



INTRACOM
Holdings S.A.

Interim 3-monthly condensed financial statements
in accordance with International Accounting Standard 34

31 March 2007

Contents	Page
Balance sheet	2
Income statement	3
Income statement	4
Statement of changes in equity	5
Cash flow statement	7
Notes to the interim condensed financial statements	8
1. General information	8
2. Summary of significant accounting policies	8
3. Reclassification of amounts	9
4. Segment information	9
5. Discontinued operations	10
6. Investments in subsidiaries / associates	12
7. Share capital	12
8. Other operating income – net	13
9. Capital expenditure	13
10. Capital commitments	13
11. Cash generated from operations	13
12. Contingencies	14
13. Related party transactions	14
14. Earnings per share	15
15. Post balance sheet events	16
16. Adjustments to cash flows	16
17. Subsidiaries	17

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Balance sheet

		Group		Company	
	Note	31/3/2007	31/12/2006	31/3/2007	31/12/2006
ASSETS					
Non-current assets					
Property, plant and equipment		144.208	144.097	54.926	55.272
Goodwill		11.361	11.361	-	-
Intangible assets		13.362	13.264	4.845	5.253
Investment property		63.008	63.170	46.472	46.603
Investments in subsidiaries	6	-	-	177.682	177.682
Investments in associates	6	118.908	120.590	116.175	116.175
Available - for - sale financial assets		12.794	11.502	9.066	9.030
Deferred income tax assets		4.654	5.020	3.703	3.938
Trade and other receivables		15.566	17.805	9.498	9.498
		383.861	386.809	422.367	423.452
Current assets					
Inventories		48.697	49.649	-	-
Trade and other receivables		240.101	226.557	69.991	67.559
Construction contracts		53.900	47.787	-	-
Available - for - sale financial assets		-	508	-	-
Financial assets at fair value through profit or loss		1.364	1.056	-	-
Current income tax assets		7.470	8.453	4.633	4.629
Cash and cash equivalents		124.337	115.477	75.535	72.531
		475.870	449.486	150.159	144.719
Assets classified as held for sale	5	107.506	80.940	-	-
		583.376	530.427	150.159	144.719
Total assets		967.238	917.236	572.526	568.171
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	7	376.912	377.329	376.912	377.329
Reserves		184.875	186.022	160.594	159.535
		561.787	563.351	537.507	536.864
Minority interest		25.382	20.197	-	-
Total equity		587.169	583.549	537.507	536.864
LIABILITIES					
Non-current liabilities					
Borrowings		36.211	35.259	-	3
Deferred income tax liabilities		490	487	-	-
Retirement benefit obligations		2.682	2.719	438	438
Grants		368	544	-	-
Provisions for other liabilities and charges		1.100	2.606	-	-
		40.852	41.615	438	441
Current liabilities					
Trade and other payables		154.635	141.056	26.338	20.931
Current income tax liabilities		2.534	3.139	714	982
Construction contracts		8.407	7.304	-	-
Borrowings		86.049	82.150	4.252	4.337
Derivative financial instruments		3.135	4.475	3.135	4.475
Provisions for other liabilities and charges		4.868	5.256	142	142
		259.628	243.379	34.582	30.866
Liabilities directly associated with non-current assets classified as held for sale	5	79.588	48.692	-	-
		339.217	292.072	34.582	30.866
Total liabilities		380.069	333.687	35.020	31.307
Total equity and liabilities		967.238	917.236	572.526	568.171

The notes on pages 8 to 17 are an integral part of these interim condensed financial statements.

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Income statement

Group

Note	1/1 - 31/3/2007			1/1 - 31/3/2006			
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
Sales	88.852	7.724	96.577	68.508	92.364	160.872	
Cost of goods sold	(68.889)	(9.019)	(77.908)	(56.767)	(67.868)	(124.635)	
Gross profit	19.963	(1.294)	18.669	11.741	24.496	36.237	
Other operating income / (loss) - net	1.230	128	1.358	12.837	(854)	11.983	
Selling and research costs	(7.006)	(2.297)	(9.303)	(5.001)	(13.403)	(18.404)	
Administrative expenses	(11.595)	(529)	(12.123)	(8.862)	(7.406)	(16.268)	
Operating profit / (loss)	2.592	(3.991)	(1.399)	10.715	2.833	13.548	
Finance income / (costs) - net	82	(369)	(287)	(442)	(3.416)	(3.858)	
Share of profit / (loss) of associates	428	-	428	(66)	-	(66)	
Profit / (loss) before income tax	3.103	(4.361)	(1.258)	10.208	(583)	9.624	
Income tax expense	(1.735)	2.162	427	(2.781)	(458)	(3.239)	
Profit / (loss) for the period	1.368	(2.199)	(831)	7.427	(1.041)	6.385	
Attributable to:							
Equity holders of the Company	1.209	(2.199)	(990)	8.046	(1.111)	6.934	
Minority interest	159	-	159	(619)	70	(549)	
	1.368	(2.199)	(831)	7.427	(1.041)	6.385	
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)							
Basic	14	0,01	(0,02)	(0,01)	0,06	(0,01)	0,05
Diluted	14	0,01	(0,02)	(0,01)	0,06	(0,01)	0,05

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INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Income statement

Company

		1/1 - 31/3/2007	1/1 - 31/3/2006
Continuing operations	Note		
Sales		3.477	5.620
Cost of goods sold		(3.232)	(5.062)
Gross profit		245	558
Other operating income - net	8	715	12.329
Selling and research costs		(44)	(15)
Administrative expenses		(1.395)	(692)
Operating (loss) / profit		(479)	12.181
Finance income - net		1.739	667
Profit before income tax		1.260	12.848
Income tax expense		(235)	(2.825)
Profit for the period		1.025	10.023
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)			
Basic	14	0,01	0,08
Diluted	14	0,01	0,08

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INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Statement of changes in equity

Group

	Note	Attributable to Company's shareholders			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
Balance at 1 January 2006		472.205	263.392	(102.075)	27.810	661.332
Profit / (loss) for the period		-	-	6.934	(549)	6.385
Valuation of available - for - sale financial assets		-	119	-	-	119
Currency translation differences		-	1.745	-	-	1.745
Total recognised income and expense		-	1.865	6.934	(549)	8.250
Treasury shares		(1.240)	-	-	-	(1.240)
Expenses on issue of share capital		-	-	973	-	973
Transfer within equity		-	3.397	(2.299)	(1.098)	-
		(1.240)	3.397	(1.326)	(1.098)	(268)
Balance at 31 March 2006		470.965	268.654	(96.467)	26.162	669.315
Balance at 1 January 2007		377.329	191.294	(5.272)	20.197	583.549
(Loss) / profit for the period		-	-	(990)	159	(831)
Valuation of available - for - sale financial assets		-	513	-	172	685
Currency translation differences		-	(75)	-	1	(74)
Total recognised income and expense		-	437	(990)	332	(220)
Treasury shares	7	(404)	-	-	-	(404)
Expenses on issue of share capital	7	(12)	-	-	-	(12)
Change in method of consolidation	6	-	1.171	(1.171)	4.257	4.257
Transfer		-	(275)	(320)	595	-
		(417)	896	(1.491)	4.852	3.840
Balance at 31 March 2007		376.912	192.628	(7.753)	25.382	587.169

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INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Statement of changes in equity

Company

	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2006		472.205	159.563	(92.758)	539.011
Profit for the period		-	-	10.023	10.023
Valuation of available - for - sale financial assets		-	(180)	-	(180)
Total recognised income and expense		-	(180)	10.023	9.843
Treasury shares		(1.240)	-	-	(1.240)
Balance at 31 March 2006		470.965	159.384	(82.735)	547.613
Balance at 1 January 2007		377.329	159.500	35	536.864
Profit for the period		-	-	1.025	1.025
Valuation of available - for - sale financial assets		-	34	-	34
Total recognised income and expense		-	34	1.025	1.060
Treasury shares	7	(404)	-	-	(404)
Expenses on issue of share capital	7	(12)	-	-	(12)
Balance at 31 March 2007		376.912	159.534	1.060	537.507

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INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Cash flow statement

(from continuing and discontinued operations)

	Note	Group		Company	
		1/1 - 31/3/2007	1/1 - 31/3/2006	1/1 - 31/3/2007	1/1 - 31/3/2006
Cash flows from operating activities					
Cash generated from operations	11	7.140	(6.810)	4.227	58.287
Interest paid		(2.330)	(5.112)	(389)	(339)
Income tax paid		(606)	(791)	(272)	(276)
Net cash generated from operating activities		4.203	(12.713)	3.566	57.672
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)		(1.973)	(5.272)	(44)	(604)
Purchase of investment property		(8)	-	-	-
Purchase of intangible assets		(171)	(1.496)	-	-
Proceeds from sale of PPE		114	10	4	-
Acquisition of financial assets at fair value through profit or loss		(6)	-	-	-
Acquisition of available - for - sale financial assets		-	(3)	-	-
Sale of financial assets at fair value through profit or loss		38	1.968	-	-
Sale of available - for - sale financial assets		22	100	-	100
Sale of assets held for sale		-	34.917	-	34.917
Acquisition of subsidiary, net of cash acquired		-	(18.865)	-	(18.950)
Change in method of consolidation due to acquisition of control	6	2.123	-	-	-
Interest received		303	90	87	48
Net cash from investing activities		442	11.450	47	15.511
Cash flows from financing activities					
Purchase of treasury shares		(404)	(1.240)	(404)	(1.240)
Expenses on issue of share capital		(12)	-	(12)	-
Dividends paid to Company's shareholders		(105)	(640)	(105)	(240)
Proceeds from borrowings		18.267	27.879	-	-
Repayments of borrowings		(13.245)	(21.194)	(85)	(79.845)
Grants received		1	-	-	-
Repayments of finance leases		(287)	(423)	(3)	-
Net cash from financing activities		4.215	4.381	(609)	(81.325)
Net increase/(decrease) in cash and cash equivalents		8.859	3.118	3.004	(8.142)
Cash and cash equivalents at beginning of period		115.477	95.832	72.531	66.862
Cash and cash equivalents at end of period		124.337	98.950	75.535	58.720

Certain amounts in the cash flow statement have been reclassified as compared to published financial statements of 31 March 2006, as described in note 16.

The notes on pages 8 to 17 are an integral part of these interim condensed financial statements.

Notes to the interim condensed financial statements

1. General information

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

Intracom Group 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.

These interim condensed financial statements for the Group and the Company have been approved for issue by the Board of Directors on 29 May 2007.

2. Summary of significant accounting policies

These interim condensed 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 period 1/1 – 31/3/2007. They have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The accounting policies used for the preparation and the presentation of the interim condensed financial statements are consistent with those applied for the preparation and presentation of the annual financial statements of the Company and the Group for the financial year ended 31 December 2006. These interim condensed financial statements must be examined together with the annual financial statements for the year 2006, as published on the Group’s website www.intracom.com.

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

Standards effective in 2007

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

This interpretation is effective 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. This IFRIC has no impact on the Group’s financial statements.

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

3. 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 during 2006, 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 the period 1/1-31/3/2006 have been split into continuing and discontinued operations. As a result the income statement disclosures for that period differ to those of the published interim condensed financial statements of 31/3/2006, 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 5).

As reported in the annual financial statements of 2006, Group's management decided, for the purposes of the cash flow statement, not to include bank overdrafts in cash and cash equivalents. Prior periods have been adjusted accordingly (see note 16).

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

4. Segment information

The segment results from continuing operations for the period 1/1-31/3/2007 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Unallocated	Other
Sales	7.761	29.052	21.777	28.600	1.662	88.852
Operating profit/(loss)	329	967	1.396	388	(488)	2.592
Finance income-net						82
Share of profit / (loss) of associates	150	(71)	-	365	(15)	428
Profit before income tax from continuing operations						3.103

The segment results from continuing operations for the period 1/1-31/3/2006 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Unallocated	Other
Sales	8.313	24.432	13.769	16.366	5.627	68.508
Operating (loss)/profit	(216)	(346)	1.078	(1.995)	12.194	10.715
Finance costs-net						(442)
Share of profit / (loss) of associates	-	21	-	(104)	17	(66)
Profit before income tax from continuing operations						10.208

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

5. Discontinued operations

(a) Analysis of the results of discontinued operations

	Group	
	1/1-31/3/2007	1/1-31/3/2006
Intracom SA Telecom Solutions (1)	-	63
Hellas on Line SA (2)	(2.199)	(1.104)
Total	(2.199)	(1.041)

The income statement for discontinued operations is shown below.

(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.

The results of the partially transferred group up to 31/3/2006 are shown below:

Income statement for the telecommunications segment

	1/1-31/3/2006
Sales	85.828
Cost of goods sold	(62.266)
Gross profit from discontinued operations	23.562
Other operating income - net	(879)
Selling and research costs	(12.040)
Administrative expenses	(6.852)
Operating profit from discontinued operations	3.792
Finance costs - net	(3.271)
Profit before income tax	521
Income tax expense	(458)
Net profit for the period	63

Following the sale, Intracom Telecom Group is consolidated using the equity method, at 49%. As a result, profit of €150 is shown under continuing operations for the period, under the line “Share of profit / (loss) of associates”.

(2) Hellas on Line (“HoL”) (Telecom operations segment)

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.

The results of HoL for the first quarter of year 2006 and 2007 are shown below.

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Income statement for the telecom operations segment

	1/1-31/3/2007	1/1-31/3/2006
Sales	7.724	6.536
Cost of goods sold	(9.019)	(5.602)
Gross loss from discontinued operations	(1.294)	934
Other operating income - net	128	25
Selling and research costs	(2.297)	(1.364)
Administrative expenses	(529)	(554)
Operating loss from discontinued operations	(3.991)	(959)
Finance costs - net	(369)	(145)
Loss before income tax	(4.361)	(1.104)
Income tax expense	2.162	-
Net loss for the period	(2.199)	(1.104)

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

	31/3/2007	31/12/2006
Property, plant and equipment	26.705	17.169
Intangible assets	16.679	11.141
Deferred income tax assets	6.722	4.561
Trade and other receivables	22.293	20.140
Cash and cash equivalents	13.852	6.600
Other assets	135	210
	<u>86.386</u>	<u>59.820</u>
Goodwill acquired	21.120	21.120
	<u>107.506</u>	<u>80.940</u>

Liabilities

	31/3/2007	31/12/2006
Borrowings	37.862	20.645
Trade and other payables	40.024	26.635
Provisions for other liabilities and charges	1.703	1.412
	<u>79.588</u>	<u>48.692</u>

(c) Analysis of cash flows from discontinued operations

	Group
	1/1 - 31/3/2007
Cash flows from operating activities	(2.170)
Cash flows from investing activities	-
Cash flows from financing activities	-
Total cash flows from discontinued operations	<u>(2.170)</u>

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

6. Investments in subsidiaries / associates

Up to 31/12/2006, Unibrain SA, in which the Group has a shareholding of 29,98%, was consolidated using the equity method of accounting. During the current period, the Group obtained control of the company's management through the majority on the Board of Directors and as a result the company was fully consolidated for the first time. Based on the current composition of the main shareholders and the great dispersion of the company's shares, the Group has the ability to appoint the Board of Directors and to control fully the financial and operating decisions of the company and as a result it was concluded that the requirements of IAS 27 for consolidation are met ("De facto control").

The results that have been consolidated for the current period are as follows:

	1/1-31/3/2007
Sales	2.302
Cost of goods sold	(1.513)
Gross profit	789
Other operating income - net	(51)
Selling and research costs	(129)
Administrative expenses	(194)
Operating profit	415
Finance income - net	8
Profit before income tax	423
Income tax expense	(94)
Profit for the period	329

For the corresponding period of 2006, profit of associates included gains of €83 from the consolidation of Unibrain.

The effect to equity was the increase in minority interests at the date of consolidation by €4.257, whereas the effect to the cash flow statement was the increase in cash by €2.123.

7. Share capital

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Balance at 1 January 2006	132.413.583	279.393	192.812	-	472.205
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
Balance at 1 January 2007	132.122.415	187.442	194.102	(4.215)	377.329
Expenses on issue of share capital	-	-	(12)	-	(12)
Treasury shares	(99.000)	-	-	(404)	(404)
Balance at 31 March 2007	132.023.415	187.442	194.090	(4.619)	376.912

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

During the period, the Company acquired 99.000 treasury shares through purchases on the Athens Stock Exchange. The total amount paid to acquire the shares was €404 and has been deducted from shareholders' equity. The Company has the right to reissue or to resell these shares at a later date.

8. Other operating income – net

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

9. Capital expenditure

Total acquisitions of property, plant and equipment for the Group and the Company during the three month period ended 31 March 2007 amounted to €1.981 and €44 respectively (31 March 2006: €5.272 and €604 for the Group and the Company respectively). Total additions to intangible assets for the three month period amounted to €171 for the Group and nil for the Company (31 March 2006: €1.496 and nil for the Group and the Company respectively).

10. Capital commitments

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

11. Cash generated from operations

	Group		Company	
	1/1 - 31/3/2007	1/1 - 31/3/2006	1/1 - 31/3/2007	1/1 - 31/3/2006
(Loss) / profit for the period	(831)	6.385	1.025	10.023
Adjustments for:				
Tax	(427)	3.239	235	2.825
Depreciation of PPE	2.010	4.871	390	428
Amortisation of intangible assets	1.311	4.768	409	415
Depreciation of investment property	141	95	132	48
Profit on sale of PPE	-	(7)	(2)	-
Fair value losses / (gains) of financial assets at fair value through profit or loss	29	(271)	-	-
Gains from sale of financial assets at fair value through profit or loss	-	(69)	-	-
Gains from sale of available - for - sale financial assets	(9)	(12.035)	-	(12.035)
Interest income	(303)	(90)	(87)	(48)
Interest expense	2.330	5.112	389	339
Depreciation of grants received	(178)	(42)	-	-
Share of profit from associates	(428)	66	-	-
Movements in subsidiary held for sale and change in method of consolidation	4.256	-	-	-
Exchange gains	(78)	(407)	-	-
	7.824	11.617	2.487	1.995
Changes in working capital				
Inventories	2.382	(1.809)	-	-
Trade and other receivables	(16.215)	(123.326)	(2.432)	69.561
Trade and other payables	16.471	107.341	5.512	(12.410)
Provisions for other liabilities and charges	(1.945)	74	-	-
Retirement benefit obligations	(36)	(63)	-	(21)
Derivative financial instruments	(1.339)	(644)	(1.339)	(838)
	(684)	(18.427)	1.741	56.292
Cash generated from operations	7.140	(6.810)	4.227	58.287

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

12. Contingencies

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	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
Guarantees for advance payments	79.713	108.577	78.315	102.057
Guarantees for good performance	138.509	162.810	65.363	95.870
Guarantees for participation in contests	21.190	18.507	21.190	18.507
	239.412	289.894	164.868	216.433

The Company has given guarantees to banks for subsidiaries' and associates' loans amounting to €198.401 and for finance lease contracts amounting to €1.316. 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. Initially the penalties and rebates amounted to €29.145, while following a decision by the Ministry on 3/4/2007 the amount was reduced to €9.210. 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.

13. Related party transactions

The following transactions were carried out with related parties.

	Group		Company	
	1/1-31/3/2007	1/1-31/3/2006	1/1-31/3/2007	1/1-31/3/2006
Sales of goods / services:				
To subsidiaries	-	-	1.767	216
To other related parties	3.637	9	252	-
	3.637	9	2.020	216
Purchases of goods / services:				
From subsidiaries	-	-	88	83
From other related parties	2.576	1.403	-	-
	2.576	1.403	88	83
Rental income:				
From subsidiaries	-	-	77	109
From other related parties	208	33	163	33
	208	33	240	142
Purchases of fixed assets:				
From subsidiaries	-	-	11	2
From other related parties	-	-	-	-
	-	-	11	2

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.

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

Closing balances arising from transactions with related parties were as follows:

	Group		Company	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
Receivables from related parties:				
From subsidiaries	-	-	15.380	13.484
From other related parties	22.739	39.811	12.275	12.293
	22.739	39.811	27.656	25.776
Payables to related parties:				
To subsidiaries	-	-	2.707	2.811
To other related parties	13.395	7.134	10.070	3.248
	13.395	7.134	12.777	6.059

Key management compensation

For the three months to 31 March 2007, a total of €337 was paid by the Company as key management compensation (1/1-31/3/2006: €114).

14. 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.

	Group		Company	
	1/1 - 31/3/2007	1/1 - 31/3/2006	1/1 - 31/3/2007	1/1 - 31/3/2006
(Loss) / profit attributable to equity holders of the Company	(990)	6.934	1.025	10.023
Weighted average number of ordinary shares in issue (thousands)	132.118	132.412	132.118	132.412
Basic earnings per share (€ per share)	(0,01)	0,05	0,01	0,08
- From continuing operations	0,01	0,06	0,01	0,08
- From discontinued operations	(0,02)	(0,01)	-	-

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.

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

	Group		Company	
	1/1 - 31/3/2007	1/1 - 31/3/2006	1/1 - 31/3/2007	1/1 - 31/3/2006
(Loss) / profit attributable to equity holders of the Company	(990)	6.934	1.025	10.023
Weighted average number of ordinary shares in issue (thousands)	132.118	132.412	132.118	132.412
<u>Adjustment for</u>				
Share options (thousands)	140	425	140	425
Weighted average number of ordinary shares for diluted earnings per share (thousands)	132.258	132.837	132.258	132.837
Diluted earnings per share (€ per share)	(0,01)	0,05	0,01	0,08
- From continuing operations	0,01	0,06	0,01	0,08
- From discontinued operations	(0,02)	(0,01)	-	-

15. Post balance sheet events

No significant events occurred after the balance sheet date.

16. Adjustments to cash flows

As described in note 3, "Reclassification of amounts", in the annual financial statements of 2006, management decided not to include bank overdrafts in cash and cash equivalents, and prior periods have been adjusted accordingly. A comparison with published interim condensed financial statements of 31/3/2006 is presented below:

	Group		Company	
	1/1 - 31/3/2006	As published initially 1/1 - 31/3/2006	1/1 - 31/3/2006	As published initially 1/1 - 31/3/2006
Net cash from operating activities	(12.713)	(12.713)	57.672	57.672
Net cash from investing activities	11.450	11.450	15.511	15.511
Cash flows from financing activities				
Repayments of borrowings	(21.194)	(20.359)	(79.845)	-
Other cash flows from financing activities	25.575	25.575	(1.481)	(1.481)
Net cash from financing activities	4.381	5.216	(81.325)	(1.481)
Net increase/ (decrease) in cash and cash equivalents	3.118	3.953	(8.142)	71.703
Cash and cash equivalents at beginning of period	95.832	(85.040)	66.862	(24.812)
Cash and cash equivalents at end of period	98.950	(81.087)	58.720	46.890

INTRACOM HOLDINGS S.A.
Interim 3-monthly condensed financial statements in accordance with IAS 34
31 March 2007
(All amounts in €'000)

17. Subsidiaries

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

31 March 2007

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	39%
- Databank SA	Greece	90%
- 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%
- Unibrain SA	Greece	30%
- Unibrain Inc	United States	100%
* Intrakat SA	Greece	74%
- Inmaint SA	Greece	60%
- KEP A Attica SA	Greece	51%
- Intracom Construct SA	Romania	87%
- Intrakat Romania SRL	Romania	100%
- Eurokat SA	Greece	82%
- Intradevelopment SA	Greece	100%

* Direct holding