INTRACOM HOLDINGS S.A.

(previously INTRACOM S.A. Hellenic Telecommunications and Electronics Industry)

Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU

31 December 2006

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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(Translation from the Original Greek Auditors' Report)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of «INTRACOM HOLDINGS SA»

Report on the Financial Statements

We have audited the accompanying financial statements of INTRACOM HOLDINGS SA(the "Company"), as well as the consolidated financial statements of the Company and its subsidiaries (the "Group), which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards which comply with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of INTRACOM HOLDINGS SAand Group as of December 31, 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The content of the Board of Directors Report is consistent with the accompanying financial statements.

Athens, 29 March 2007

The Certified Auditors Accountants

Alexandros E. Tziortzis (SOEL Reg. No. 12371)	SOL S.A (SOEL Reg. No. 125)
Zoe D. Sofou (SOEL Reg. No. 14701)	SOL S.A (SOEL Reg. No. 125)
Ioannis G. Mystakidis (SOEL Reg. No. 16511)	Ernst & Young (Hellas) S.A (SOEL Reg. No. 107)

(All amounts in €'000)

Balance Sheet

		Group		Company	
ASSETS	**Note**	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Non-current assets					
Property, plant and equipment	6	144.097	284.024	55.272	80.464
Goodwill	7	11.361	11.361	-	-
Intangible assets	8	13.264	55.091	5.253	6.897
Investment property	9	63.170	38.664	46.603	19.235
Investments in subsidiaries	10	-	-	177.682	376.308
Investments in associates	11	120.590	3.438	116.175	276
Available - for - sale financial assets	12	11.502	12.044	9.030	8.528
Deferred income tax assets	13	5.020	9.434	3.938	6.035
Trade and other receivables	14	17.805	94.458	9.498	5.705
		386.809	**508.513**	**423.452**	**503.448**
Current assets					
Inventories	15	49.649	157.193	-	-
Trade and other receivables	14	226.557	470.237	67.559	96.587
Construction contracts	16	47.787	29.169	-	-
Available - for - sale financial assets	12	508	1.852	-	-
Financial assets at fair value through profit or loss	17	1.056	3.441	-	-
Current income tax assets		8.453	4.112	4.629	4.112
Cash and cash equivalents	18	115.477	95.832	72.531	66.862
		449.486	761.837	144.719	167.562
Assets classified as held for sale	32	80.940	37.882	-	22.883
		530.427	**799.719**	**144.719**	**190.445**
Total assets		**917.236**	**1.308.232**	**568.171**	**693.892**
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	19	377.329	472.205	377.329	472.205
Reserves		186.022	161.317	159.535	66.806
		563.351	633.522	536.864	539.011
Minority interest		20.197	27.810	-	-
Total equity		**583.549**	**661.332**	**536.864**	**539.011**
LIABILITIES					
Non-current liabilities					
Borrowings	21	35.259	21.416	3	-
Deferred income tax liabilities	13	487	-	-	-
Retirement benefit obligations	22	2.719	6.811	438	1.133
Grants	23	544	564	-	-
Provisions for other liabilities and charges	24	2.606	2.801	-	-
		41.615	**31.592**	**441**	**1.133**
Current liabilities					
Trade and other payables	25	141.056	240.482	20.931	49.614
Current income tax liabilities		3.139	5.285	982	1.379
Construction contracts	16	7.304	5.626	-	-
Borrowings	21	82.150	318.757	4.337	91.675
Derivative financial instruments	26	4.475	26.801	4.475	10.939
Provisions for other liabilities and charges	24	5.256	6.518	142	142
		243.379	**603.468**	**30.866**	**153.748**
Liabilities directly associated with non-current assets classified as held for sale	32	48.692	11.840	-	-
		292.072	**615.308**	**30.866**	**153.748**
Total liabilities		**333.687**	**646.900**	**31.307**	**154.881**
Total equity and liabilities		**917.236**	**1.308.232**	**568.171**	**693.892**

The notes on pages 12 to 70 are an integral part of these financial statements.

(All amounts in €'000)

Income Statement

Group

	Note	1/1 - 31/12/2006 Continuing operations	Discontinued operations	Total	1/1 - 31/12/2005 Continuing operations	Discontinued operations	Total
Sales		321.314	202.714	524.028	253.516	281.871	535.387
Cost of goods sold	27	(264.406)	(161.649)	(426.055)	(190.534)	(203.329)	(393.864)
Gross profit		**56.908**	**41.065**	**97.973**	**62.981**	**78.542**	**141.523**
Other operating income - net	29	9.961	1.523	11.485	4.058	407	4.466
Selling and research costs	27	(21.040)	(35.746)	(56.786)	(23.155)	(33.213)	(56.368)
Administrative expenses	27	(45.630)	(19.010)	(64.640)	(42.731)	(32.462)	(75.193)
Loss from the disposal of sub-group	32	-	(19.148)	(19.148)	-	-	-
Operating profit/ (loss)		**199**	**(31.315)**	**(31.116)**	**1.153**	**13.275**	**14.428**
Finance costs - net	30	(7.503)	(6.488)	(13.990)	572	(8.838)	(8.267)
Share of profit of associates	11	(15.689)	0	(15.689)	871	-	871
(Loss)/ Profit before income tax		**(22.993)**	**(37.803)**	**(60.796)**	**2.596**	**4.436**	**7.032**
Income tax expense	31	(5.563)	(2.584)	(8.148)	(5.074)	393	(4.681)
(Loss)/ Profit for the year		**(28.557)**	**(40.387)**	**(68.944)**	**(2.478)**	**4.829**	**2.351**
Attributable to:							
Equity holders of the Company		(28.308)	(40.495)	(68.803)	(1.509)	4.735	3.226
Minority interest		(249)	108	(141)	(969)	94	(875)
		(28.557)	**(40.387)**	**(68.944)**	**(2.478)**	**4.829**	**2.351**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)							
Basic	33	(0,21)	(0,31)	(0,52)	(0,01)	0,03	0,02
Diluted	33	(0,21)	(0,31)	(0,52)	(0,01)	0,03	0,02

The notes on pages 12 to 70 are an integral part of these financial statements.

(All amounts in €'000)

Income Statement

Company

		1/1 - 31/12/2006			1/1 - 31/12/2005		
	Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Sales		19.207	-	19.207	85.315	167.822	253.137
Cost of goods sold	27	(15.230)	-	(15.230)	(58.010)	(121.439)	(179.449)
Gross profit		**3.977**	**-**	**3.977**	**27.305**	**46.383**	**73.688**
Other operating income - net	29	14.054	-	14.054	6.024	1.204	7.228
Selling and research costs	27	(425)	-	(425)	(14.590)	(23.253)	(37.843)
Administrative expenses	27	(6.092)	-	(6.092)	(17.934)	(13.954)	(31.888)
Loss from the disposal of sub-group	32	-	(630)	(630)	-	-	-
Operating profit/ (loss)		**11.513**	**(630)**	**10.883**	**805**	**10.380**	**11.185**
Finance costs - net	30	(1.572)	-	(1.572)	1.178	(2.598)	(1.420)
Profit/ (Loss) before income tax		**9.941**	**(630)**	**9.311**	**1.983**	**7.783**	**9.766**
Income tax expense	31	(2.654)	(6.554)	(9.208)	(1.835)	(50)	(1.884)
Profit/ (Loss) for the year		**7.287**	**(7.184)**	**103**	**148**	**7.733**	**7.881**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)							
Basic	33	0,06	(0,05)	0,01	0,00	0,06	0,06
Diluted	33	0,06	(0,05)	0,01	0,00	0,06	0,06

The notes on pages 12 to 70 are an integral part of these financial statements.

(All amounts in €'000)

Statement of changes in equity

Group

		Attributable to equity holders of the Company				
	Note	**Share capital**	**Other reserves**	**Retained earnings**	**Minority interest**	**Total equity**
Balance at 1 January 2005		455.395	331.071	(159.475)	30.964	657.954
Profit for the year		-	-	3.226	(875)	2.351
Valuation / Disposal of available - for - sale financial assets		-	269	-	112	381
Currency translation differences		-	560	(40)	518	1.038
Total recognised income and expense		-	829	3.186	(245)	3.770
Expenses on issue of share capital of the parent Company	19	(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	19	12.186	1.452	-	-	13.638
Employees share option scheme:						
- value of employee services	19	1.392	-	-	-	1.392
- proceeds from shares issued	19	3.342	-	-	-	3.342
Effect of changes in the group structure		-	(42)	498	(1.502)	(1.046)
Dividends paid to Company's shareholders		-	-	(13.126)	-	(13.126)
Dividends paid to minority interests		-	-	-	(1.407)	(1.407)
		16.810	(68.507)	54.215	(2.909)	(392)
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 year		-	-	(68.803)	(141)	(68.944)
Valuation of available - for - sale financial assets		-	24	-	-	24
Currency translation differences		-	324	-	25	348
Total recognised income and expense		-	347	(68.803)	(116)	(68.572)
Treasury shares	19	(4.215)	-	-	-	(4.215)
Expenses on issue of share capital	19	(29)	-	-	-	(29)
Decrease of share capital		(92.690)	-	92.690	-	-
Employees share option scheme:						
- value of employee services	19	555	-	-	-	555
- proceeds from shares issued	19	1.503	-	-	-	1.503
Dividends paid to minority interests		-	-	-	(264)	(264)
Effect of changes in the group structure		-	(1.460)	1.089	(7.233)	(7.603)
Reclassification due to disposal of subsidiary		-	(71.827)	71.827	-	-
Other net asset movement of associates		-	841	-	-	841
		(94.876)	(72.445)	165.606	(7.496)	(9.212)
Balance at 31 December 2006		**377.329**	**191.294**	**(5.272)**	**20.197**	**583.549**

Analysis of other reserves is presented in note 20.

The notes on pages 12 to 70 are an integral part of these financial statements.

(All amounts in €'000)

Statement of changes in equity

Company

	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2005		455.395	218.628	(89.806)	584.218
Profit for the year		-	-	7.881	7.881
Valuation / Disposal of available - for - sale financial assets		-	(40)	-	(40)
Total recognised income and expense		-	(40)	7.881	7.841
Treasury shares	19	12.186	1.452	-	13.638
Expenses on issue of share capital	19	(111)	-	-	(111)
Transfer between reserves		-	(2.293)	2.293	-
Transfer between reserves due to transfer of segments to subsidiaries		-	(58.184)	-	(58.184)
Employees share option scheme:					
- value of employee services	19	1.392	-	-	1.392
- proceeds from shares issued	19	3.342	-	-	3.342
Dividend relating to 2004		-	-	(13.126)	(13.126)
		16.810	(59.025)	(10.833)	(53.048)
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 year		-	-	103	103
Valuation of available - for - sale financial assets		-	(63)	-	(63)
Total recognised income and expense		-	(63)	103	40
Treasury shares	19	(4.215)	-	-	(4.215)
Expenses on issue of share capital	19	(29)	-	-	(29)
Decrease of share capital	19	(92.690)	-	92.690	-
Employees share option scheme:					
- value of employee services	19	555	-	-	555
- proceeds from shares issued	19	1.503	-	-	1.503
		(94.876)	-	92.690	(2.187)
Balance at 31 December 2006		**377.329**	**159.500**	**35**	**536.864**

Analysis of other reserves is presented in note 20.

The notes on pages 12 to 70 are an integral part of these financial statements.

(All amounts in €'000)

Cash Flow Statement

	Note	Group		Company	
		1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Cash flows from operating activities					
Cash generated from operations	35	41.669	41.825	22.325	(53.073)
Interest paid		(16.331)	(19.040)	(2.014)	(12.738)
Income tax paid		(12.906)	(10.414)	(7.969)	(8.817)
Net cash generated from operating activities		**12.433**	**12.371**	**12.342**	**(74.628)**
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE) / investment property		(15.396)	(22.574)	(4.391)	(5.557)
Purchase of intangible assets		(4.144)	(20.249)	-	(11.428)
Proceeds from sale of PPE		3.005	914	1.157	136
Proceeds from sale of intangible assets		76	-	-	-
Acquisition of financial assets at fair value through profit or loss		-	(3.585)	-	-
Acquisition of available - for - sale financial assets		(1.043)	(2.304)	(1.043)	(329)
Sale of financial assets at fair value through profit or loss		2.678	2.740	-	-
Sale of available - for - sale financial assets		1.990	5.692	34.965	5.878
Sale of assets held for sale		38.025	-	-	-
Acquisition of subsidiary, net of cash acquired		(18.909)	(12.458)	(61.204)	(19.581)
Increase in share capital of subsidiary classified as held for sale		(21.500)	-	-	-
Proceeds from sale of subsidiaries		49.401	450	114.046	200
Investments in associates and joint ventures		-	(22.883)	-	(22.883)
Dividends received		388	-	-	3.502
Interest received		1.565	1.285	372	254
Cash transferred to segments due to spin-off		-	-	-	142.107
Net cash from investing activities		**36.136**	**(72.972)**	**83.903**	**92.299**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	19	1.503	3.342	1.503	3.342
Disposal / (Purchase) of treasury shares	19	(4.215)	13.638	(4.215)	13.638
Expenses on issue of share capital		(29)	(3.072)	(29)	(111)
Dividends paid to Company's shareholders		(477)	(13.749)	(477)	(13.749)
Dividends paid to minority interests		(264)	(1.407)	-	-
Proceeds from borrowings		49.058	36.338	-	-
Repayments of borrowings		(73.642)	(16.593)	(87.349)	(61.970)
Grants received		150	419	-	87
Repayments of finance leases		(1.008)	(2.080)	(8)	(883)
Net cash from financing activities		**(28.924)**	**16.836**	**(90.575)**	**(59.645)**
Net increase/(decrease) in cash and cash equivalents		**19.645**	**(43.765)**	**5.669**	**(41.974)**
Cash and cash equivalents at beginning of year		95.832	139.516	66.862	108.836
Exchange gains on cash and cash equivalents		-	81	-	-
Cash and cash equivalents at end of year	18	**115.477**	**95.832**	**72.531**	**66.862**

Certain amounts in the cash flow statement have been reclassified as compared to the 2005 annual financial statements, as described in note 42.

The notes on pages 12 to 70 are an integral part of these financial statements.

Notes to the financial statements in accordance with International Financial Reporting Standards

1. General information

Intracom Holdings was founded in Greece and the Company's shares are traded in Athens Stock Exchange.

Following the Group's reorganisation during 2005 certain segments were spun-off and transferred to newly formed subsidiaries. As a result, the parent company during the year 2006 operates as a holding company.

Intracom Group operates, through the subsidiaries and associates, in developing products, providing services and undertaking 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 operates in Greece, U.S.A, 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.com*.**

The financial statements have been approved for issue by the Board of Directors on 28 March 2007 and are subject to approval by the Annual General Meeting of the Shareholders.

2. Summary of significant accounting policies

Basis of preparation

These financial statements consist of the stand alone financial statements of Intracom Holdings S.A. (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006, in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union (EU).

These financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets at fair value through profit or loss and derivatives, which are carried at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Moreover, the use of estimates and assumptions is required that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of preparation of financial statements and the reported income and expense amounts during the reporting period. Although these estimates are based on the best possible knowledge of management with respect to the current conditions and activities, the actual results can eventually differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

New standards, interpretations and amendments to published standards

Standards effective in 2006

- **IAS 19 (Amendment), Employee Benefits**

  This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and as the Group does not participate in any multi-employer plans, the adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

Interpretations not yet effective that have been early adopted by the Group

- **IFRIC 11 – IFRS 2, Group and Treasury share Transactions (effective from 1 March 2007)**

  This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent.

  Intracom Holdings has early adopted IFRIC 11 in the current year and has recorded an amount of €297 in shareholders' equity, which relates to the total expense for share options granted by the parent to the employees of a subsidiary during the year. The charge has been transferred to the subsidiary through the account "Investment in subsidiaries".

Standards and interpretations effective in 2006 that are not relevant/ have no impact to the Group

- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts

- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions

- IAS 39 (Amendment), The Fair Value Option

- IAS 21 (Amendment), Net Investment in a Foreign Operation

- IFRS 6, Exploration for and Evaluation of Mineral Resources

- IFRIC 4, Determining whether an Arrangement contains a Lease

- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmnetal Rehabilitation Funds

- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

Standards and interpretations that are not yet effective and have not been early adopted by the Group

- **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. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- **IFRS 8, Operating Segments (effective from 1 January 2009)**

  This standard is effective for annual periods beginning on or after 1 January 2009 and supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. The Group will apply IFRS 8 from 1 January 2009.

- **IFRIC 10, Interim Financial Reporting and Impairment (effective from 1 November 2006)**

  This interpretation is effective for annual periods beginning on or after 1 November 2006 and prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will assess the impact of IFRIC 10 on its financial statements.

Interpretations that are not yet effective and are not relevant to the Group

- IFRIC 7, Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006)

- IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006)

- IFRIC 9, Reassessment of embedded derivatives (effective from 1June 2006)

- IFRIC 12, Service Concession Arrangements (effective from 1 January 2008)

Consolidated financial statements

(a) Business combinations and subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Purchases of minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

The Company accounts for investments in subsidiaries in its stand alone financial statements at cost less impairment.

(b) Joint ventures

Joint ventures or jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share in the joint venture on a line-by-line basis in the financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for investments in joint ventures in its stand alone financial statements at cost less impairment.

(c) Associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for investments in associates in its stand alone financial statements at cost less impairment.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Group prepares primary segmental reporting on a business basis and secondary segmental reporting on a geographical basis.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Investment property

Investment property, principally comprising land and buildings, is held by the Group for long-term rental yields. Investment property is measured at cost less depreciation. When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in the income statement.

The Company classifies all land and buildings rented to subsidiaries as investment property in its stand alone financial statements.

Property, plant and equipment

All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group higher than the initially expected according to the initial return of the financial asset and under the assumption that the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on PPE is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, in order to write down the cost in its residual value. The expected useful life of property, plant and equipment is as follows:

- Buildings	33 - 34	Years
- Machinery, installations and equipment	10	Years
- Motor vehicles	5 - 7	Years
- Other equipment	5 - 10	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the income statement.

In case of sale of property, plant and equipment, the difference between the sale proceeds and the carrying amount is recognized as profit or loss in the income statement.

Finance costs are recognised in the income statement in the period in which they arise.

Leases

(a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Goodwill

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill acquired on a business combination is allocated to the cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the combination. If the carrying amount of the cash-generating unit, including goodwill that has been allocated, exceeds the recoverable amount of the unit, impairment is recognised.

Gains and losses on the disposal of a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill relating to the part sold.

Goodwill on business combinations has been allocated and is monitored by the Group on the basis of the cash-generating units which have been identified according to the provisions of IAS 36 "Impairment of Assets". The Group has performed impairment tests, at a Group level, on cash-generating units to which goodwill has been allocated, and no impairment loss has resulted.

Computer software

Software licenses are stated at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3-5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group (internally-generated software), are recognised as part of intangible assets. Direct costs include materials, staff costs of the software development team and an appropriate portion of relevant overheads. Internally-generated software is amortised using the straight-line method over its useful live, not exceeding a period of 5-10 years.

Impairment of assets

(i) Non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment at each balance sheet date and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arms' length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(ii) Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost (investments in subsidiaries and associates in the balance sheet of the parent company), assets measured at amortised cost based on the effective interest rate method (non-current receivables) and available for sale investments.

The recoverable amount of investments in subsidiaries and associates is determined in the same way as for non-financial assets.

For the purposes of impairment testing of the other financial assets the recoverable amount is determined based on the present value of future cash flows, discounted using the original asset-specific rate or a rate of a similar financial asset. Any resulting impairment losses are recognised in the income statement.

Financial assets

The Group classifies its investments in the following categories. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category refers to financial assets acquired principally for the purpose of selling in the short term or if so designated by Management. Derivatives are also categorised as held for trading unless they are designated as hedges. If these assets are either held for trading or are expected to be realised within 12 months of the balance sheet date these assets are classified as current assets.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(d) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on year-end bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Derivative financial instruments and hedging accounting

Derivative financial instruments include forward exchange contracts, currency and interest-rate swaps.

Derivatives are initially recognised on balance sheet at cost (including transaction costs) and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The gains and losses on derivative financial instruments held for trading are included in the income statement.

The Group uses derivatives to hedge foreign currency and interest rate risks. The Group designates derivatives as either fair value hedges or cash flow hedges when the required criteria are met. For derivatives that do not meet the conditions for hedge accounting, gains or losses from changes in the fair value are included in the income statement.

The Group designates derivatives, for the purposes of hedge accounting, as:

- Fair value hedges when they are used to hedge the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when they are used to hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
- Hedges of net investment in a foreign operation

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity in relation to cash flow hedges are recycled in the income statement in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives, while used by the Group as effective hedges, do not satisfy the criteria for hedge accounting of IAS39 and as a result the relevant gains or losses are recognized in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished and semi-finished goods, by-products and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and in case of work-in-progress estimated costs to completion.

Provisions for slow-moving or obsolete inventories are formed when necessary.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Factoring

Trade and other receivables are reduced by the amounts that have been received in advance under factoring agreements without recourse.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic criteria to classify a non-current asset (or disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable.

For the sale to be highly probable:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group)
- an active programme to locate a buyer and complete the plan must have been initiated
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to be completed within one year from the date of classification
- the actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately prior to initial classification of a non current asset (or disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRSs.

Non-current assets (or disposal groups) that are classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognised in the income statement. Any subsequent increase in fair value will be recognised in the income statement, but not in excess of the cumulative impairment loss which was previously recognised.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it should not be depreciated or amortised.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown after the reduction of the relative income tax in reduction to the product of issue. Incremental costs directly attributable to the issue of new shares for the acquisition of other entities are included in the cost of acquisition of the new company.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs

All borrowing costs are recognized in the income statement as incurred.

Current income tax

Current income tax is computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece and other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted tax rates.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Employee benefits

(a) Pension obligations

The Group contributes to both defined benefit and defined contribution plans.

The regular contributions for defined contribution plans constitute net periodic costs for the year in which they are due and as such are included in staff costs.

The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets (where funded) together with adjustments for actuarial gains/ losses and past service cost. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Where there is uncertainty about the number of employees who will accept an offer of termination benefits, the Group discloses information about the contingent liability.

(c) Share-based plans

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Provisions

Provisions are recognized when:

i. There is present legal or constructive obligation as a result of past events

ii. It is probable that an outflow of resources will be required to settle the obligation

iii. The amount can be reliably estimated.

(a) Warranties

The Group recognizes a provision that represents the present value of the estimated liability for the repair or replacement of guaranteed products or concerning the delivery of projects / rendering of services at the balance sheet date. This provision is calculated on the basis of historical facts over repairs and replacements.

(b) Compensated absences

The claims over compensated absences are recognised as incurred. The Group recognises the expected cost of short-term employee benefits in the form of compensated absences based on their unused entitlement at the balance sheet date.

(c) Loss-making contracts

The Group recognizes a provision with an immediate charge to the income statement for loss-making construction contracts or long-term service contracts when the expected revenues are lower than the unavoidable expenses which are estimated to arise in order that the contract commitments are met.

Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognized when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured.

(b) Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the stage of completion of the specific service. The stage of completion is assessed on the basis of the costs of the actual services provided until the balance sheet date as a proportion of the costs of the total estimated services to be provided under each contract. Costs of services are recognized in the period incurred. When the services to be provided under a contract cannot be reliably estimated, revenue is recognized only to the extent of costs incurred that are possibly recoverable.

(c) Construction contracts

Revenue from fixed price contracts are recognized, as long as the contract outcome can be estimated reliably, on the percentage of completion method, measured by reference to the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(d) Interest

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate. Subsequently, interest is recognized on the impaired value.

(e) Dividends

Dividends are recognized when the right to receive payment is established.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Earnings per share

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

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company (after deducting interest on convertible shares, net of tax) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

Reclassification of amounts

Due to the disposal of the Telecom group and the classification of the subsidiary company Hellas on Line to assets held for sale, the Group presented the results from the operations of these companies for the year 2006 under a separate column named "Discontinued operations". Consequently, the results of the Group for 2005 have been split into continuing and discontinued operations. As a result the income statement disclosures for the year 2005 differ to those of the annual financial statements of 2005, since they have been re-presented to exclude items from discontinued operations, in accordance with paragraph 34 of IFRS 5 "Non-current assets held for sale and discontinued operations" (see note 32).

Up to the year 2005, cash and cash equivalents, for the purposes of the cash flow statement, comprised of cash at bank and in hand, short term bank deposits and bank overdrafts. During 2006, Group's management decided not to include bank overdrafts in cash and cash equivalents. Prior periods have been adjusted accordingly.

Certain balance sheet and income statement amounts for 2005 have been reclassified compared to the annual financial statements to conform to the current year's presentation.

Differences between amounts presented in the financial statements and corresponding amounts in the notes result from rounding differences.

3. Financial risk management

Financial risk factors

INTRACOM S.A., being a Greek multinational company, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, interest rates and debt and equity market prices), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole. The Company makes use of derivative financial instruments, such as futures, forwards and interest rate swaps for hedging purposes.

Risk management is carried out by a Treasury Department under policies approved by the Board of Directors.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company trades mainly in EUR and USD. The foreign exchange risk management is achieved partly through the maximization of natural hedge of assets-liabilities and inflow-outflow denominated in USD and partly through the use of derivative financial instruments to hedge net foreign currency position.

In addition, on a cash flow level, the Group identifies possible exposure risk to currencies other than the USD, using the 18monthly cash flow projections. In such cases, the exposure is dealt with on a case-by-case basis. The Company's policy is to maintain only such amounts in foreign currency as necessary to carry on its normal trading activities.

Price risk

The Company has limited exposure to share price risk on available-for-sale investments held. The Company is also exposed to changes in the value of raw materials. The transfer of costs to the final price of products manages part of this risk.

(b) Credit risk

The Company has no significant concentrations of credit risk. Sales of products and services are made to customers with an appropriate credit history. In cases credit is given to customers with unassessed credit history, the Company obtains bank guarantees or other form of insurance.

(c) Liquidity risk

Liquidity risk is kept low, by maintaining sufficient cash and marketable securities and unused credit facilities.

(d) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates, as cash held for investment purposes and interest-bearing assets are dependent on the EURO, which shows historically low fluctuations.

The Company's policy on borrowing is to maintain approximately 1/3 of its borrowings in fixed rate instruments. At the year-end, approximately 1/3 of borrowings were at fixed rates through the use of interest rate swaps that have the economic effect of converting borrowings from floating rates to fixed rates.

Under the interest-rate swaps, the Group agrees with the credit institutions to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group's interest-rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrwings issued at fixed rates expose the Group to fair value interest-rate risk. Group policy is to maintain substantially all of its borrowings in floating rate instruments and manage the risk using interest-rate swaps.

Fair value estimation

The fair value of financial instruments traded in active markets (stock exchange) (i.e. derivatives, stocks, bonds) is based on quoted market rates at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal values less any estimated credit adjustments of financial assets are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

- The Group uses the percentage of completion method of IAS 11 in order to recognise revenue from construction contracts. Revenue is recognised by reference to the stage of completion of the project at the balance sheet date, based on actual amounts compared to total estimated amounts. Possible adjustments to total estimated contract costs and revenues are taken into consideration in the period in which they arise.

- The Group tests annually whether goodwill has suffered any impairment. This tests are based either on discounted cash flows (value in use), or on fair values less costs to sell.

(All amounts in €'000)

5. Segment information

Primary reporting format – business segments

At 31 December 2006, the Group is organised into four business segments:

(1) Telecommunications systems

(2) Information Technology solutions for government and banking sector

(3) Defence systems

(4) Construction

The segment results from continuing operations for the year ended 31 December 2006 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Unallocated	Total
Sales	**43.066**	**98.960**	**77.317**	**96.954**	**5.017**	**321.314**
Operating profit/(loss)	884	(13.733)	6.715	(3.101)	9.434	199
Finance costs - net						(7.503)
Share of profit/ (loss) of associates	(17.064)	205	-	1.193	(23)	(15.689)
Profit before income tax from continuing operations						**(22.993)**

Other segment items included in the income statement are as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Depreciation of PPE (note 27)	169	1.403	2.354	2.567	-	1.637	8.130
Amortisation of intangible assets (note 27)	368	1.693	1.080	550	-	1.644	5.336
Depreciation of investment property (note 27)	-	-	110	-	-	458	568
Impairment of receivables (note 27)	-	618	844	837	-	220	2.519

The segment assets and liabilities at 31 December 2006 and the capital expenditure for the year are as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Telecom operations	Unallocated	Total
Assets	13.748	126.529	150.051	160.023	80.940	265.354	796.646
Associates (note 11)	117.686	2.266	-	638	-	-	120.590
Total assets	**131.434**	**128.795**	**150.051**	**160.661**	**80.940**	**265.354**	**917.236**
Total liabilities	**8.999**	**87.018**	**63.346**	**97.141**	**48.692**	**28.491**	**333.687**
Capital expenditure (notes 6,8 and 9)	**8.247**	**1.734**	**2.873**	**5.357**	**-**	**3.305**	**21.517**

(All amounts in €'000)

The telecom operations segment relates to the assets and liabilities of Hellas on Line, which are presented in a single line on the balance sheet under "held for sale". The column unallocated includes the assets and liabilities of the parent company.

The segment results from continuing operations for the year ended 31 December 2005 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Total gross segment sales	22.780	96.411	70.129	54.187	332	(145)	243.694
Inter-segment sales	647	9.175	-	-	-	-	9.822
Sales	**23.427**	**105.586**	**70.129**	**54.187**	**332**	**(145)**	**253.516**
Operating profit/ (loss)	779	909	7.978	(5.671)	(5.611)	2.769	1.153
Finance costs - net							572
Share of profit of associates	-	-	-	734	137	-	871
Profit before income tax from continuing operations							**2.596**

Other segment items included in the income statement are as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Depreciation of PPE (note 27)	221	2.491	2.457	2.030	1.869	6	9.073
Amortisation of intangible assets (note 27)	171	2.508	1.069	451	1.562	-	5.760
Impairment of receivables	-	1.213	3.662	231	814	-	5.920

The segment assets and liabilities at 31 December 2005 and the capital expenditure for the year are as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Other	Unallocated	Total
Assets	577.427	181.354	137.611	113.921	290.628	3.853	1.304.794
Associates (note 11)	-	-	-	389	3.049	-	3.438
Total assets	**577.427**	**181.354**	**137.611**	**114.310**	**293.677**	**3.853**	**1.308.232**
Total liabilities	**347.957**	**49.351**	**44.076**	**52.817**	**152.673**	**26**	**646.900**
Capital expenditure (notes 6,8 and 9)	**1.304**	**2.647**	**-**	**13.374**	**25.498**	**-**	**42.823**

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Secondary reporting format – geographical segments

The main business segments of the Group operate in four geographical areas. The home-country of the Company – which is also the main operating country – is Greece.

Sales	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Greece	149.385	28.386
European Community	117.592	98.787
Other European countries	33.442	105.673
Other countries	20.894	20.669
Total	**321.314**	**253.516**

(All amounts in €'000)

Total assets	**31/12/2006**	**31/12/2005**
Greece	737.240	1.198.509
European Community	47.821	69.517
Other European countries	5.217	12.621
Other countries	6.367	24.147
	796.646	**1.304.794**
Associates (note 11)	120.590	3.438
Total	**917.236**	**1.308.232**

Capital expenditure	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Greece	19.015	37.045
European Community	2.016	5.386
Other European countries	477	165
Other countries	9	227
Total	**21.517**	**42.823**

Sales are allocated based on the country in which the customer is located. Property, plant and equipment is allocated based on their geographical location. Capital expenditure is allocated based on where the assets are located.

Sales per category	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Sales of products	27.090	75.695
Sales of goods	67.954	5.538
Revenue from services	144.509	140.533
Revenue from construction contracts	81.761	31.648
Other	-	102
Total	**321.314**	**253.516**

(All amounts in €'000)

6. Property, plant and equipment

Group

	Land - buildings	Machinery	Vehicles	Airplane	Furniture & other equipment	Prepayments and assets under construction	Total
Cost							
Balance at 1 January 2005	284.874	69.548	5.243	14.390	51.156	3.069	428.281
Exchange differences	1.600	1.450	366	2.227	280		5.923
Additions	2.761	4.775	1.088	-	3.995	2.586	15.205
Disposals	(318)	(1.419)	(988)	-	(154)	(31)	(2.911)
Transfer to investment property	(28.008)	-	-	-	-	-	(28.008)
Transfers	4.148	(876)	4	-	927	(4.203)	-
Disposal of subsidiaries	(5)	-	-	-	(405)	-	(410)
Transfer to assets held for sale	-	-	-	(16.616)	-	-	(16.616)
Balance at 31 December 2005	265.052	73.477	5.713	-	55.799	1.422	401.463
Balance at 1 January 2006	265.052	73.477	5.713	-	55.799	1.422	401.463
Exchange differences	447	105	114	-	54	4	723
Additions	2.461	5.670	1.067	-	3.521	2.012	14.732
Disposals	(1.863)	(2.990)	(1.013)	-	(2.534)	(60)	(8.460)
Transfer to investment property	(26.733)	-	-	-	-	-	(26.733)
Transfers	772	(267)	-	-	267	(772)	(0)
Disposal of subsidiaries	(111.170)	(42.541)	(2.672)	-	(27.789)	(297)	(184.469)
Balance at 31 December 2006	128.966	33.454	3.210	-	29.318	2.309	197.257
Accumulated depreciation							
Balance at 1 January 2005	27.863	36.981	2.677	259	37.387	-	105.166
Exchange differences	423	1.039	279	40	263	-	2.044
Depreciation charge	3.948	6.561	741	1.319	4.656	-	17.225
Disposals	(165)	(1.247)	(583)	-	(118)	-	(2.113)
Transfers	19	(745)	13	-	714	-	-
Transfer to investment property	(2.928)	-	-	-	-	-	(2.928)
Disposal of subsidiaries	(2)	-	-	-	(336)	-	(338)
Transfer to assets held for sale	-	-	-	(1.617)	-	-	(1.617)
Balance at 31 December 2005	29.157	42.589	3.127	-	42.565	-	117.439
Balance at 1 January 2006	29.157	42.589	3.127	-	42.565	-	117.439
Exchange differences	30	(6)	78	-	47	-	149
Depreciation charge	2.801	4.966	557	-	3.149	-	11.472
Disposals	(277)	(2.455)	(744)	-	(1.807)	-	(5.282)
Transfers	-	(106)	-	-	106	-	-
Transfer to investment property	(1.426)	-	-	-	-	-	(1.426)
Disposal of subsidiaries	(15.014)	(29.177)	(1.792)	-	(23.208)	-	(69.192)
Balance at 31 December 2006	15.270	15.811	1.226	-	20.853	-	53.161
Net book amount at 31 December 2005	**235.895**	**30.888**	**2.586**	**-**	**13.234**	**1.422**	**284.024**
Net book amount at 31 December 2006	**113.696**	**17.643**	**1.983**	**-**	**8.465**	**2.309**	**144.097**

Depreciation charge of €3.342 and €8.152 relates to discontinued operations for the year 2006 and 2005 respectively.

(All amounts in €'000)

The above table includes assets held under finance lease as follows:

	Machinery	Vehicles	Furniture & other equipment	Total
31/12/2006				
Cost	3.467	740	4	4.211
Accumulated depreciation	(2.488)	(116)	(1)	(2.605)
Net book amount	**979**	**624**	**3**	**1.606**

Company

	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Cost						
Balance at 1 January 2005	244.043	42.057	1.128	42.856	1.990	332.074
Additions	165	660	107	2.929	1.696	5.557
Disposals	-	-	(242)	-	-	(242)
Transfers due to spin - off	(140.905)	(41.848)	(679)	(37.930)	(2.083)	(223.444)
Transfer to investment property	(18.572)	-	-	-	(1.604)	(20.176)
Balance at 31 December 2005	84.731	868	315	7.855	-	93.769
Balance at 1 January 2006	84.731	868	315	7.855	-	93.769
Additions	3.588	24	3	1.018	757	5.391
Disposals	(1.216)	-	(103)	(221)	-	(1.541)
Transfer to investment property	(30.997)	-	-	-	-	(30.997)
Transfer	672	-	-	-	(672)	-
Balance at 31 December 2006	56.778	892	215	8.652	85	66.623
Accumulated depreciation						
Balance at 1 January 2005	18.924	23.368	870	31.531	-	74.694
Depreciation charge	2.413	3.112	144	3.022	-	8.691
Disposals	-	-	(186)	-	-	(186)
Transfers due to spin - off	(13.330)	(25.885)	(593)	(30.790)	-	(70.598)
Transfer to investment property	704	-	-	-	-	704
Balance at 31 December 2005	8.711	595	235	3.763	-	13.305
Balance at 1 January 2006	8.711	595	235	3.763	-	13.305
Depreciation charge	707	75	18	715	-	1.514
Disposals	(166)	-	(97)	(103)	-	(367)
Transfer to investment property	(3.102)	-	-	-	-	(3.102)
Balance at 31 December 2006	6.150	670	155	4.375	-	11.350
Net book amount at 31 December 2005	**76.020**	**272**	**80**	**4.092**	**-**	**80.464**
Net book amount at 31 December 2006	**50.628**	**222**	**60**	**4.277**	**85**	**55.272**

Depreciation charge of €3.651 for the year 2005 relates to discontinued operations. Leased machinery with net book value at 31 December 2006 of €14 (cost €22 and accumulated depreciation €8) is included in the above under finance lease.

(All amounts in €'000)

7. Goodwill

During the year 2005, the Company acquired the minority interest in its subsidiary Intrasoft International SA, which has its head office at Luxembourg, increasing its shareholding from 69,73% to 100%. The Company paid the amount of €12.411, which exceeds by €11.361 the fair value of the share acquired at the date of acquisition. Based on valuations from international firms and the constant growth of the company, the Group expects strong cash flows over the next years.

As at 31 December 2005 and 2006 the relevant impairment testing was performed. The recoverable amount was measured by determining the asset's fair value less costs to sell, by using comparable company indicators. This approach is permitted by IAS 36 for the calculation of fair value less costs to sell. The comparable company indicators have been based on other entities that have a similar risk profile and growth potential.

8. Intangible assets

Group

	Development costs	Trademarks and licences	Software	Internally-generated software	Other	Total
Cost						
Balance at 1 January 2005	5.207	2.336	73.309	34.768	684	116.304
Exchange differences	438	-	84	-	9	531
Additions	197	79	12.052	7.244	678	20.249
Disposals	(91)	-	(161)	-	(141)	(394)
Balance at 31 December 2005	5.750	2.414	85.284	42.012	1.229	136.690
Balance at 1 January 2006	5.750	2.414	85.284	42.012	1.229	136.690
Exchange differences	(352)	-	(28)	7	17	(356)
Additions	-		1.672	2.019	452	4.144
Disposals	-	(367)	(76)	-	(150)	(593)
Disposal of subsidiaries	(4.654)	(1.088)	(64.545)	(22.964)	(931)	(94.181)
Balance at 31 December 2006	745	960	22.308	21.074	617	45.704
Accumulated depreciation						
Balance at 1 January 2005	2.427	1.269	45.523	15.776	285	65.282
Exchange differences	372	-	88	-	12	471
Amortisation charge	1.209	412	10.007	4.326	129	16.083
Disposals	-	-	(158)	-	(78)	(237)
Balance at 31 December 2005	4.009	1.681	55.460	20.102	347	81.599
Balance at 1 January 2006	4.009	1.681	55.460	20.102	347	81.599
Exchange differences	(286)	-	(28)	21	3	(290)
Amortisation charge	598	335	8.148	2.336	394	11.810
Disposals	-	(367)	(58)	-	(92)	(517)
Disposal of subsidiaries	(4.321)	(941)	(49.194)	(5.405)	(303)	(60.163)
Balance at 31 December 2006	-	708	14.328	17.054	350	32.440
Net book amount at 31 December 2005	**1.742**	**734**	**29.824**	**21.910**	**882**	**55.091**
Net book amount at 31 December 2006	**745**	**252**	**7.980**	**4.020**	**267**	**13.264**

Amortisation charge of €6.474 and €10.323 relates to discontinued operations for the years 2006 and 2005 respectively.

(All amounts in €'000)

Company

	Trademarks and licences	Software	Internally-generated software	Total
Cost				
Balance at 1 January 2005	1.128	68.799	34.737	104.663
Additions	-	6.328	5.100	11.428
Transfers due to spin - off	(1.128)	(67.072)	(35.771)	(103.971)
Balance at 31 December 2005	-	8.055	4.065	12.120
Balance at 1 January 2006	-	8.055	4.065	12.120
Balance at 31 December 2006	-	8.055	4.065	12.120
Accumulated depreciation				
Balance at 1 January 2005	695	44.302	15.772	60.769
Amortisation charge	169	7.120	3.268	10.557
Transfers due to spin - off	(864)	(47.364)	(17.875)	(66.104)
Balance at 31 December 2005	-	4.057	1.166	5.223
Balance at 1 January 2006	-	4.057	1.166	5.223
Amortisation charge	-	1.032	612	1.644
Balance at 31 December 2006	-	5.089	1.778	6.867
Net book amount at 31 December 2005	**-**	**3.999**	**2.899**	**6.897**
Net book amount at 31 December 2006	**-**	**2.966**	**2.287**	**5.253**

Amortisation charge of €6.477 for the year 2005 relates to discontinued operations.

(All amounts in €'000)

9. Investment property

	Group	Company
Cost		
Balance at 1 January 2005	6.232	8.700
Exchange differences	435	-
Additions	7.369	-
Transfer from property, plant and equipment	28.008	20.176
Transfer due to spin-off	-	(6.902)
Balance at 31 December 2005	42.044	21.975
Balance at 1 January 2006	42.044	21.975
Exchange differences	(339)	-
Additions	2.641	-
Transfer from property, plant and equipment	26.733	30.997
Disposal of subsidiaries	(2.641)	-
Balance at 31 December 2006	68.438	52.972
Accumulated depreciation		
Balance at 1 January 2005	126	3.858
Exchange differences	19	-
Transfer from/to property, plant and equipment	2.928	(704)
Depreciation charge	306	303
Transfer due to spin-off	-	(717)
Balance at 31 December 2005	3.380	2.740
Balance at 1 January 2006	3.380	2.740
Exchange differences	(23)	-
Transfer from property, plant and equipment	1.426	3.102
Depreciation charge	628	526
Disposal of subsidiaries	(142)	-
Balance at 31 December 2006	5.268	6.368
Net book amount at 31 December 2005	**38.664**	**19.235**
Net book amount at 31 December 2006	**63.170**	**46.603**

Depreciation charge of €60 for the year 2006 for the Group relates to discontinued operations.

Rental income from investment properties from discontinued operations for 2006 amounted to €2.374 and €1.362 for the Group and the Company respectively (2005: €93 and €765 for the Group and the Company respectively).

(All amounts in €'000)

10. Investments in subsidiaries

Investments in subsidiaries are analyzed as follows:

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Balance at the beginning of the year	-	-	376.308	34.995
Additions / Share capital increase	-	-	73.090	19.581
Disposals/ Share capital decrease	-	-	(156.113)	(254)
Transfer to associates	-	-	(115.900)	-
Increase due to share options attributable to subsidiaries	-	-	297	-
Transfer from other investments	-	-	-	178
Reversal of impairment	-	-	-	1.425
Increase due to spin-off	-	-	-	343.701
Transfer due to spin-off	-	-	-	(23.318)
Balance at the end of the year	**-**	**-**	**177.682**	**376.308**

The transfer to associates relates to the sub-group Intracom Telecom (note 32).

The interests held in subsidiaries and their carrying amounts at 31 December are as follows:

		31/12/2006		31/12/2005	
Name	**Country of incorporation**	**% interest held**	**Carrying value**	**% interest held**	**Carrying value**
Intracom SA Information Technology	Greece	100%	43.152	99%	64.442
Intracom SA Defence Electronic Systems	Greece	100%	70.860	100%	70.860
Intrakat SA	Greece	74%	9.923	74%	9.923
Intracom Holdings International Ltd	Cyprus	100%	8.139	-	-
Hellas on Line SA	Greece	100%	45.608	-	-
Intradevelopment SA	Greece	-	-	48%	950
Intrarom SA	Romania	-	-	63%	7.620
Intracom Technologies Ltd	Cyprus	-	-	100%	2
Intracom S.A. Telecom Solutions	Greece	-	-	100%	211.393
* Intracom Telecom Holdings International Ltd	Cyprus	-	-	100%	6.726
* Intracom Operations Ltd	Cyprus	-	-	100%	4.391
			177.682	**Total**	**376.308**

* On 31.12.2005 the companies were under the names Intracom Holdings International Ltd and Intracom Exports Ltd respectively

The above list contains direct investment in subsidiaries only. A list of all the direct and indirect interests in subsidiaries is presented in note 41.

The subsidiary company Hellas on Line is presented in the consolidated balance sheet under assets classified as held for sale (see note 32). During the year 2007 the cost of acquisition in the holding company's balance sheet will be transferred to associates.

(All amounts in €'000)

11. Investments in associates

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Balance at the beginning of the year	**3.438**	**1.387**	**276**	**319**
Additions	-	22.819	-	22.813
Transfer to assets held for sale	-	(22.813)	-	(22.813)
Disposals	-	-	-	-
Transfer from subsidiaries (note 10)	133.691	-	115.900	-
Transfer from other investments	-	1.157	-	2.360
Share of profit / (loss)	(15.689)	871	-	-
Effect of tax, dividends and exchange differences	(849)	16	-	-
Transfer due to spin-off	-	-	-	(2.404)
Balance at the end of the year	**120.590**	**3.438**	**116.175**	**276**

Information regarding associates of the Group is given below:

2006

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% interest held
INTRACOM SA TELECOM SOLUTIONS (GROUP)	GREECE	567.659	327.929	153.727	(34.825)	49,00%
GANTEK	TURKEY	10.628	8.411	28.635	229	20,00%
UNIBRAIN (GROUP)	GREECE	6.927	847	5.478	531	29,98%
MOLDOVAN LOTTERY	MOLDAVIA	2.470	1.912	3.653	(69)	32,85%
		587.684	**339.099**	**191.493**	**(34.135)**	

2005

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% interest held
GANTEK	TURKEY	8.420	6.101	28.798	30	20,00%
MOLDOVAN LOTTERY	MOLDAVIA	2.044	1.341	1.847	21	32,90%
UNIBRAIN (GROUP)	GREECE	6.165	943	4.625	414	29,98%
		16.629	**8.385**	**35.270**	**465**	

(All amounts in €'000)

Information regarding joint ventures of the Group is given below:

2006

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% interest held
J/V ELTER - INTRAKAT (EPA GAS)	GREECE	7.265	7.259	11.843	2.952	45,00%
J/V MOHLOS - INTRAKAT (SWIMMING)	GREECE	1.282	2.314	-	(1.047)	50,00%
J/V MOHLOS- ATHINAIKI - INTRAKAT (PANTHESSALIAN STADIUM N. IONIAS VOLOY)	GREECE	2.433	2.487	330	39	15,00%
J/V INTRAKAT - GANTZOULAS (DEPA)	GREECE	189	714	-	(186)	50,00%
J/V MOHLOS - INTRAKAT (TENNIS)	GREECE	1.022	546	629	134	50,00%
J/V ELTER - INTRAKAT - ENERGY	GREECE	59	56	-	-	40,00%
J/V "ATH. TECHNIKI-PRISMA DOMI" - INTRAKAT	GREECE	3.584	3.149	4.899	349	50,00%
J/V INTRAKAT - ERGAS - ALGAS	GREECE	174	171	-	(1)	33,33%
J/V INTRAKAT - ELTER (N.SECTION MAINTENANCE)	GREECE	151	656	98	(504)	50,00%
J/V INTRAKAT - ATTIKAT (EGNATIA ODOS)	GREECE	4.072	4.758	5.171	(692)	50,00%
J/V INTRAKAT - ELTER (PIPELINE ALEX/LIS)	GREECE	3.007	2.771	3.649	459	50,00%
J/V INTRAKAT - ELTER (XIRIA)	GREECE	3.094	3.094	6.706	14	50,00%
J/V INTRAKAT - ELTER (ROAD DIVERSION ARTAS)	GREECE	3.664	3.664	5.690	76	30,00%
J/V INTRAKAT - ELTER (NATURAL GAS INSTALLATION PROJECT - SCHOOLS)	GREECE	892	892	1.101	8	30,00%
J/V INTRAKAT - ELTER (BROADBAND NETWORKS ETVA V.I.P.E)	GREECE	-	1	-	(0)	50,00%
J/V INTRAKAT - INTRACOM (TELECOMMUNICATION SYSTEMS DEPA)	GREECE	1	2	-	(1)	70,00%
J/V ELTER - INTRAKAT (NATURAL GAS INSTALLATION PROJECT ATTICA NORTHEAST & SOUTH)	GREECE	779	779	562	39	49,00%
		31.669	**33.313**	**40.678**	**1.640**	

2005

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% interest held
J/V ELTER - INTRAKAT (EPA GAS)	GREECE	7.669	8.148	14.008	(497)	45,00%
J/V MOHLOS - INTRAKAT (SWIMMING)	GREECE	1.267	1.252	182	166	50,00%
J/V OLYMP. - MOHLOS - CYBARCO - ATH. - I.K.(PANTHESSALIAN STADIUM N. IONIAS VOLOY)	GREECE	5.298	5.381	1.544	(733)	15,00%
J/V INTRAKAT - GANTZOULAS (DEPA)	GREECE	153	493	17	(237)	50,00%
J/V PINS (OLYMPIC WORKS)	GREECE	443	433	239	(295)	30,00%
J/V MOHLOS - INTRAKAT (TENNIS)	GREECE	9.866	9.788	2.351	1.706	50,00%
J/V ELTER - INTRAKAT - ENERGY	GREECE	59	56	199	1	40,00%
J/V "ATH. TECHNIKI-PRISMA DOMI" - INTRAKAT	GREECE	2.476	2.226	3.604	240	50,00%
J/V INTRAKAT - ERGAS - ALGAS	GREECE	174	171	182	3	33,33%
		27.406	**27.948**	**22.327**	**354**	

(All amounts in €'000)

12. Available-for-sale financial assets

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Balance at the beginning of the year	13.896	19.009	8.528	16.880
Exchange differences	(30)	-	-	-
Additions	1.731	2.304	1.708	329
Disposals	(1.990)	(4.622)	(100)	(5.010)
Fair value gains / (losses)	55	95	(63)	(329)
Impairment	(1.063)	(352)	(1.043)	(23)
Transfer to associates / subsidiaries	-	(2.538)	-	(2.538)
Disposal of subsidiaries	(589)	-	-	-
Transfer of segments	-	-	-	(781)
Balance at the end of the year	**12.010**	**13.896**	**9.030**	**8.528**
Non-current assets	11.502	12.044	9.030	8.528
Current assets	508	1.852	-	-
	12.010	**13.896**	**9.030**	**8.528**

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Listed securities:				
- equity securities	1.699	1.576	36	31
Unlisted securities:				
- equity securities	5.032	6.973	3.714	3.149
- bonds	5.280	5.348	5.280	5.348
	12.010	**13.896**	**9.030**	**8.528**

Investments in unlisted shares are shown at cost less impairment. This value is assumed to approximate fair value.

(All amounts in €'000)

13. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Deferred tax assets	(5.020)	(9.434)	(3.938)	(6.035)
Deferred tax liabilities	487	-	-	-
	(4.533)	**(9.434)**	**(3.938)**	**(6.035)**

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Deferred tax assets:				
To be recovered after more than 12 months	(7.145)	(7.606)	(4.782)	(3.264)
To be recovered within 12 months	(1.527)	(9.384)	(46)	(3.339)
	(8.672)	**(16.990)**	**(4.828)**	**(6.603)**
Deferred tax liabilities				
To be settled after more than 12 months	2.701	3.804	365	-
To be settled within 12 months	1.438	3.753	526	568
	4.139	**7.556**	**890**	**568**
	(4.533)	**(9.434)**	**(3.938)**	**(6.035)**

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Balance at the beginning of the year	(9.434)	(6.938)	(6.035)	(6.650)
Exchange differences	(14)	(177)	-	-
Charged/ (credited) to the income statement (note 31)	1.510	(2.319)	2.097	168
Disposal of subsidiaries	3.405	-	-	-
Transfer due to spin-off	-	-	-	447
Balance at the end of the year	**(4.533)**	**(9.434)**	**(3.938)**	**(6.035)**

An amount of €1.403 credited to the income statement for the year 2005 and an amount of €322 charged to the income statement for the year 2006 relate to discontinued operations for the Group. An amount of €49 charged to the income statement for the year 2005 relates to discontinued operations for the Company.

(All amounts in €'000)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, is as follows:

Group

	Provisions / Impairment losses	Tax losses	Other	Total
Balance at 1 January 2005	(5.477)	(129)	(6.937)	(12.543)
Exchange differences	-	(177)	20	(157)
Charged / (credited) to the income statement	(1.019)	(8.478)	5.207	(4.290)
Balance at 31 December 2005	**(6.496)**	**(8.785)**	**(1.710)**	**(16.990)**
Balance at 1 January 2006	(6.496)	(8.785)	(1.710)	(16.990)
Exchange differences	-	-	(10)	(10)
Charged / (credited) to the income statement	2.033	(1.380)	90	744
Disposal of subsidiaries	3.211	4.253	120	7.584
Balance at 31 December 2006	**(1.251)**	**(5.912)**	**(1.509)**	**(8.672)**

Deferred tax liabilities:

	Accelerated tax depreciation	Other	Total
Balance at 1 January 2005	922	4.663	5.585
Charged / (credited) to the income statement	2.935	(964)	1.971
Balance at 31 December 2005	**3.857**	**3.699**	**7.556**
Balance at 1 January 2006	3.857	3.699	7.556
Exchange differences	(5)		(5)
Charged / (credited) to the income statement	348	418	767
Disposal of subsidiaries	(911)	(3.268)	(4.179)
Balance at 31 December 2006	**3.289**	**850**	**4.139**

The Group has unused tax losses of approximately €13.428 for which no deferred tax asset is recognized on the balance sheet (2005: approximately €45.500).

(All amounts in €'000)

Company

	Accelerated tax depreciation	Provisions	Tax losses	Other	Total
Balance at 1 January 2005	(19)	(4.779)	-	(6.412)	(11.210)
Charged / (credited) to the income statement	(843)	4.205	(5.610)	6.408	4.160
Contribution due to spin-off	241	206	-	-	447
Balance at 31 December 2005	**(621)**	**(368)**	**(5.610)**	**(4)**	**(6.603)**
Balance at 1 January 2006	(621)	(368)	(5.610)	(4)	(6.603)
Charged / (credited) to the income statement	621	242	954	(41)	1.775
Balance at 31 December 2006	**-**	**(126)**	**(4.656)**	**(46)**	**(4.828)**

Deferred tax liabilities:

	Accelerated tax depreciation	Accrued income	Other	Total
Balance at 1 January 2005	-	3.360	1.200	4.560
Charged to the income statement	-	(3.360)	(632)	(3.992)
Balance at 31 December 2005	**-**	**-**	**568**	**568**
Balance at 1 January 2006	-	-	568	568
Charged / (credited) to the income statement	354	-	(32)	322
Balance at 31 December 2006	**354**	**-**	**536**	**890**

14. Trade and other receivables

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Trade receivables	139.036	475.770	7.117	5.804
Less: provision for impairment	(10.122)	(38.962)	(220)	-
Trade receivables - net	128.913	436.808	6.897	5.804
Prepayments	11.320	14.710	331	586
Receivables from related parties (note 39)	37.076	56.975	25.776	78.607
Loans to related parties (note 39)	-	2.000	-	2.250
Other receivables	67.053	54.202	44.052	15.045
Total	**244.362**	**564.695**	**77.056**	**102.292**
Non-current assets	17.805	94.458	9.498	5.705
Current assets	226.557	470.237	67.559	96.587
	244.362	**564.695**	**77.056**	**102.292**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers.

The Group made an additional provision for doubtful debts of €2.519 during the year (Company: €220).

(All amounts in €'000)

15. Inventories

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Raw materials	28.423	84.009	-	-
Semifinished goods	8.251	22.967	-	-
Finished goods	8.742	41.058	-	-
Work in progress	3.322	5.689	-	-
Merchandise	3.372	9.647	-	-
Other	42	715	-	-
Total	**52.153**	**164.085**	**-**	**-**
Less: Provisions for obsolete inventories				
Raw materials	499	3.746	-	-
Semifinished goods	131	1.048	-	-
Finished goods	1.875	1.615	-	-
Other	-	484	-	-
	2.505	**6.892**	**-**	**-**
Net realisable value	**49.649**	**157.193**	**-**	**-**

(All amounts in €'000)

16. Construction contracts

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Assets				
Contracts in progress at the balance sheet date	16.267	6.550	-	-
Receivables from customers	28.785	22.619	-	-
Receivables from customers - Related parties (note 39):	2.735	-	-	-
Total	**47.787**	**29.169**	**-**	**-**
Liabilities				
Contracts in progress at the balance sheet date	1.090	1.548	-	-
Payables to customers	6.213	4.078	-	-
Total	**7.304**	**5.626**	**-**	**-**
Accumulated contract costs plus accumulated recognised profits less accumulated recognised losses	80.616	44.757	-	-
Less: Progress billings	72.113	39.755	-	-
Construction contracts	**8.503**	**5.002**	**-**	**-**

17. Financial assets at fair value through profit or loss

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Balance at the beginning of the year	3.441	2.526	-	-
Exchange differences	(2)	-	-	-
Additions	-	3.585	-	-
Disposals	(2.466)	(3.015)	-	-
Fair value adjustments	83	345	-	-
Balance at the end of the year	**1.056**	**3.441**	**-**	**-**

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<u>Listed securities</u>				
- Equity securities - Greece	786	2.816	-	-
- Equity securities - abroad	208	562	-	-
- Mutual funds - Greece	62	63	-	-
	1.056	**3.441**	**-**	**-**

(All amounts in €'000)

18. Cash and cash equivalents

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

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash at bank and in hand	28.734	43.160	5.721	28.404
Short-term bank deposits	86.743	52.672	66.810	38.458
Total	**115.477**	**95.832**	**72.531**	**66.862**

The effective interest rate on short-term bank deposits for the Company was 3,2% (2004: 2,6%).

Cash and cash equivalents are analysed in the following currencies:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Euro	26.133	49.907	6.001	26.285
US Dollar	7.088	8.133	3.626	8.115
Japanese Yen	77.450	32.200	62.350	32.200
Other	4.806	5.592	554	262
	115.477	**95.832**	**72.531**	**66.862**

The parent company's cash and borrowings included in the financial statements for 2005 relate to bank accounts which on 31 December 2005 were held in the name of the parent company. The difference between the balances shown in the financial statements and those arising from the spin-off is included in inter-company balances (see note 39).

(All amounts in €'000)

19. Share capital

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Balance at 1 January 2005	130.852.772	276.956	190.625	(12.186)	455.395
Employee share option scheme					
Value of services provided	-	-	1.392	-	1.392
Proceeds from shares issued	1.154.811	2.437	906	-	3.342
Treasury shares sold	406.000	-	-	12.186	12.186
Expenses on issue of share capital	-	-	(111)	-	(111)
Balance at 31 December 2005	**132.413.583**	**279.393**	**192.812**	-	**472.205**
Balance at 1 January 2006	132.413.583	279.393	192.812	-	472.205
Employee share option scheme					
Value of services provided	-	-	555	-	555
Proceeds from shares issued	523.853	739	765	-	1.503
Expenses on issue of share capital	-	-	(29)	-	(29)
Decrease of share capital	-	(92.690)	-	-	(92.690)
	132.937.436	187.442	194.102	-	381.544
Treasury shares	(815.021)	-	-	(4.215)	(4.215)
Balance at 31 December 2006	**132.122.415**	**187.442**	**194.102**	**(4.215)**	**377.329**

At an extraordinary General Meeting of the shareholders, held on 24 November 2006, the reduction of the Company's share capital was decided, by the amount of €92.690, in order to cover for the debit balance that resulted from the first time adoption of the International Financial Reporting Standards, by a reduction of the nominal value of each share from €2,11 to €1,41. As of 13.12.2006 the shares are traded at the Athens Exchange at the new nominal value of €1,41 per share.

On 15 December 2006, the Company's share capital increased by 523.853 new shares with nominal value of €1,41 each, due to the exercise of share options during December 2006 (425.149 share options for €2,93 each and 98.704 share options for €2,61 each).

As at 31 December 2006 the Company's share capital was divided into 132.937.436 shares of €1,41 each.

Treasury shares

During the year, the Company acquired 815.021 of its own shares through purchases on the Athens Stock Exchange. The total amount paid to acquire the shares, net of income tax, was €4.215 and has been deducted from shareholders' equity.

On 31 December 2005 and 2006, subsidiary companies held shares of the Company with a total cost of €1.784, which is deducted from shareholders' equity.

(All amounts in €'000)

Share options

Share options are granted to directors, management and employees of the Company.

A summary of share options granted is as follows:

Share options	
Outstanding at 1 January	775.200
Granted	110.000
Exercised	(523.853)
Outstanding at 31 December	361.347

The outstanding share options can be exercised wholly or partly within a period of 5 years from the year granted, during the first 15 days of December of each respective year. Consequently, the share options granted during 2006 can be exercised up to December 2011.

During the exercise of the share options, the amounts received net of any transaction costs are included in the share capital (nominal value) and in the share premium.

During December 2006, 425.149 share options were exercised for €2,93 each and 98.704 for €2,61 each.

The charge in the income statement for the year 2006 amounted to €555 (2005: €1.392).

The fair value of the share options is determined on grant date using the Binomial model. Fair value reflects the inputs into the model, such as the risk-free interest rate, the expected share volatility, the dividend yield and the expected option life. The fair value is recognised as an expense over the vesting period of the share options.

The inputs into the option pricing model for the share options granted in 2006 are as follows:

Share price	€6,46
Risk-free interest rate	3,73%
Expected volatility	27,89%
Dividend yield	3,41%
Expected life	5 years
Exercise price	€2,93

Using the above assumptions and inputs, the fair value of the share options granted in 2006 was calculated at €3,3 per option.

(All amounts in €'000)

20. Other reserves

Group

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Other reserves	Fair value reserves	Total
Balance at 1 January 2005	31.379	8.096	216.460	70.106	5.941	(912)	331.070
Fair value loss on available - for - sale financial assets	-	-	-	-	-	(19)	(19)
Sale of available - for - sale financial assets	-	-	-	-	-	(39)	(39)
Impairment of investment	-	-	-	-	-	327	327
Reclassifications within equity	(108)	3	(60.828)	-	(7.015)	-	(67.948)
Balance at 31 December 2005	**31.271**	**8.099**	**155.633**	**70.106**	**(1.074)**	**(642)**	**263.392**
Balance at 1 January 2006	31.271	8.099	155.633	70.106	(1.074)	(642)	263.392
Fair value loss on available - for - sale financial assets	-	-	-	-	-	24	24
Exchange differences	-	-	-	-	-	324	324
Effect of changes in the group structure	-	-	-	-	(1.459)	-	(1.459)
Reclassification due to disposal of subsidiary	(1.877)	-	(42.713)	-	(27.237)	-	(71.827)
Other net asset movement of associates	-	-	-	-	841	-	841
Balance at 31 December 2006	**29.394**	**8.099**	**112.919**	**70.106**	**(28.929)**	**(295)**	**191.294**

Company

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Fair value reserves	Total
Balance at 1 January 2005	26.719	8.069	114.400	70.106	(667)	218.628
Fair value loss on available - for - sale financial assets	-	-	-	-	(329)	(329)
Sale of available - for - sale financial assets	-	-	-	-	(39)	(39)
Impairment of investment	-	-	-	-	327	327
Other changes during the year	-	-	(841)	-	-	(841)
Transfer due to spin-off (note 38)	-	-	(58.184)	-	-	(58.184)
Balance at 31 December 2005	**26.719**	**8.069**	**55.376**	**70.106**	**(707)**	**159.563**
Balance at 1 January 2006	26.719	8.069	55.376	70.106	(707)	159.563
Fair value loss on available - for - sale financial assets	-	-	-	-	(63)	(63)
Balance at 31 December 2006	**26.719**	**8.069**	**55.376**	**70.106**	**(770)**	**159.500**

(a) Statutory reserve

A legal reserve is created under the provisions of Greek law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the profit (after tax) for the year must be transferred to the reserve until it reaches one third of the paid share capital. The legal reserve can only be used, after approval of the Annual General meeting of the shareholders, to offset accumulated losses and therefore cannot be used for any other purpose.

(b) Special reserve

The special reserve includes amounts that were created following resolutions of the Annual General meetings, have no specific purpose and can therefore be used for any reason following approval from the Annual General meeting, as well as amounts, which were created under the provisions of Greek law. These reserves have been created from after tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

(All amounts in €'000)

(c) Tax free reserve

Tax-free reserves under special laws

This account includes reserves created from profits, which were used for the acquisition of new fixed assets employed in the production process and are therefore regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

Reserves created under the provisions of tax law from tax free income or from income taxed under special provisions

This reserve includes the portion of the net income carried forward every year that comes from tax-free profits and profits taxed under special provisions by using up the tax liability.

The above-mentioned reserves can be capitalised or distributed, following the approval of the Annual General meeting, after taking into consideration the restrictions that may apply. In case of capitalisation or distribution, tax is calculated at the current tax rate.

21. Borrowings

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Non-current borrowings				
Bank loans	7.373	7.630	-	-
Finance lease liabilities	924	1.806	3	-
Bond	26.962	11.980	-	-
Total non-current borrowings	**35.259**	**21.416**	**3**	**-**
Current borrowings				
Bank loans	76.516	312.414	4.325	91.675
Bond	4.979	2.959	-	-
Finance lease liabilities	656	1.372	11	-
Other	-	2.013	-	-
Total current borrowings	**82.150**	**318.757**	**4.337**	**91.675**
Total borrowings	**117.409**	**340.173**	**4.340**	**91.675**

(All amounts in €'000)

The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Euro	105.686	330.116	4.340	91.675
US dollar	2.689	10.057	-	-
Romanian New Lein (RON)	7.204	-	-	-
Other	1.830	-	-	-
	117.409	**340.173**	**4.340**	**91.675**

The maturity of non-current borrowings is as follows:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Between 1 and 2 years	8.063	6.269	-	-
Between 2 and 5 years	19.406	13.341	-	-
More than 5 years	6.867	-	-	-
	34.336	**19.609**	**-**	**-**

The weighted average effective interest rate for the bond was 1,18%. The weighted average interest rate for the other borrowings for the Group and the Company for 2006 was around 5% (2005:4,3%).

Securities relating to the above borrowings are disclosed in note 37.

Finance leases

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Finance lease liabilities- minimum lease payments				
Not later than 1 year	720	1.499	12	-
Between 2 and 5 years	1.024	1.869	3	-
Total	1.743	3.368	15	-
Less: Future finance charges on finance leases	(164)	(190)	(1)	-
Present value of finance lease liabilities	**1.579**	**3.178**	**14**	**-**
Present value of finance lease liabilities:				
Not later than 1 year	656	1.372	11	-
Between 2 and 5 years	924	1.806	3	-
Total	**1.579**	**3.178**	**14**	**-**

(All amounts in €'000)

22. Retirement benefit obligations

Pension benefits

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Balance sheet obligations for:				
Pension benefits	**2.719**	**6.811**	**438**	**1.133**
Income statement charge				
Pension benefits	**1.579**	**10.612**	**(365)**	**3.549**

Charge to the income statement for the Group in 2006 of €910 relates to discontinued operations. Charge to the income statement in 2005 of €1.074 and €826 relates to discontinued operations for the Group and the Company respectively.

The amounts recognized in the balance sheet are determined as follows:

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Present value of funded obligations	-	99	-	-
Present value of unfunded obligations	4.758	7.878	718	1.493
Unrecognised actuarial losses	(2.039)	(1.166)	(281)	(360)
Liability on the balance sheet	**2.719**	**6.811**	**438**	**1.133**

The amounts recognised in the income statement are as follows:

	Group		Company	
	1/1-31/12/2006	**1/1-31/12/2005**	**1/1-31/12/2006**	**1/1-31/12/2005**
Current service cost	682	989	99	467
Interest cost	242	191	44	127
Termination liabilities	-	6.204	-	6.204
Net actuarial losses recognised during the year	208	1.929	69	131
Past service cost	50	-	-	-
(Gains) / losses on curtailment	397	1.300	(577)	(3.379)
Total, included in staff costs	**1.579**	**10.612**	**(365)**	**3.549**

Total charge is allocated as follows:	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Cost of goods sold	920	138	(259)	1.568
Selling costs	510	8.714	(9)	833
Administrative expenses	150	1.760	(98)	1.148
	1.579	**10.612**	**(365)**	**3.549**

(All amounts in €'000)

The movement in the liability recognised on the balance sheet is as follows:

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Balance at the beginning of the year	6.811	4.922	1.133	4.266
Exchange differences	(1)	(6)	-	-
Total expense charged / (credited) in the income statement	1.579	10.612	(365)	3.549
Contributions paid	(1.503)	(8.717)	(331)	(6.682)
Disposal of subsidiaries	(4.168)	-	-	-
Balance at the end of the year	**2.719**	**6.811**	**438**	**1.133**

The principal actuarial assumptions used were as follows:

	Group		Company	
	2006	2005	2006	2005
Discount rate	4,10% - 4,30%	3,70%	4,10%	3,70%
Future salary increases	4,50% - 4,90%	4,50%	4,50%	4,50%

23. Grants

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Balance at the beginning of the year	564	569	-	413
Additions	150	419	-	87
Depreciation charge	(93)	(424)	-	(413)
Disposal of subsidiaries	(77)	-	-	-
Transfer due to spin-off	-	-	-	(87)
Balance at the end of the year	**544**	**564**	**-**	**-**

Depreciation charge of €369 and €213 in the year 2005 relates to discontinued operations of the Group and the Company respectively.

(All amounts in €'000)

24. Provisions for other liabilities and charges

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Current liabilities	5.256	6.518	142	142
Non- current liabilities	2.606	2.801	-	-
Total	**7.862**	**9.319**	**142**	**142**

Group

	Warranties	Voluntary redundancy	Other	Total
Balance at 1 January 2005	4.936	6.456	3.027	14.419
Exchange differences	13	-	-	13
Additional provisions	2.167	-	2.119	4.286
Acquisition of subsidiary	-	-	283	283
Provisions used during the year	(2.994)	(6.456)	(231)	(9.682)
Balance at 31 December 2005	**4.121**	-	**5.198**	**9.319**
Balance at 1 January 2006	4.121	-	5.198	9.319
Exchange differences	(3)	-	-	(3)
Additional provisions	168	-	4.269	4.437
Unused amounts reversed	-	-	(526)	(526)
Provisions used during the year	(105)	-	(2.237)	(2.343)
Disposal of subsidiaries	(2.726)	-	(297)	(3.023)
Balance at 31 December 2006	**1.455**	-	**6.407**	**7.862**

The amount of €6,4 million shown under other provisions relates mainly to losses on loss-making contracts of €3,1 million, provision for bonuses of €1 million and provision for subcontractors' fees of €1,2 million.

Company

	Warranties	Unused compensated absences	Voluntary redundancy	Other	Total
Balance at 1 January 2005	4.844	385	6.456	420	12.105
Provisions used during the year	(634)	-	(6.456)	(198)	(7.288)
Transfer due to spin off	(4.210)	(318)	-	(148)	(4.675)
Balance at 31 December 2005	**-**	**68**	**-**	**74**	**142**
Balance at 31 December 2006	-	**68**	-	**74**	**142**

25. Trade and other payables

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Trade payables	65.127	97.253	4.535	11.993
Prepayments from customers	31.082	47.339	-	-
Amounts due to related parties (note 39)	7.134	42.200	6.059	25.432
Accrued expenses	9.801	8.465	246	757
Social security and other taxes	7.879	17.139	1.002	8.987
Other liabilities	20.033	28.086	9.089	2.444
Total	**141.056**	**240.482**	**20.931**	**49.614**

26. Derivative financial instruments

	Group		Company		Nominal value (in thousands)	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
	Liabilities	**Liabilities**	**Liabilities**	**Liabilities**		
Interest-rate swaps [1]	4.475	3.377	4.475	3.377	€100.000	€100.000
Forward foreign exchange contracts	-	7.561	-	7.561	-	$29.963
Cross-currency swaps	-	15.862	-	-	-	€118.000
Total	**4.475**	**26.801**	**4.475**	**10.939**		
Current liabilities	**4.475**	**26.801**	**4.475**	**10.939**		

[1] Quarterly interest with maturity on July 2011.

(All amounts in €'000)

27. Expenses by nature

	Note	Group		Company	
		1/1 - 31/12/2006	**1/1 - 31/12/2005**	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Employee benefit expense	28	89.748	102.408	6.935	34.051
Inventory cost recognised in cost of goods sold		99.436	88.867	-	21.145
Depreciation of PPE	6	8.130	9.073	1.514	5.040
Depreciation of investment property	9	568	306	526	303
Amortisation of intangible assets	8	5.336	5.760	1.644	4.080
Impairment of inventories		2.295	413	-	164
Repairs and maintenance		1.530	2.499	508	1.235
Operating lease payments		2.803	2.882	1.209	1.606
Subcontractors' fees		78.668	28.490	-	14.470
Restructuring costs		1.392	-	-	-
Impairment of receivables		2.519	5.920	220	4.344
Other		38.650	9.801	9.191	4.095
Total		**331.076**	**256.421**	**21.748**	**90.534**
Split by function:					
Cost of goods sold		264.406	190.534	15.230	58.010
Selling costs		21.040	23.155	425	14.590
Administrative expenses		45.630	42.731	6.092	17.934
		331.076	**256.421**	**21.748**	**90.534**
Split of depreciation by function:					
Cost of goods sold		9.121	7.943	2.661	5.254
Selling costs		1.481	1.468	6	1.910
Administrative expenses		3.432	5.728	1.018	2.260
		14.035	**15.140**	**3.685**	**9.423**

28. Employee benefits

	Group		Company	
	1/1 - 31/12/2006	**1/1 - 31/12/2005**	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Wages and salaries	72.147	77.813	5.863	23.648
Social security costs	13.808	7.638	801	3.940
Other employers' contributions and expenses	2.570	6.027	379	2.348
Share options granted to employees	555	1.392	258	1.392
Pension costs - defined benefit plans	669	9.538	(365)	2.723
Total	**89.748**	**102.408**	**6.935**	**34.051**

(All amounts in €'000)

29. Other operating income - net

	Group		Company	
	1/1 - 31/12/2006	**1/1 - 31/12/2005**	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
(Losses) / gains from sale of PPE	(173)	(36)	(17)	80
Gains from sale of assets held for sale (note 32)	11.982	-	11.982	-
Fair value gains of financial assets at fair value through profit or loss (note 17)	83	345	-	-
Gains/(losses) from sale of financial assets at fair value through profit or loss	212	(275)	-	-
Gains from sale of available - for - sale financial assets	-	1.075	-	55
Gains from sale of other investments	-	-	-	900
Impairment / Disposal of investments	(1.838)	(550)	(1.838)	(656)
Reversal of impairment of investments	-	-	-	1.425
Dividend income	388	100	1.965	2.746
Rental income	2.374	93	1.362	765
Depreciation of grants received	93	55	-	200
Income from grants	584	-	584	-
Impairments	(5.500)	-	-	-
Other	1.757	3.250	16	510
Total	**9.961**	**4.058**	**14.054**	**6.024**

30. Finance costs – net

	Group		Company	
	1/1 - 31/12/2006	**1/1 - 31/12/2005**	**1/1 - 31/12/2006**	**1/1 - 31/12/2005**
Interest expense				
- Bank borrowings	8.467	4.947	1.831	4.072
- Finance leases	66	180	1	97
- Other	1.462	747	182	-
	9.995	5.874	2.014	4.170
Interest income	(1.106)	(1.165)	(372)	(163)
Net foreign exchange gains	(2.278)	(1.651)	(961)	(1.556)
Net losses / (gains) from derivative instruments	891	(3.629)	891	(3.629)
Total	**7.503**	**(572)**	**1.572**	**(1.178)**

(All amounts in €'000)

31. Income tax expense

	Group		Company	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Current tax	4.376	5.990	557	1.716
Deffered tax	1.188	(916)	2.097	119
Total	**5.563**	**5.074**	**2.654**	**1.835**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group companies as follows:

	Group		Company	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
(Loss)/ Profit before tax from continuing operations	(22.993)	2.596	9.941	1.983
Tax calculated at tax rates applicable to Greece	(1.270)	1.092	2.883	635
Income not subject to tax	(3.849)	(6.386)	(4.045)	(1.099)
Expenses not deductible for tax purposes	9.700	7.432	3.653	608
Differences in tax rates	11	(322)	(394)	-
Utilisation of previously unrecognised tax losses	(148)	1.574	-	-
Tax losses for the year	-	(366)	-	1.120
Other	1.119	2.050	557	571
Tax charge	**5.563**	**5.074**	**2.654**	**1.835**

32. Assets classified as held for sale/ Discontinued operations

Year 2006

(a) Analysis of the results of discontinued operations

	Group		Company	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Intracom SA Telecom Solutions (1)	(25.111)	4.829	(7.184)	7.733
Hellas on Line SA (2)	(15.276)	-	-	-
Total	**(40.387)**	**4.829**	**(7.184)**	**7.733**

As described in note 2, "Reclassifications", due to the presentation of the results of the sub-group Intracom Telecom for the year 2006 under a separate column of the income statement named "Discontinued operations", the notes that correspond to the 2005 income statement items differ to those of the annual financial statements of 2005 since they do not include the results of discontinued operations. The income statement for discontinued operations is shown below.

(All amounts in €'000)

(1) Intracom SA Telecom Solutions (telecommunications segment)

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, subsidiary of Sistema, for €120 million. The final price is subject to certain adjustments, but no significant change is expected.

Intracom Telecom group structure prior to the transfer is presented below.

Company name	Direct % interest held	Country of incorporation
INTRACOM S.A. TELECOM SOLUTIONS	49,00	Greece
Intracom Bulgaria SA	100,00	Boulgaria
Intracom Svyaz Ltd	100,00	Russia
Intracom doo Skopje	100,00	FYROM
Intralban SHA	95,00	Albania
Intrarom SA	74,23	Romania
Intracom Telecom Holdings International Ltd (Sub-group)	100,00	Cyprus
Intracom Middle East LLC	100,00	UAE
Intracom Corporation	100,00	USA
Intracom doo Belgrade	100,00	Serbia
Intracom doo Armenia	100,00	Armenia
Intracom Telecom Technologies Ltd	100,00	Cyprus
Intracom Operations Ltd	100,00	Cyprus

Following the disposal, the group is accounted for using the equity method, at a percentage of 49% and the results as of 1/7/2006 are included in the results from continuing activities, under the line "share of profits/ losses of associates".

The results of the partially transferred group up to 30/6/2006, as well as the loss from its disposal, are shown below:

Income statement for the telecommunications segment

	Group		Company	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Sales	171.548	281.871	-	167.822
Cost of goods sold	(126.321)	(203.329)	-	(121.439)
Gross profit from discontinued operations	**45.227**	**78.542**	**-**	**46.383**
Other operating income - net	1.034	407	-	1.204
Selling and research costs	(24.135)	(33.213)	-	(23.253)
Administrative expenses	(15.342)	(32.462)	-	(13.954)
Operating profit from discontinued operations	**6.784**	**13.275**	**-**	**10.380**
Finance costs - net	(5.441)	(8.838)	-	(2.598)
Profit before income tax	**1.343**	**4.436**	**-**	**7.783**
Income tax expense	(751)	393	-	(50)
Profit for the year from discontinued operations	**591**	**4.829**	**-**	**7.733**
Losses from the disposal of sub-group	(19.148)	-	(630)	-
Tax expense on the disposal of sub-group	(6.554)	-	(6.554)	-
Net profit/ (loss) from discontinued operations	**(25.111)**	**4.829**	**(7.184)**	**7.733**

(All amounts in €'000)

Loss from the disposal of sub-group:
The share of the consolidated net assets of the sub-group Intracom Telecom times the percentage transferred (51%) amounted to €139.148 at the date of disposal and as a result the Group reported a loss of €19.148 in the consolidated income statement for the year, plus a share transfer tax of €6.554. In the stand alone financial statements of the parent company, the loss from disposal amounted to €630, plus a share transfer tax of €6.554.

The spin-off of the Telecom Solutions segment was effected during the last quarter of 2005. As a result, the Company's stand alone financial statements for 2006 do not incorporate the results of the segment.

(2) Hellas on Line ("HoL") (Telecom operations segment)

On 31 January 2006 the Company acquired Hellas on Line from EFG Eurobank SA for €24.108 payable in cash. An amount of €6.000 that has been included in the above purchase price will be payable provided that the revenue that Hellas on Line will achieve for the group EFG Eurobank S.A. up to 30 June 2007 will amount to €7.000.

The carrying amounts of assets and liabilities of HoL at the date of acquisition, as well as the fair values determined as at that date are as follows:

Assets	**Carrying amount**	**Fair value**
Property, plant and equipment	8.705	8.705
Intangible assets	3.143	12.553
Deferred income tax assets	1.974	(378)
Trade and other receivables	17.803	17.803
Cash and cash equivalents	1.070	1.070
Other assets	175	175
	32.870	39.928
Liabilities		
Borrowings	13.217	13.217
Trade and other payables	22.320	22.320
Provisions for other liabilities and charges	1.403	1.403
	36.940	36.940
Net assets	**(4.069)**	**2.988**
Purchase consideration		24.108
Goodwill		**21.120**

The fair values include intangibles recognized at acquisition, namely the tradename of €7.010 and customer relationships of €2.400, as well as the corresponding deferred tax on these intangibles of €2.353.

On 4 December 2006 the Company and JSC Comstar – United Telesystems ("Comstar"), subsidiary of Sistema, have agreed to the sale of 51% of HoL to Comstar for €47,9 million through a share capital increase of the company. As a result, the investment has been classified as held for sale.

(All amounts in €'000)

The results of HoL for the period from 1 February 2006 to 31 December 2006 are shown below.

	Group	
	1/1-31/12/2006	1/1-31/12/2005
Sales	31.166	-
Cost of goods sold	(35.329)	-
Gross profit from discontinued operations	**(4.162)**	-
Other operating income - net	490	-
Selling and research costs	(11.611)	-
Administrative expenses	(3.667)	-
Operating loss from discontinued operations	**(18.951)**	-
Finance costs - net	(1.046)	-
Loss before income tax	**(19.997)**	-
Income tax expense	4.721	-
Net loss for the year	**(15.276)**	-

Following the sale, the company will be accounted for using the equity method of accounting.

(b) Disposal group held for sale (Hellas on Line)

Assets

	31/12/2006
Property, plant and equipment	17.169
Intangible assets	11.141
Deferred income tax assets	4.561
Trade and other receivables	20.140
Cash and cash equivalents	6.600
Other assets	210
	59.820
Goodwill acquired	21.120
	80.940

Liabilities

	31/12/2006
Borrowings	20.645
Trade and other payables	26.635
Provisions for other liabilities and charges	1.412
	48.692

(c) Analysis of cash flows from discontinued operations

	Group	Company
	1/1-31/12/2006	1/1-31/12/2006
Cash flows from operating activities	(2.920)	(6.554)
Cash flows from investing activities	3.230	85.000
Cash flows from financing activities	669	-
Total cash flows from discontinued operations	**979**	**78.446**

The effect from the disposal of the sub-group Intracom Telecom is included under investing cash flows of the Group and the Company (i.e. the consideration received and the subsidiary's cash and cash equivalents disposed of).

Year 2005

(a) During August and September 2005, the Company purchased 24,8% of the share capital of FORTHnet S.A., for the amount of €22.883. On 31 December 2005, the management was in the process of selling its investment in Forthnet according to a particular time-schedule and plan. For this reason, this investment was classified as held for sale.

On 1 February 2006, the Company sold its entire shareholding in FORTHnet S.A. for €34.865. The profit for the Group amounted to €11.982.

(b) During the year 2005, the Group's management decided to proceed to the sale of the airplane owned by the subsidiary Conclin Corporation, along with the related finance lease liability, to a related party of the Group. At the date of transfer to assets classified as held for sale, the airplane had a net book value of €14.999, while the liability amounted to €11.840. The sale of the airplane and the transfer of the related liability has not resulted in any significant gain.

33. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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 (note 19).

	Group		Company	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Profit attributable to equity holders of the Company	(68.803)	3.226	103	7.881
Weighted average number of ordinary shares in issue (thousands)	132.062	131.306	132.062	131.306
Basic earnings per share (€ per share)	(0,52)	0,02	0,01	0,06
- From continuing operations	(0,21)	(0,01)	0,06	0,00
- From discontinued operations	(0,31)	0,03	(0,05)	0,06

Diluted earnings per share

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as stock options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group		Company	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Profit attributable to equity holders of the Company	(68.803)	3.226	103	7.881
Weighted average number of ordinary shares in issue (thousands)	132.062	131.306	132.062	131.306
Adjustment for				
Share options (thousands)	177	302	177	302
Weighted average number of ordinary shares for diluted earnings per share (thousands)	132.239	131.608	132.239	131.608
Diluted earnings per share (€ per share)	(0,52)	0,02	0,01	0,06
- From continuing operations	(0,21)	(0,01)	0,06	0,00
- From discontinued operations	(0,31)	0,03	(0,05)	0,06

34. Dividends

Management intends to propose at the forthcoming Annual General Meeting a dividend of €0,10 per share from prior years' taxed profits.

35. Cash generated from operations

	Note	Group		Company	
		1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Profit/ (loss) for the year		(68.944)	2.351	103	7.881
Adjustments for:					
Tax		8.148	4.681	9.208	1.884
Depreciation of PPE		15.253	17.225	1.514	8.691
Amortisation of intangible assets		12.597	16.083	1.644	10.557
Depreciation of investment property	9	628	306	526	303
Impairment of assets		1.063	550	1.043	23
Loss / (Profit) on sale of PPE		173	166	17	(80)
Fair value gains of financial assets at fair value through profit or loss	29	(83)	(345)	-	-
(Gains)/losses from sale of financial assets at fair value through profit or loss		(212)	275	-	-
Gains from sale of available - for - sale financial assets		-	(1.070)	-	(907)
Gains from sale of assets held for sale	32	(11.982)	-	(11.982)	-
Loss on disposal of subsidiaries		19.148	-	1.300	54
Employees share option scheme		555	1.392	258	1.392
Reversal of impairment of subsidiaries		-	-	-	(1.425)
Interest income		(1.565)	(1.343)	(372)	(254)
Interest expense		16.331	19.647	2.014	12.738
Dividend income	29	(388)	(100)	(1.965)	(3.502)
Depreciation of grants received	23	(93)	(424)	-	(413)
Share of profit from associates and joint ventures		15.689	(871)	-	-
Movements in subsidiary held for sale		10.924	-	-	-
Exchange loss		23	1.244	-	-
		17.265	**59.767**	**3.308**	**36.944**
Changes in working capital					
Inventories		984	(7.392)	-	(9.101)
Trade and other receivables		(37.820)	13.382	61.818	(66.070)
Trade and other payables		66.196	(11.255)	(35.641)	3.028
Provisions for other liabilities and charges		1.566	(5.099)	-	(7.288)
Retirement benefit obligations		76	1.889	(696)	1.837
Derivative financial instruments		(6.596)	(9.467)	(6.464)	(12.422)
		24.404	**(17.942)**	**19.017**	**(90.016)**
Cash generated from operations		**41.669**	**41.825**	**22.325**	**(53.073)**

(All amounts in €'000)

(Note: Total depreciation charge for 2006 for the Group includes depreciation of the subsidiary company Hellas on Line of €4.568).

36. Commitments

Capital commitments

As at the balance sheet date there were capital commitments for PPE of €631 for the Group.

Operating lease commitments

	Group	Company
	31/12/2006	**31/12/2006**
No later than 1 year	796	563
Later than 1 year and no later than 5 years	1.247	766
Later than 5 years	174	174
	2.217	**1.504**

37. Contingencies / Outstanding legal cases

The Group has contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business as follows:

	Group	Company
	31/12/2006	**31/12/2006**
Guarrantees for advance payments	108.577	102.057
Guarrantees for good performance	162.810	95.870
Guarrantees for participation in contests	18.507	18.507
	289.894	**216.433**

The Company has given guarantees to banks for subsidiaries' loans amounting to €182.109 and for finance lease contracts amounting to €1.760. Moreover, the Company has given guarantees of €118.000 for the syndicated loan of the associate company Intracom SA Telecom Solutions.

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 thousand. 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.

It is not anticipated that any material liabilities will arise from the contingent liabilities.

(All amounts in €'000)

38. 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 31/12/2005.

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.

39. Related party transactions

The following transactions are carried out with related parties.

	Group		Company	
	1/1 - 31/12/2006	1/1 - 31/12/2005	1/1 - 31/12/2006	1/1 - 31/12/2005
Sales of goods / services:				
To subsidiaries	-	-	13.804	16.564
To other related parties	5.710	9.156	1.405	8.049
	5.710	**9.156**	**15.210**	**24.613**
Purchases of goods / services:				
From subsidiaries	-	-	379	17.883
From other related parties	3.441	8.389	1	1.654
	3.441	**8.389**	**379**	**19.537**
Rental income:				
From subsidiaries	-	-	368	201
From other related parties	845	151	427	151
	845	**151**	**796**	**352**
Purchases of fixed assets:				
From subsidiaries	-	-	49	1.333
From other related parties	3.731	5.355	2.838	5.355
	3.731	**5.355**	**2.888**	**6.688**
Disposals of fixed assets:				
To subsidiaries	-	-	152	-
To other related parties	-	-	37	-
	-	**-**	**189**	**-**

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 up to 30 June 2006. Purchases and sales of fixed assets with other related parties include transactions with the Telecom group.

(All amounts in €'000)

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

	Group		Company	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Receivables from related parties:				
From subsidiaries	-	-	13.484	15.935
From other related parties	39.811	58.975	12.293	864
	39.811	**58.975**	**25.776**	**16.799**
Payables to related parties				
To subsidiaries	-	-	2.811	2.622
To other related parties	7.134	42.200	3.248	-
	7.134	**42.200**	**6.059**	**2.622**
Net receivables from subsidiaries - segments contributed (*)	-	-	-	**41.248**

(*) The above amount shown as a receivable in the Company's financial statements relates to the net difference between the bank overdrafts and the cash of the segments formed under the spin-off (see also note 18).

Key management compensation

Total amount of €1.323 has been paid by the Company as directors' remuneration and key management compensation (2005: €3.532).

40. Events after the balance sheet date

On 31 January 2007 a concession contract was signed between the Greek State, "Moreas S.A." and its shareholders - "Elliniki Technodomiki TEB S.A." (73,34%), "Pantechniki S.A." (13,33%) and "Intracom Holdings" (13,33%) - for the project "Design -Construction - Financing - Operation - Maintenance and Exploitation of the Corinth - Tripoli - Kalamata Freeway and the Leuktro Sparta Expressway Branch". This contract will be validated within the next 4 months by the Parliament and works will commence immediately after.

The construction period is anticipated to last 54 months and the total cost of the project is estimated at €1.004 million. The companies participating in the aforementioned joint-venture project are "Aktor S.A.", "Pantechniki S.A." and "Intrakat S.A.".

(All amounts in €'000)

41. Subsidiaries

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

31 December 2006

Company name	Country of incorporation	Direct % interest held
* Intracom S.A Defence 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	100%
- Fornax Informatika Doo Croatia	Croatia	100%
- Fornax Slovakia	Slovakia	100%
- Intracom Operations Ltd	Cyprus	100%
- Intracom Group USA	United States	100%
* Intracom IT Services	Greece	100%
- Global Net Solutions Ltd	Bulgaria	100%
- Dialogos SA	Greece	51%
- Intracom Jordan Ltd	Jordan	80%
- Intracom Exports Ltd	Cyprus	100%
- Intracom Cyprus Ltd	Cyprus	100%
- Intrasoft International SA	Luxemburg	100%
- PEBE SA	Belgium	100%
- Intrasoft SA	Greece	100%
- Intrasoft International Belgium	Belgium	100%
- Switchlink NV	Belgium	65%
* Intrakat SA	Greece	74%
- Inmaint SA	Greece	60%
- KEPA Attica SA	Greece	51%
- Intracom Construct SA	Romania	87%
- Intrakat Romania SRL	Romania	100%
- Eurokat SA	Greece	82%
- Intradevelopment SA	Greece	100%

* Direct holding

(All amounts in €'000)

31 December 2005

	Company name	Country of incorporation	Direct % interest held
*	Intracom SA Telecom Solutions	Greece	100%
	- Intracom Bulgaria SA	Bulgaria	70%
	- Intracom Svyaz	Russia	100%
	- Intracom doo Skopje	Fyrom	70%
	- Intracom Telecom Holdings International Ltd **	Cyprus	92%
	- 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	100%
	- Fornax Informatika Doo Croatia	Croatia	100%
	- Fornax Slovakia	Slovakia	100%
*	Intracom SA Defence Electronic Systems	Greece	100%
*	Intrakat SA	Greece	74%
	- Aitheras Energy SA	Greece	100%
	- Inmaint SA	Greece	60%
	- KEPA Attica SA	Greece	51%
	- Intracom Construct SA	Romania	83%
	- S.C. Technical Construct Intrakat SRL	Romania	97%
	- Eurokat SA	Greece	82%
	- Intralban SA	Albania	55%
*	Intracom IT Services	Greece	100%
	- Global Net Solutions Ltd	Bulgaria	100%
	- Dialogos SA	Greece	51%
	- Intracom Jordan Ltd	Jordan	80%
	- Intracom Exports Ltd	Cyprus	100%
	- Intracom Cyprus Ltd	Cyprus	100%
	- Intrasoft International SA	Luxemburg	100%
	- PEBE SA	Belgium	100%
	- Intrasoft SA	Greece	100%
	- Intrasoft International Belgium	Belgium	100%
	- Switchlink NV	Belgium	65%
*	Intracom Operations Ltd	Cyprus	100%
	- Intracom Group USA	United States	100%
*	Intrarom SA	Romania	63%
*	Intradevelopment SA	Greece	48%
*	Intracom Technologies Ltd	Cyprus	100%

* Direct holding

** 100% consolidation, due to direct holding of Intracom Holdings

(All amounts in €'000)

42. Adjustments to cash flows

As described in note 2, "Reclassifications", cash and cash equivalents, for the purposes of the cash flow statement, comprised, up to the year 2005, of cash at bank and in hand, short term bank deposits and bank overdrafts. During the current year, management decided not to include bank overdrafts in cash and cash equivalents, and prior periods have been adjusted accordingly. A comparison with published annual financial statements is given below:

	Group		Company	
		Published		Published
	1/1 - 31/12/2005	1/1 - 31/12/2005	1/1 - 31/12/2005	1/1 - 31/12/2005
Net cash from operating activities	**12.371**	**12.371**	**(74.627)**	**(74.627)**
Net cash from investing activities	**(72.972)**	**(72.972)**	**92.299**	**92.299**
Cash flows from financing activities				
Repayments of borrowings	(16.593)	(38.645)	(61.970)	-
Other cash flows from financing activities	33.430	33.430	2.325	2.325
Net cash from financing activities	**16.836**	**(5.215)**	**(59.645)**	**2.325**
Net increase/ (decrease) in cash and cash equivalents	**(43.765)**	**(65.816)**	**(41.973)**	**19.996**
Cash and cash equivalents at beginning of year	139.516	(19.304)	108.836	(44.809)
Exchange gains on cash and cash equivalents	81	81	-	-
Cash and cash equivalents at end of year	**95.832**	**(85.040)**	**66.863**	**(24.812)**