005	455.395	218.628	(89.806)	584.218
Profit for the period	-	-	7.881	7.881
Valuation/Disposal of available-for-sale investments	-	(40)	-	(40)
Transfer between reserves	-	(2.293)	2.293	-
Treasury shares	12.186	1.452	-	13.638
Expenses on issue of share capital	(111)	-	-	(111)
Transfer between reserves due to transfer of segments to subsidiaries	-	(58.184)	-	(58.184)
Employee share option scheme:				
-value of employee services	1.392	-	-	1.392
-proceeds from shares issued	3.342	-	-	3.342
Dividend relating to 2004	-	-	(13.126)	(13.126)
Balance at 31 December 2005	472.205	159.563	(92.758)	539.011
Balance at 1 January 2006	472.205	159.563	(92.758)	539.011
Profit for the period	-	-	5.911	5.911
Fair value gains on available-for-sale investments	-	(216)	-	(216)
Purchase of treasury shares	(1.964)	-	-	(1.964)
Expenses on issue of share capital	(29)	-	-	(29)
Balance at 30 June 2006	470.211	159.347	(86.847)	542.712

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Cash flow statement

	Note	Group		Company	
		1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
Cash flows from operating activities					
Cash generated from operations	11	(2.575)	(702)	47.340	(8.669)
Interest paid		(9.643)	(10.095)	(678)	(8.344)
Income tax paid		(9.148)	(3.240)	(7.425)	(2.529)
Net cash generated from operating activities		(21.365)	(14.037)	39.236	(19.542)
Cash flows from investing activities					
Purchase of property, plant and equipment		(12.146)	(8.051)	(2.893)	(3.882)
Purchase of intangible assets		(3.248)	(9.631)	-	(9.289)
Purchase of investment property		(2.513)	-	-	-
Proceeds from sale of property, plant and equipment		-	247	121	194
Proceeds from sale of intangible assets		65	-	-	-
Dividends received		-	415	-	-
Proceeds from sale of investments classified as held for sale		38.025	-	34.865	-
Purchase of available-for-sale investments		(1.066)	(1.525)	(1.043)	(298)
Purchase of financial assets at fair value through profit or loss		-	(63)	-	-
Proceeds from sale of investments available-for-sale		1.940	3.829	100	3.829
Sale of financial assets at fair value through profit or loss		2.515	1.110	-	-
Purchase of subsidiaries (net of cash and cash equivalents)		(14.865)	(12.521)	(32.467)	(12.411)
Sale of subsidiaries (net of cash and cash equivalents)		139.319	-	85.280	200
Interest received		945	1.497	94	1.333
Other		-	251	-	-
Net cash from investing activities		148.970	(24.441)	84.056	(20.324)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	390	-	-
Purchase of treasury shares		(1.964)	-	(1.964)	-
Sale of treasury shares		-	13.458	-	13.638
Expenses on issue of share capital		(29)	-	(29)	(11)
Dividends paid		(518)	(714)	(257)	(173)
Proceeds from borrowings		56.699	17.813	-	-
Repayments of borrowings		(47.906)	(31.562)	-	-
Grants received		95	-	-	87
Repayments of finance leases		(932)	(1.040)	(3)	(585)
Other		-	1.228	-	-
Net cash used in financing activities		5.445	(428)	(2.253)	12.956
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of year		(85.040)	(19.305)	(24.812)	(44.809)
Exchange gains on cash and cash equivalents		-	1.379	-	-
Cash and cash equivalents at end of year	6	48.010	(56.831)	96.227	(71.719)

The notes on pages 9 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Notes to the interim condensed financial statements

1. General information

INTRACOM Holdings S.A., with the distinctive title “INTRACOM HOLDINGS” (“INTRACOM”), was founded in Greece and its shares are traded in the Athens Stock Exchange.

INTRACOM 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, as well as in other foreign countries.

The Company’s registered office is at 19 km Markopoulou Ave., Peania Attikis, Greece. Its website address is www.intracom.gr.

These interim condensed financial statements for the Group and the Company have been approved for issue by the Board of Directors on 30 August 2006.

2. Summary of significant accounting policies

The interim condensed financial statements of INTRACOM are for the six months ended 30 June 2006. They have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The accounting policies used for the preparation and the presentation of the interim condensed financial statements are consistent with those applied for the preparation and presentation of the annual financial statements of the Company and the Group for the financial year ended 31 December 2005, unless as described below. These interim condensed financial statements must be examined together with the annual financial statements for the year 2005, as published on the Group’s website www.intracom.gr.

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

Accounting policy on interests in joint ventures

During the current period, the sub-group Intrakat has new activities in the construction sector through joint ventures. These new investments in joint ventures are accounted for using proportionate consolidation. According to this method, the Group recognizes its interest in the joint ventures on a line-by-line basis in the Group’s financial statements.

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

3. Segment information

The segment results for the period 1/1-30/6/2006 were as follows:

	Discontinued operations	Continuing operations					Total
	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Telecom operations	Other	
Sales	171.548	51.690	38.839	36.818	15.948	16.669	331.512
Operating profit	6.784	(291)	3.363	(1.116)	(3.808)	14.690	19.622
Finance costs-net	(5.441)	-	-	-	-	(3.508)	(8.950)
Share of profits of associates and joint ventures	-	143	-	285	-	(28)	399
Profit before income tax							11.072

The discontinued operations relate to the sale of 51% of the sub-group Intracom Telecom (see note 5).

The segment results for the period 1/1-30/6/2005 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Sales	127.427	66.958	33.418	21.490	8.580	302	258.174
Operating profit	6.270	3.283	1.642	1.056	422	14	12.687
Finance costs-net	-	-	-	-	-	(1.188)	(1.188)
Share of profits of associates and joint ventures	-	-	-	424	(55)	-	370
Profit before income tax from continuing operations							11.869

INTRACOM HOLDINGS

Interim condensed financial statements in accordance with IFRS

30 June 2006

(All amounts in €000 unless otherwise stated)

4. Investments in subsidiaries / associates

The transfer of 100% of the share capital of Hellas On Line from EFG Eurobank S.A. to Intracom Holdings for €18.950 was completed on 31st January 2006. The price is expected to increase up to a maximum of €6.000, provided that the revenue that Hellas on Line will achieve for the group EFG Eurobank S.A. will amount to €7.000. The resulting goodwill from the acquisition was €22.347. The Company has not yet completed the allocation of the cost to the assets and liabilities of the acquired entity. This process will be completed within the 12 month period as set out by IFRS 3, at which time the final amount of goodwill will be determined.

On 30 June 2006, the increase in the share capital of Hellas On Line amounting to €12,5 mil. was approved. Intracom Holdings has paid this amount on 19 July 2006.

During the period, Intracom Holdings founded its 100% subsidiary, Intracom Holdings International Ltd., registered in Cyprus, with a cost of €5.000.

On 6 April 2006 the Group, through its subsidiary Intrakat, disposed of its entire shareholding in the company "Aetheras Energy", for a consideration of €220. The profit from the disposal amounted to €18.

As described in note 5, the Group disposed of 51% of its subsidiary Intracom S.A. Telecom Solutions. Consequently, on the balance sheet of 30 June 2006 Intracom Telecom is consolidated by the equity method of accounting and is included under investments in associates.

A list of all the direct and indirect interests in subsidiaries is set out in note 17.

5. Discontinued operations

On 30 June 2006, the Company disposed of 51% holding in its subsidiary company Intracom S.A. Telecom Solutions ("Intracom Telecom Group") to Concern Citronics for €120 mil. The share of Intracom Telecom's consolidated net assets times the % transferred (51%) on the date of sale amounted to €139,1 million and as a result the Group reported a loss of €19,1 million in the consolidated income statement for the period, whereas in the stand-alone financial statements of the parent company the resulting amount was immaterial.

Intracom Telecom group structure on 30 June 2006 is presented below. Following the disposal, the group is accounted for using the equity method, at a percentage of 49%.

COMPANY	DIRECT % INTEREST HELD	COUNTRY OF INCORPORATION
<u>INTRACOM S.A. TELECOM SOLUTIONS</u>	49,00	GREECE
INTRACOM BULGARIA S.A.	100,00	BULGARIA
INTRACOM SVYAZ LTD	100,00	RUSSIA
INTRACOM DOO SKOPJE	100,00	FYROM
INTRALBAN SHA	95,00	ALBANIA
INTRAROM S.A.	74,23	ROMANIA
<u>INTRACOM TELECOM HOLDINGS INTERNATIONAL LTD (Sub-group)</u>	100,00	CYPRUS
INTRACOM MIDDLE EAST LLC	100,00	UAE
CONKLIN CORPORATION	100,00	USA
INTRACOM DOO BELGRADE	100,00	SERBIA
INTRACOM DOO ARMENIA	100,00	ARMENIA
INTRACOM TELECOM TECHNOLOGIES LTD	100,00	CYPRUS
INTRACOM TELECOM OPERATIONS LTD	100,00	CYPRUS

INTRACOM HOLDINGS

Interim condensed financial statements in accordance with IFRS

30 June 2006

(All amounts in €000 unless otherwise stated)

Due to the above mentioned disposal, the Group presented the results from the operations of the partly transferred sub-group Intracom Telecom for the first half of 2006, as well as the loss from the disposal, under a separate column named "Discontinued operations".

Given that the structure and allocation of the Group's operations during the first half of 2005 (before the transfer of segments as mentioned in note 15) was very different compared to that of the first half of 2006, the allocation of the results for the first half of 2005 into continuing and discontinued operations would not provide any comparable information.

6. Cash and cash equivalents

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	30/6/2006	30/6/2005	30/6/2006	30/6/2005
Cash and cash equivalents	147.748	102.969	115.750	83.475
Bank overdrafts	(99.738)	(159.801)	(19.524)	(155.194)
Total	48.010	(56.831)	96.227	(71.719)

7. Share capital

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Balance at 1 January 2006	132.413.583	279.393	192.812	-	472.205
Treasury shares purchased	-	-	-	(1.964)	(1.964)
Expenses on issue of share capital	-	0	(29)	-	(29)
Balance at 30 June 2006	132.413.583	279.393	192.783	(1.964)	470.211

The Company acquired 365.726 of its own shares through purchases on the Athens Stock Exchange during the period. The total amount paid to acquire the shares was €1.964 and has been deducted from shareholders' equity. The Company has the right to reissue or to resell these shares at a later date.

8. Other gains - net

On 1st February 2006, the Company disposed of its entire shareholding in FORTHNET S.A., which represented 24,8% of its share capital, for the amount of €34.865. The gain from the disposal for the Company and the Group amounted to €11.982.

9. Capital expenditure

Total acquisitions of property, plant and equipment for the Group and the Company during the six month period ended 30 June 2006 amounted to €14.659 and €2.893 respectively (30 June 2005: €8.051 and €3.882 for the Group and the Company respectively). Total additions to intangible assets for the six month period amounted to €3.248 for the Group and nil for the Company (30 June 2005: €9.631 and €9.289 for the Group and the Company respectively).

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

10. Capital commitments

There are no significant capital commitments at the balance sheet date.

11. Cash generated from operations

	Group		Company	
	1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
(Loss) / profit for the period	(18.075)	9.769	5.911	14.336
Adjustments for:				
Tax	9.998	2.099	9.187	1.994
Depreciation of property, plant and equipment	9.870	8.661	747	5.460
Amortisation of intangible assets	9.490	7.790	826	6.591
Depreciation of investment property	307	130	238	130
(Loss) / profit on sale of property, plant and equipment	-	114	(1)	(72)
Fair value (gains)/ losses on other investments	6	(567)	-	-
Impairment of investments	1.043	327	1.043	327
(Loss) / Gain on sale of subsidiaries	19.148	-	1.300	(10)
Gain on sale of available-for-sale investments	(11.982)	-	(11.982)	(500)
Gains on sale of investments at fair value through profit or loss	(269)	-	-	-
Fair value gains on derivative financial instruments	(242)	(7.617)	(109)	(7.617)
Interest income	(945)	(1.497)	(94)	(1.333)
Interest expense	10.794	10.095	678	8.344
Dividend income	-	(570)	(1.600)	-
Depreciation of grants received	(74)	(418)	-	(413)
Share of profits from associates	(399)	370	-	-
Exchange losses	294	19	-	-
Other	-	2.149	-	-
	28.965	30.856	6.144	27.237
Changes in working capital:				
Inventories	(5.585)	(10.390)	-	(6.518)
Trade and other receivables	(75.256)	(41.559)	69.427	(32.428)
Trade and other payables	49.605	24.663	(27.488)	9.587
Provisions for other liabilities and charges	(248)	(4.147)	-	(6.413)
Retirement benefit obligations	(57)	(124)	(744)	(134)
	(31.540)	(31.557)	41.195	(35.907)
Cash generated from operations	(2.575)	(702)	47.340	(8.669)

INTRACOM HOLDINGS

Interim condensed financial statements in accordance with IFRS

30 June 2006

(All amounts in €000 unless otherwise stated)

12. 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. The Company has given guarantees in the ordinary course of business of the Company and its subsidiaries amounting to around €211 million.

The Company has given guarantees to banks for subsidiaries' loans amounting to €204.649 and for finance leases amounting to €2.239. Moreover, the Company has given guarantees amounting to €118 million for the syndicated loan of the associate company Intracom S.A. Telecom Solutions and the related cross-currency swap.

In addition, the Company has guaranteed the contractual liabilities of an associate company.

There is an outstanding case against the Company from the Ministry of Merchant Marine concerning violations during the execution of projects. The penalties and rebates amount to €29.145. The lawyers of the Company in their letter set out that the information on the basis of which the penalties were imposed show serious inadequacies and that the final outcome will be favorable to the Company.

13. Related party transactions

The following transactions are carried out with related parties.

	Group		Company	
	1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
Sales of goods / services:				
To subsidiaries	-	-	10.145	11.565
To other related parties	132	6.727	-	6.701
	132	6.727	10.145	18.267
Purchases of goods / services:				
From subsidiaries	-	-	119	10.608
From other related parties	616	673	-	673
	616	673	119	11.281
Rental income:				
From subsidiaries	-	-	253	141
From other related parties	75	93	75	75
	75	93	328	216
Purchases of fixed assets:				
From subsidiaries	-	-	-	547
From other related parties	2.496	6.328	747	5.355
	2.496	6.328	747	5.902
Sales of fixed assets:				
To subsidiaries	-	-	-	-
To other related parties	22.440	-	-	-
	22.440	-	-	-

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

Services from and to related parties, as well as sales and purchases of goods, take place on the basis of the price lists in force with non-related parties. Other related parties are companies in which the major shareholder of the Company holds an interest share.

Company transactions with subsidiaries include transactions effected with Intracom Telecom group. Purchases and sales of fixed assets with other related parties include transactions with the Telecom group.

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

	Group		Company	
	30/6/2006	30/6/2005	30/6/2006	30/6/2005
Receivables from related parties:				
From subsidiaries	-	-	13.830	27.828
From other related parties	15.621	36.180	12.036	36.180
	15.621	36.180	25.866	64.009
Payables to related parties:				
To subsidiaries	-	-	2.665	10.724
To other related parties	4.034	17.384	3.200	16.562
	4.034	17.384	5.865	27.286

Key management compensation

For the six months to 30 June 2006, a total of €424 has been paid by the Company as key management compensation.

14. Earnings per share

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

	Group		Company	
	1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
Basic earnings per share (€per share)				
(Loss)/Profit attributable to equity holders of the Company	(17.974)	10.809	5.911	14.336
Weighted averaged number of ordinary shares in issue	132.347.846	131.258.772	132.347.846	131.258.772
Basic earnings per share (€per share)	(0,14)	0,08	0,04	0,11
Diluted earnings per share (€per share)				
(Loss)/Profit attributable to equity holders of the Company	(17.974)	10.809	5.911	14.336
Weighted averaged number of ordinary shares in issue	132.752.109	131.552.051	132.752.109	131.552.051
Diluted earnings per share (€per share)	(0,14)	0,08	0,04	0,11

INTRACOM HOLDINGS

Interim condensed financial statements in accordance with IFRS

30 June 2006

(All amounts in €000 unless otherwise stated)

15. Transfer of segments to subsidiaries

During the last quarter of 2005, the transfer of the Telecom Solutions, the Defense Electronic Systems and the IT Services segments to subsidiaries was effected. The spin-off of the segments and the transformation of Intracom Holdings S.A to a holding company was completed on 31st December 2005.

Therefore, the amounts in the income statement for the period 1/1-30/6/2006 and the period 1/4-30/6/2006 present major deviations compared to the corresponding periods of 2005.

The counterparties' acceptance of the transfer of contracts to the new legal entities is in progress.

The operations of Intracom Holdings are continued through its subsidiaries and associates. The Company will receive the benefit from the operations of these companies through dividends.

16. Events after the balance sheet date

No significant events occurred after the balance sheet date.

17. Subsidiaries

The companies included in the consolidated financial statements and the related direct percentage interests held are as follows:

30/6/2006

Name	Country of incorporation	Direct % interest held
Intracom S.A Defense Electronic systems	Greece	100%
HELLAS ON LINE	Greece	100%
Intracom Holdings International Ltd	Cyprus	100%
- Intracom Technologies Ltd	Cyprus	100%
- Fornax RT	Hungary	67%
- Fornax Integrator	Hungary	
- Fornax Informatika Doo Croatia	Croatia	100%
- Fornax Slovakia	Slovakia	
- Intracom Operations Ltd	Cyprus	100%
- Intracom Group USA	USA	100%
Intracom S.A. IT Services	Greece	100%
- Global Net Solutions Ltd	Bulgaria	100%
- Dialogos S.A.	Jordan	51%
- Intracom Jordan Ltd	Jordan	80%
- Intracom Exports Ltd	Cyprus	100%
- Intracom Cyprus Ltd	Cyprus	100%
- Intrasoft International SA	Luxembourg	100%
- PEBE SA	Belgium	
- Intrasoft SA	Greece	100%
- Intrasoft International Belgium	Belgium	
- Switchlink NV	Belgium	65%
Intrakat S.A.	Greece	74%
- Inmaint SA	Greece	60%
- KEPA Attica S.A.	Greece	51%
- Intracom Construct SA	Romania	87%
- Intrakat Romania SRL	Romania	100%
- Eurokat SA	Greece	82%
- Intradevelopment SA	Greece	100%

INTRACOM HOLDINGS
Interim condensed financial statements in accordance with IFRS
30 June 2006
(All amounts in €000 unless otherwise stated)

31/12/2005

Name	Country of incorporation	Direct % interest held
Intracom Bulgaria SA	Bulgaria	70%
Intracom Svyaz	Russia	100%
Intracom doo Skopje	FYROM	70%
Intracom Holdings International Ltd	Cyprus	100%
- Intracom Middle East FZE	UAE	100%
- Intracom Middle East LLC	UAE	100%
- Conklin Corporation	USA	100%
- Intracom Doo Belgrade	Serbia	100%
- Intracom Doo Armenia	Armenia	100%
- Fornax RT	Hungary	67%
- Fornax Integrator	Hungary	
- Fornax Informatika Doo Croatia	Croatia	100% subsidiaries of Fornax RT
- Fornax Slovakia	Slovakia	
Intracom Operations Ltd	Cyprus	100%
- Intracom Group USA	USA	100%
Global Net Solutions Ltd	Bulgaria	100%
Dialogos S.A.	Greece	51%
Intracom Jordan Ltd	Jordan	80%
Intrasoft International SA	Belgium	100,0%
- PEBE SA	Belgium	100%
- Intrasoft SA	Greece	100%
- Intrasoft Brussels	Belgium	100%
- Switchlink NV	Belgium	100%
Intrarom SA	Romania	63%
Intradevelopment SA	Greece	48%
Intracom Technologies Ltd	Cyprus	100%
Intracom Exports Ltd	Cyprus	100%
- ICOM CYPRUS	Cyprus	100%
Intrakat S.A.	Greece	74%
- Aetheras Energy AE	Greece	100%
- Inmaint SA	Greece	60%
- KEPA Attica S.A.	Greece	51%
- Intracom Construct SA	Romania	83%
- S.C. Technical Construct Intrakat SRL	Romania	97%
- Eurokat SA	Greece	82%
- Intralban SA	Albania	55%
Databank	Greece	99%
Intracom S.A Telecom Solutions	Greece	100%
Intracom S.A Defense Electronic systems	Greece	100%

THE OPINION HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**To The Shareholders of
INTRACOM HOLDINGS S.A.**

We have reviewed the accompanying interim condensed financial statements of INTRACOM HOLDINGS S.A. (the “Company”) as well as the interim condensed consolidated financial statements of the Company and its subsidiaries (the “Group”), for the six-month period ended 30 June 2006. We did not separately review the income statement for the second quarter of 2006. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union (IAS 34 “Interim Financial Reporting”). Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the Greek Standard on Review Engagements, which is based on the relevant International Standard on Review Engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than the work performed in order to issue an audit report on financial statements. Consequently, we do not express an audit opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements of the Company as well as the accompanying interim condensed consolidated financial statements of the Group, in order to comply with the International Financial Reporting Standards applicable to interim financial reporting, as adopted by the European Union (IAS 34).

Athens, 30 August 2006

THE CERTIFIED AUDITORS ACCOUNTANTS

Alexandros E. Tziortzis
S.O.E.L. R.N. 12371

Zoi D. Sofou
S.O.E.L. R.N. 14701

JOHN G. MYSTAKIDES
S.O.E.L. R.N. 16511

SOL S.A.
CERTIFIED AUDITORS ACCOUNTANTS S.A.

SOL S.A.

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS