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 2007

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.

Contents

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTRACOM HOLDINGS S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of INTRACOM HOLDINGS S.A. ''(the "Company") which comprise of the separate and consolidated balance sheet as at December 31, 2007, 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 (EU). 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 the Greek Auditing Standards, which are based on International Standards of 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 aforementioned separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (EU).

Report on Other Legal and Regulatory Requirements

The report of the Board of Directors includes the information that is provided by the articles 43^{a} paragraph 3, 107 paragraph 3 and 16 paragraph 9 of C.L. 2190/20 as well as the article 11^{a} of L. 3371/2005. The content of this report is consistent with the aforementioned seperate and consolidated financial statements.

Athens, March 31, 2008

The Certified Auditors Accountants

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

Zoe D. Sofou
(SOEL Reg. No. 14701)
SOL S.A
(SOEL Reg. No. 125)

(All amounts in €'000)

Balance Sheet

		Group		Company	
ASSETS	**Note**	**31/12/2007**	**31/12/2006**	**31/12/2007**	**31/12/2006**
Non-current assets					
Property, plant and equipment	6	277.276	144.097	39.265	55.272
Goodwill	7	60.047	11.361	-	-
Intangible assets	8	32.084	13.264	3.654	5.253
Investment property	9	50.049	63.170	55.244	46.603
Investments in subsidiaries	10	-	-	223.982	177.682
Investments in associates	11	117.475	120.590	116.175	116.175
Available - for - sale financial assets	13	24.525	11.502	16.769	9.030
Deferred income tax assets	14	1.616	5.020	-	3.938
Trade and other receivables	15	31.027	21.075	12.238	12.767
		594.099	**390.079**	**467.327**	**426.722**
Current assets					
Inventories	16	48.987	49.649	-	-
Trade and other receivables	15	306.071	254.807	43.683	64.289
Construction contracts	17	20.772	16.267	-	-
Available - for - sale financial assets	13	-	508	-	-
Financial assets at fair value through profit or loss	18	1.245	1.056	-	-
Current income tax assets		13.848	8.453	4.971	4.629
Cash and cash equivalents	19	76.573	115.477	32.935	72.531
		467.497	446.217	81.589	141.449
Assets classified as held for sale	34	-	80.940	-	-
		467.497	**527.157**	**81.589**	**141.449**
Total assets		**1.061.596**	**917.236**	**548.917**	**568.171**
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	20	374.047	377.329	374.047	377.329
Reserves		136.942	186.022	137.433	159.535
		510.989	563.351	511.480	536.864
Minority interest		29.005	20.197	-	-
Total equity		**539.993**	**583.549**	**511.480**	**536.864**
LIABILITIES					
Non-current liabilities					
Borrowings	22	63.935	35.259	-	3
Deferred income tax liabilities	14	5.198	487	355	-
Retirement benefit obligations	23	4.053	2.719	530	438
Grants	24	1.763	544	-	-
Provisions for other liabilities and charges	25	957	2.606	-	-
Trade and other payables	26	7.928	2.096	-	-
		83.834	**43.711**	**885**	**441**
Current liabilities					
Trade and other payables	26	242.094	145.174	22.645	20.931
Current income tax liabilities		5.948	3.139	988	982
Construction contracts	17	2.460	1.090	-	-
Borrowings	22	180.598	82.150	12.777	4.337
Derivative financial instruments	27	-	4.475	-	4.475
Provisions for other liabilities and charges	25	6.668	5.256	142	142
		437.769	**241.283**	**36.552**	**30.866**
Liabilities directly associated with non-current assets classified as held for sale	34	-	48.692	-	-
		437.769	**289.976**	**36.552**	**30.866**
Total liabilities		**521.603**	**333.687**	**37.436**	**31.307**
Total equity and liabilities		**1.061.596**	**917.236**	**548.917**	**568.171**

The notes on pages 10 to 77 are an integral part of these financial statements.

(All amounts in €'000)

Income Statement – Group

	Note	1/1 - 31/12/2007 Continuing operations	1/1 - 31/12/2007 Discontinued operations	1/1 - 31/12/2007 Total	1/1 - 31/12/2006 Continuing operations	1/1 - 31/12/2006 Discontinued operations	1/1 - 31/12/2006 Total
Sales		423.000	-	423.000	352.480	171.548	524.028
Cost of goods sold	28	(363.239)	-	(363.239)	(299.734)	(126.321)	(426.055)
Gross profit		**59.761**	**-**	**59.761**	**52.746**	**45.227**	**97.973**
Other operating income - net	30	5.232	-	5.232	5.685	1.034	6.718
Other gains/ (losses) - net	31	15.239	-	15.239	4.766	-	4.766
Selling and research costs	28	(37.831)	-	(37.831)	(32.651)	(24.135)	(56.786)
Administrative expenses	28	(52.111)	-	(52.111)	(49.297)	(15.342)	(64.640)
Loss from the disposal of sub-group	34	-	(770)	(770)	-	(19.148)	(19.148)
Operating loss		**(9.710)**	**(770)**	**(10.480)**	**(18.752)**	**(12.364)**	**(31.116)**
Finance expenses	32	(14.414)	-	(14.414)	(11.315)	(5.441)	(16.756)
Finance income	32	4.229	-	4.229	2.766	-	2.766
Finance costs-net		**(10.185)**	**-**	**(10.185)**	**(8.549)**	**(5.441)**	**(13.990)**
Share of losses of associates	11	(554)	-	(554)	(15.689)	-	(15.689)
Loss before income tax		**(20.450)**	**(770)**	**(21.220)**	**(42.991)**	**(17.805)**	**(60.796)**
Income tax expense	33	(15.691)	-	(15.691)	(842)	(7.305)	(8.148)
Loss for the year		**(36.140)**	**(770)**	**(36.910)**	**(43.833)**	**(25.111)**	**(68.944)**
Attributable to:							
Equity holders of the Company		(34.312)	(770)	(35.082)	(43.584)	(25.219)	(68.803)
Minority interest		(1.828)	-	(1.828)	(249)	108	(141)
		(36.140)	**(770)**	**(36.910)**	**(43.833)**	**(25.111)**	**(68.944)**
Earnings per share for loss attributable to the equity holders of the Company during the year (expressed in € per share)							
Basic	35	(0,26)	(0,01)	(0,27)	(0,33)	(0,19)	(0,52)
Diluted	35	(0,26)	(0,01)	(0,27)	(0,33)	(0,19)	(0,52)

The notes on pages 10 to 77 are an integral part of these financial statements.

(All amounts in €'000)

Income Statement – Company

		1/1 - 31/12/2007			1/1 - 31/12/2006		
	Note	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
Sales		12.122	-	12.122	19.207	-	19.207
Cost of goods sold	28	(11.549)	-	(11.549)	(15.230)	-	(15.230)
Gross profit		**574**	**-**	**574**	**3.977**	**-**	**3.977**
Other operating income - net	30	4.192	-	4.192	3.927	-	3.927
Other gains/ (losses) - net	31	(3)	-	(3)	10.127	-	10.127
Selling and research costs	28	(273)	-	(273)	(425)	-	(425)
Administrative expenses	28	(7.579)	-	(7.579)	(6.092)	-	(6.092)
Loss from the disposal of sub-group	34	-	(770)	(770)	-	(630)	(630)
Operating profit/ (loss)		**(3.090)**	**(770)**	**(3.860)**	**11.513**	**(630)**	**10.883**
Finance expenses	32	(780)	-	(780)	(2.014)	-	(2.014)
Finance income	32	3.584	-	3.584	441	-	441
Finance costs-net		**2.805**	**-**	**2.805**	**(1.572)**	**-**	**(1.572)**
(Loss)/ Profit before income tax		**(285)**	**(770)**	**(1.055)**	**9.941**	**(630)**	**9.311**
Income tax expense	33	(4.827)	-	(4.827)	(2.654)	(6.554)	(9.208)
(Loss)/ Profit for the year		**(5.112)**	**(770)**	**(5.882)**	**7.287**	**(7.184)**	**103**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in € per share)							
Basic	35	(0,04)	(0,01)	(0,05)	0,06	(0,05)	0,01
Diluted	35	(0,04)	(0,01)	(0,05)	0,06	(0,05)	0,01

The notes on pages 10 to 77 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 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	21	-	24	-	-	24
Currency translation differences	21	-	324	-	25	348
Total recognised income and expense		-	347	(68.803)	(116)	(68.572)
Treasury shares	20	(4.215)	-	-	-	(4.215)
Expenses on issue of share capital	20	(29)	-	-	-	(29)
Decrease of share capital	20	(92.690)	-	92.690	-	-
Employees share option scheme:		-	-	-	-	-
- value of employee services	20	555	-	-	-	555
- proceeds from shares issued	20	1.503	-	-	-	1.503
Dividends paid		-	-	-	(264)	(264)
Effect of changes in the group structure	21	-	(1.460)	1.089	(7.233)	(7.603)
Reclassification due to disposal of subsidiary		-	(71.827)	71.827	-	-
Other movement in net assets 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**
Balance at 1 January 2007		377.329	191.294	(5.272)	20.197	583.549
Loss for the year		-	-	(35.082)	(1.828)	(36.910)
Valuation of available - for - sale financial assets	21	-	491	-	1.289	1.780
Currency translation differences	21	-	(643)	-	(229)	(872)
Total recognised income and expense		-	(152)	(35.082)	(768)	(36.002)
Treasury shares	20	(3.509)	-	-	-	(3.509)
Expenses on issue of share capital	20	(14)	-	(499)	-	(512)
Employees share option scheme:		-	-	-	-	-
- value of employee services	20	-	149	-	33	182
- proceeds from shares issued	20	241	177	-	514	932
Dividends paid	36	-	(13.126)	-	(189)	(13.314)
Effect of acquisitions and changes in the share percentage held in subsidiaries		-	-	117	4.295	4.412
Effect of changes in the group structure		-	-	-	4.257	4.257
Transfer		-	8.289	(8.954)	665	(0)
		(3.282)	(4.510)	(9.336)	9.575	(7.554)
Balance at 31 December 2007		**374.047**	**186.632**	**(49.690)**	**29.005**	**539.993**

Analysis of other reserves is presented in note 21.

The notes on pages 10 to 77 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 2006		472.205	159.563	(92.758)	539.011
Profit for the year		-	-	103	103
Valuation / Disposal of available - for - sale financial assets	21	-	(63)	-	(63)
Total recognised income and expense		-	(63)	103	40
Decrease of share capital	20	(92.690)	-	92.690	-
Treasury shares	20	(4.215)	-	-	(4.215)
Expenses on issue of share capital	20	(29)	-	-	(29)
Employees share option scheme:					
- value of employee services	20	555	-	-	555
- proceeds from shares issued	20	1.503	-	-	1.503
		(94.876)	-	92.690	(2.187)
Balance at 31 December 2006		**377.329**	**159.500**	**35**	**536.864**
Balance at 1 January 2007		377.329	159.500	35	536.864
Profit for the year		-	-	(5.882)	(5.882)
Valuation of available - for - sale financial assets		-	(3.093)	-	(3.093)
Total recognised income and expense		-	(3.093)	(5.882)	(8.976)
Treasury shares	20	(3.509)	-	-	(3.509)
Expenses on issue of share capital	20	(14)	-	-	(14)
Dividend paid	36	-	(13.126)	-	(13.126)
Employees share option scheme:		-	-	-	-
- proceeds from shares issued	20	241	-	-	241
		(3.282)	(13.126)	-	(16.408)
Balance at 31 December 2007		**374.047**	**143.281**	**(5.848)**	**511.480**

Analysis of other reserves is presented in note 21.

The notes on pages 10 to 77 are an integral part of these financial statements.

(All amounts in €'000)

Cash Flow Statement

	Note	Group 1/1 - 31/12/2007	Group 1/1 - 31/12/2006	Company 1/1 - 31/12/2007	Company 1/1 - 31/12/2006
Cash flows from operating activities					
Cash generated from operations	37	15.176	41.669	(4.217)	21.364
Interest paid		(14.414)	(16.331)	(780)	(2.014)
Income tax paid		(8.430)	(12.906)	(2.187)	(7.969)
Net cash generated from operating activities		**(7.668)**	**12.433**	(7.184)	**11.381**
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE) / investment property		(88.706)	(15.396)	(3.600)	(4.391)
Purchase of intangible assets	8	(6.197)	(4.144)	-	-
Proceeds from sale of PPE		11.534	3.005	8.053	1.157
Proceeds from sale of investment assets		1.253	-	1.253	-
Proceeds from sale of intangible assets		33	76	-	-
Acquisition of financial assets at fair value through profit or loss	18	(63)	-	-	-
Acquisition of available - for - sale financial assets	13	(1.775)	(1.043)	(1.735)	(1.043)
Sale of financial assets at fair value through profit or loss		272	2.678	-	-
Sale of available - for - sale financial assets		22	1.990	-	100
Sale of assets held for sale		-	38.025	-	34.865
Acquisition of subsidiary, net of cash acquired	38	(50.620)	(18.909)	(52.300)	(61.204)
Increase in share capital of subsidiary classified as held for sale		-	(21.500)	-	-
Proceeds from sale of subsidiaries	34	29.230	49.401	29.576	114.046
Proceeds from sale of associates		746	-	-	-
Purchase of associate	11	(9.340)	-	(9.340)	-
Dividends received		90	388	1.600	-
Interest received		2.942	1.565	2.297	1.333
Cash of subsidiary due to change in consolidation method	34, 38	8.803	-	-	-
Net cash from investing activities		**(101.773)**	**36.136**	**(24.194)**	**84.864**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	20	241	1.503	241	1.503
Purchase of treasury shares	20	(3.509)	(4.215)	(3.509)	(4.215)
Expenses on issue of share capital		(512)	(29)	(14)	(29)
Proceeds from share options		590	-	-	-
Dividends paid to Company's shareholders		(13.373)	(477)	(13.373)	(477)
Dividends paid to minority interests		(189)	(264)	-	-
Proceeds from borrowings		256.790	49.058	9.294	-
Repayments of borrowings		(168.091)	(73.642)	(845)	(87.349)
Grants received	24	1.644	150	-	-
Repayments of finance leases		(3.053)	(1.008)	(11)	(8)
Net cash from financing activities		**70.537**	**(28.924)**	**(8.218)**	**(90.575)**
Net increase/(decrease) in cash and cash equivalents		**(38.904)**	**19.645**	**(39.596)**	**5.669**
Cash and cash equivalents at beginning of year		115.477	95.832	72.531	66.862
Cash and cash equivalents at end of year	19	**76.573**	**115.477**	**32.935**	**72.531**

The notes on pages 10 to 77 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.

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 and the telecommunications sector. The parent company operates as a holding company.

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 2008 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 2007, 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

<u>Standards effective in 2007</u>

IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures

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. These new disclosures are included in note 3, as well as in the other notes to the financial statements.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. These new disclosures are presented in note 3 of the annual financial statements for the year 2007.

<u>Interpretations not yet effective that have been early adopted by the Group</u>

IFRIC 11 – IFRS 2: Group and Treasury share Transactions

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 financial statements of year 2006 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".

<u>Interpretations effective in 2007 that are not relevant/ have no impact to the Group</u>

IFRIC 8 - Scope of IFRS 2

This interpretation requires IFRS 2 Share-Based Payments to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. The interpretation is not relevant to the Group's operations.

IFRIC 9 - Reassessment of embedded derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The interpretation is not relevant to the Group's operations.

IFRIC 10 - Interim Financial Reporting and Impairment

IFRIC 10 requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The interpretation did not have any impact on the Group's financial statements.

<u>Standards that are not yet effective and have not been early adopted by the Group</u>

Amendment to IAS 23 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009)

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after the effective date. No changes will be made for borrowing costs incurred to this date that have been expensed.

Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)

The amendment clarifies two issues: The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Group expects that this Interpretation will have no impact on its financial statements.

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact of this standard on its financial statements and will adopt IFRS 8 from 1 January 2009.

Revisions to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)

A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 and IAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.

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

IFRIC 12 'Service Concession Arrangements' (effective for annual periods beginning on or after 1 January 2008)

IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. The Group is in the process of assessing the impact of this standard on its financial statements.

IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008)

IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Interpretation will have no impact on its financial statements as no such schemes currently exist.

IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 1 January 2008)

IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice. The Group expects that this Interpretation will have no impact on its financial position or performance as the Group does not operate any funded plans.

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. In case of sale of minority interests, any gain or loss is recorded in the income statement.

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
- Telecommunications equipment	5 - 10	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.

Intangible assets

The caption 'intangible assets' includes:

a) Computer software: Purchased computer software 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 3-8 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.

b) One-off connection fees: they relate to one-off connection fees for new customers of the subsidiary company Hellas on Line and are amortised over 12 months, which is the contract period with the client.

c) Customer relationships: they relate to amounts recognised on the acquisition of the subsidiary companies Hellas on Line SA and Attica Telecommunications SA and they are amortised over a period of 9 and 10 years respectively.

d) Trade name: it relates to asset recognised on the acquisition of the subsidiary company Hellas on Line SA. The trade name has an indefinite useful life.

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

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.

(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

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

On 4 December 2006 the Company agreed to the sale of 51% of HoL (100% subsidiary), while on 6 July 2007 the Company announced the termination of this sale agreement.

For the period following the signing of the sales agreement and up to its termination, HoL was classified in the consolidated financial statements as held for sale. As a consequence, the results of HoL group in the annual financial statements of 2006 were shown under discontinued operations. In the current year, as well as in the comparative year of 2006, the results from the operations of the subsidiary are shown under continuing operations. As a result, the notes concerning the income statement for 2006 differ from those included in the published annual financial statements of 2006, as the amounts have been reclassified according to the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'.

Additionally, certain balance sheet and income statement amounts for 2006 have been reclassified compared to the published annual financial statements of 2006 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 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 financial liabilities of the Group (apart from trade payables) include short-term bank loans, bond loans and finance lease agreements, through which the Group finances its working capital and capital expenditure needs. Moreover, the Group manages financial assets, mainly short-term bank deposits and long-term investments with guaranteed capital arising from operating activities.

At the end of the current period there are no open positions in derivatives. In any case, such instruments are used exclusively for the hedging of interest or exchange rate risk, since according to the approved policy, speculative use is not permitted.

In summary, the financial risks that arise from the above are market risk, credit risk, liquidity risk and interest rate risk which are analyzed below.

(All amounts in €'000)

(a) Market risk

Foreign exchange risk

The foreign exchange risk of the Group is limited, since for most of the foreign currency receivables, there are corresponding payables in the same currency. Almost all foreign currency contracts for both assets and liabilities are denominated in USD.

In cases where natural hedge is not adequate due to large amounts of foreign currency payables, the Group may convert part of the borrowings to that currency or may use forward currency contracts.

The Group's policy is to maintain a minimum amount of cash in foreign currency, to meet short-term liabilities in that currency.

The following table presents the sensitivity of the Group's net profit in possible fluctuations of the foreign exchange rates for the years 2006 and 2007. This analysis takes into consideration borrowings and cash and cash equivalents of the Group, as well as trade receivables and payables in USD as at 31st December 2007 and 2006 respectively.

Increase in EUR/USD rate by	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
3%	(14)	(116)
6%	(27)	(232)
9%	(41)	(348)
12%	(54)	(463)

The following table presents the sensitivity of the Company's net profit in possible fluctuations of the foreign exchange rates for the years 2006 and 2007. This analysis takes into consideration borrowings and cash and cash equivalents of the Company as at 31st December 2007 and 2006 respectively.

Increase in EUR/USD rate by	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
3%	(78)	(109)
6%	(156)	(218)
9%	(234)	(326)
12%	(312)	(435)

Price risk

The Group has limited exposure to changes in the prices of the shares held either for trading or as available for sale financial assets.

(All amounts in €'000)

(b) Credit risk

The sales transactions of the Group are made to private companies and public sector organisations with an appropriate credit history, with which in many cases there is a long standing relationship. In cases that vendor financing to an overseas customer is required, the Group insures its credit risk via the Export Credit Insurance Organisation (ECIO). As a result, the risk of doubtful debts is considered limited.

Regarding credit risk related to cash deposits, the Group collaborates only with financial institutions of high credit rating, while at the same time no financial institution has more than 15% of the managed assets.

(c) Liquidity risk

Each subsidiary draws up and monitors on a monthly basis a cash flow schedule that includes the operating as well as the investing cash flows. All subsidiaries submit to Intracom Holdings on a weekly basis a detailed report of their cash and credit position, in order that an effective monitoring and co-ordination on a group level is achieved.

On 31 December 2007 current and non-current borrowings of the Group amounted to 74% and 26% of total borrowings respectively. The objective for the first 6 months of 2008 is that the above ratio becomes 40% current and 60% non-current borrowings, through the replacement of existing borrowings with medium-term bond loans.

(d) Cash flow and fair value interest rate risk

The interest-rate risk arises mainly from the fact that almost all of the Group's borrowings carry floating interest rates. The Group assesses that during the current period, interest rate risk is limited since it is expected that interest rates will either remain stable or drop in the medium-term.

The following tables present the sensitivity of the Group's net profit in possible fluctuations of the interest rates for the years 2006 and 2007. The analysis takes into consideration borrowings and cash and cash equivalents of the Group as at 31st December 2007 and 2006 respectively.

Financial instruments in Euro

Increase in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
25	(440)	(5)
50	(881)	(11)
75	(1.321)	(16)
100	(1.762)	(21)

(All amounts in €'000)

Financial instruments in USD

Increase in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
25	14	11
50	28	22
75	43	33
100	57	45

The following tables present the sensitivity of the Company's net profit in possible fluctuations of the interest rates for the years 2006 and 2007. The analysis takes into consideration borrowings and cash and cash equivalents of the Company as at 31st December 2007 and 2006 respectively.

Financial instruments in Euro

Increase in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
25	41	162
50	83	325
75	124	487
100	165	649

Financial instruments in USD

Increase in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
25	7	9
50	14	18
75	21	28
100	28	37

(All amounts in €'000)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Group's capital is considered sufficient on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital employed is calculated as 'equity attributable to the Company's equity holders' as shown in the consolidated balance sheet plus net debt.

	Group		Company	
	1/1 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Total borrowings (Note 22)	244.533	117.409	12.777	4.340
Less: Cash and cash equivalents (Note 19)	(76.573)	(115.477)	(32.935)	(72.531)
Net borrowings	**167.960**	**1.932**	**(20.158)**	**(68.191)**
Equity	539.993	583.549	511.480	536.864
Total capital employed	**707.953**	**585.481**	**491.322**	**468.672**
Gearing ratio	23,72%	0,33%	-4,10%	-14,55%

The increase in the gearing ratio during 2007 is mainly due to acquisitions and increases of share capital of subsidiaries and associates.

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.

5. Segment information

Primary reporting format – business segments

At 31 December 2007, the Group is organised into five business segments:

(1) Telecommunications systems

(2) Technology solutions for government and banking sector

(3) Defence systems

(4) Construction

(5) Telecom operations

(All amounts in €'000)

The segment results from continuing operations for the year ended 31 December 2007 were as follows:

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Telecom operations	Unallocated	Total
Sales	**35.641**	**129.202**	**79.285**	**129.303**	47.965	**1.604**	**423.000**
Operating profit/(loss)	(1.730)	2.901	4.291	5.792	(28.256)	7.292	(9.710)
Finance costs - net							(10.185)
Share of profit/ (loss) of associates	(576)	-	-	244	(234)	11	(554)
Loss before income tax from continuing operations							**(20.450)**

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

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Telecom operations	Unallocated	Total
Depreciation of PPE (note 28)	446	1.340	2.017	2.954	7.294	1.702	15.752
Amortisation of intangible assets (note 28)	961	1.362	1.106	508	4.477	1.600	10.013
Depreciation of investment property (note 28)	-	-	88	-	-	419	507
Impairment of receivables (note 28)	-	1.141	-	1.803	1.435	-	4.380

The segment assets and liabilities at 31 December 2007 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	13.235	157.649	129.778	185.726	248.998	208.735	944.120
Associates (note 11)	-	-	-	327	-	117.148	117.475
Total assets	**13.235**	**157.649**	**129.778**	**186.053**	**248.998**	**325.883**	**1.061.596**
Total liabilities	**9.647**	**110.647**	**40.518**	**124.853**	**200.784**	**35.155**	**521.603**
Capital expenditure (notes 6,8 and 9)	**731**	**2.286**	**825**	**6.574**	**89.441**	**3.610**	**103.466**

The column unallocated includes the assets and liabilities of the parent company.

(All amounts in €'000)

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	Telecom operations	Unallocated	Total
Sales	**43.066**	**98.960**	**77.317**	**96.954**	**31.166**	**5.017**	**352.480**
Operating profit/(loss)	884	-13.733	6.715	(3.101)	(18.951)	9.434	(18.752)
Finance costs - net							(8.549)
Share of profit/ (loss) of associates	(17.064)	205	-	1.193		(23)	(15.689)
Loss before income tax from continuing operations							**(42.991)**

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

	Telecommunications systems	Technology solutions for government and banking sector	Defence systems	Construction	Telecom operations	Unallocated	Total
Depreciation of PPE (note 28)	169	1.403	2.354	2.567	3.780	1.637	11.910
Amortisation of intangible assets (note 28)	368	1.693	1.080	550	788	1.644	6.124
Depreciation of investment property (note 28)	-	-	110	-	-	458	568
Impairment of receivables (note 28)	-	618	844	837	932	220	3.450

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**

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

(All amounts in €'000)

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 - 31/12/2007**	**1/1 - 31/12/2006**
Greece	242.248	180.552
European Community	157.306	117.592
Other European countries	7.275	33.442
Other countries	16.171	20.894
Total	**423.000**	**352.480**

Total assets	**31/12/2007**	**31/12/2006**
Greece	834.588	737.240
European Community	102.107	47.821
Other European countries	665	5.217
Other countries	6.760	6.367
	944.120	**796.646**
Associates (note 11)	117.475	120.590
Total	**1.061.596**	**917.236**

Capital expenditure	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Greece	101.230	19.015
European Community	2.011	2.016
Other European countries	56	477
Other countries	169	9
Total	**103.466**	**21.517**

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 - 31/12/2007**	**1/1 - 31/12/2006**
Sales of products	26.293	67.954
Sales of goods	93.557	29.037
Revenue from services	206.326	173.728
Revenue from construction contracts	96.824	81.761
Total	**423.000**	**352.480**

(All amounts in €'000)

6. Property, plant and equipment

Group

	Land - buildings	Machinery	Vehicles	Telecommunications Equipment	Furniture & other equipment	Prepayments and assets under construction	Total
Cost							
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 (Note 9)	(26.733)	-	-	-	-	-	(26.733)
Reclassifications	772	(267)	-	-	267	(772)	-
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
Balance at 1 January 2007	128.966	33.454	3.210	-	29.318	2.309	197.257
Exchange differences	(139)	(85)	(49)	-	(44)	(10)	(327)
Additions	221	4.199	740	18.270	2.128	71.703	97.261
Acquisition of subsidiaries	-	13	15	31.579	893	1.750	34.250
Disposals	(8.324)	(648)	(398)	(2.148)	(1.147)	(23)	(12.689)
Transfer from investment property (Note 9)	12.494	-	-	-	-	-	12.494
Reclassifications	6.015	548	-	34.120	371	(41.054)	-
Transfer from assets held for sale	1.156	(0)	9	28.076	549	3.457	33.246
Disposal of subsidiaries	-	-	-	-	-	(6)	(6)
Balance at 31 December 2007	140.389	37.481	3.526	109.897	32.069	38.126	361.487
Accumulated depreciation							
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)
Reclassifications	-	(106)	-	-	106	-	-
Transfer to investment property (Note 9)	(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
Balance at 1 January 2007	15.270	15.811	1.226	-	20.853	-	53.161
Exchange differences	(5)	(58)	(30)	-	(43)	-	(136)
Depreciation charge	2.557	3.451	455	6.773	2.516	-	15.752
Acquisition of subsidiaries	-	3	9	-	748	-	759
Disposals	(354)	(357)	(169)	(836)	(1.092)	-	(2.808)
Reclassifications	-	-	-	-	-	-	-
Transfer from investment property (Note 9)	1.405	-	-	-	-	-	1.405
Transfer from assets held for sale	726	-	5	14.951	397	-	16.078
Disposal of subsidiaries	-	-	-	-	-	-	-
Balance at 31 December 2007	19.599	18.851	1.496	20.888	23.378	-	84.212
Net book amount at 31 December 2006	**113.696**	**17.643**	**1.983**	**-**	**8.465**	**2.309**	**144.097**
Net book amount at 31 December 2007	**120.790**	**18.630**	**2.029**	**89.010**	**8.690**	**38.126**	**277.275**

Depreciation charge of €3.342 relates to discontinued operations for the year 2006 from Intracom Telecom. Depreciation charge of €3.781 relates to operations for the year 2006 from Hellas On Line.

(All amounts in €'000)

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

	Telecommunications Equipment	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**
31/12/2007					
Cost	6.713	6.021	835	4	13.574
Accumulated depreciation	(741)	(3.476)	(142)	(2)	(4.361)
Net book amount	**5.972**	**2.545**	**693**	**2**	**9.213**

Company

	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Cost						
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)	(0)	(103)	(221)	-	(1.541)
Transfer to investment property (Note 9)	(30.997)	-	-	-	-	(30.997)
Reclassifications	672	-	-	-	(672)	-
Balance at 31 December 2006	56.778	892	215	8.652	85	66.623
Balance at 1 January 2007	56.778	892	215	8.652	85	66.623
Additions	12	30	3	34	3.532	3.610
Disposals	(7.984)	(22)	(83)	(70)	-	(8.160)
Transfer to investment property (Note 9)	(11.533)	-	-	-	-	(11.533)
Reclassifications	3.617	-	-	-	(3.617)	-
Balance at 31 December 2007	40.890	899	135	8.616	-	50.539
Accumulated depreciation						
Balance at 1 January 2006	8.711	595	235	3.763	-	13.305
Depreciation charge	707	75	18	715	-	1.514
Disposals	(166)	(0)	(97)	(103)	-	(367)
Transfer to investment property (Note 9)	(3.102)	-	-	-	-	(3.102)
Balance at 31 December 2006	6.150	670	155	4.375	-	11.350
Balance at 1 January 2007	6.150	670	155	4.375	-	11.350
Depreciation charge	501	69	16	719	-	1.305
Disposals	(354)	(4)	(82)	(68)	-	(508)
Transfer to investment property (Note 9)	(873)	-	-	-	-	(873)
Balance at 31 December 2007	5.425	735	89	5.026	-	11.274
Net book amount at 31 December 2006	**50.628**	**222**	**60**	**4.277**	**85**	**55.272**
Net book amount at 31 December 2007	**35.465**	**165**	**45**	**3.590**	**-**	**39.265**

Leased machinery with net book value at 31 December 2007 of €3 (cost €22 and accumulated depreciation €19) (31 December 2006: net book value €14) is included in the above under finance lease.

(All amounts in €'000)

7. Goodwill

	Group
Balance at 1 January 2006	11.361
Balance at 31 December 2006	**11.361**
Balance at 1 January 2007	11.361
Transfer from assets held for sale (Note 38)	21.120
Other movements (Note 10)	1.896
Acquisition of subsidiaries / businesses (Note 38)	25.669
Balance at 31 December 2007	**60.047**

Goodwill as at 31 December 2007 resulted from the acquisition of the companies listed below and is allocated to cash generating units as follows:

Intrasoft International SA	11.361
Hellas on Line SA	23.016
Attica Telecommunications SA	21.069
IT Services Denmark A/S	4.600
	60.047

The transfer from assets held for sale relates to the goodwill that arose from the acquisition of Hellas on Line during the year 2006.

For the acquisitions of the year 2007 (Attica Telecommunications SA and IT Denmark A/S), the Group has not yet completed the allocation of the cost to the assets and liabilities of the acquired subsidiaries / businesses (see note 38). This process will be completed within the 12 month period as set out by IFRS 3, at which time the final amount of goodwill will be determined.

As at 31 December 2006 and 2007, the Group performed impairment tests on the final amounts of goodwill. The recoverable amount of goodwill for each cash generating unit was determined based on the calculation of the fair value less costs to sell.

The recoverable amount of goodwill from Intrasoft International SA was determined using comparable company indicators. This approach takes into consideration among others, the risk profile and the growth prospects of a selected sample of comparable listed companies.

The recoverable amount of goodwill from Hellas on Line SA was determined by calculating the fair value less costs to sell using the methods of discounted free cash flows, comparable transactions indicators and comparable companies indicators. For the discounting of future cash flows, the weighted average cost of capital 8,8% and growth rate in perpetuity of 3% were used. For the ratios of comparable companies, the earnings per share and the revenue per share ratios were used.

(All amounts in €'000)

8. Intangible assets

Group

	Software	Internally-generated software	Connection fees	Trade name	Customers Relationships	Other	Total
Cost							
Balance at 1 January 2006	85.284	42.012	-	-	-	9.394	136.690
Exchange differences	(28)	7	-	-	-	(335)	(356)
Additions	1.672	2.019	-	-	-	452	4.144
Disposals	(76)	-	-	-	-	(517)	(593)
Disposal of subsidiaries	(64.545)	(22.964)	-	-	-	(6.672)	(94.181)
Balance at 31 December 2006	22.308	21.074	-	-	-	2.322	45.704
Balance at 1 January 2007	22.308	21.074	-	-	-	2.322	45.704
Exchange differences	(16)	(12)	-	-	-	(18)	(46)
Additions	3.765	-	2.390	-	-	42	6.197
Disposals	(64)	-	-	-	-	(298)	(362)
Transfer from assets held fos sale	5.343	-	2.028	2.353	7.058	-	16.781
Acquisition of subsidiaries	2.358	-	-	-	8.140	-	10.498
Balance at 31 December 2007	33.695	21.062	4.417	2.353	15.198	2.047	78.772
Accumulated depreciation							
Balance at 1 January 2006	55.460	20.102	-	-	-	6.037	81.599
Exchange differences	(28)	21	-	-	-	(283)	(290)
Amortisation charge	8.148	2.336	-	-	-	1.327	11.810
Disposals	(58)	-	-	-	-	(459)	(517)
Disposal of subsidiaries	(49.194)	(5.405)	-	-	-	(5.564)	(60.163)
Balance at 31 December 2006	14.328	17.054	-	-	-	1.058	32.440
Balance at 1 January 2007	14.328	17.054	-	-	-	1.058	32.440
Exchange differences	(24)	(9)	-	-	-	(14)	(47)
Amortisation charge	4.676	742	2.748	-	832	1.016	10.013
Disposals	(63)	-	-	-	-	(266)	(329)
Transfer from assets held fos sale	3.390	-	-	-	222	-	3.612
Acquisition of subsidiaries	998	-	-	-	-	-	998
Balance at 31 December 2007	23.306	17.787	2.748	-	1.054	1.794	46.687
Net book amount at 31 December 2006	**7.980**	**4.020**	**-**	**-**	**-**	**1.264**	**13.264**
Net book amount at 31 December 2007	**10.390**	**3.276**	**1.670**	**2.353**	**14.144**	**253**	**32.084**

Amortisation charge of €6.474 relates to discontinued operations for the year 2006 from Intracom Telecom. Amortisation charge of €787 relates to operations for the year 2006 from Hellas On Line.

(All amounts in €'000)

Company

	Software	Internally-generated software	Total
Cost			
Balance at 1 January 2006	8.055	4.065	12.120
Balance at 31 December 2006	8.055	4.065	12.120
Balance at 1 January 2007	8.055	4.065	12.120
Balance at 31 December 2007	8.055	4.065	12.120
Accumulated depreciation			
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
Balance at 1 January 2007	5.089	1.778	6.867
Amortisation charge	988	612	1.600
Balance at 31 December 2007	6.077	2.390	8.466
Net book amount at 31 December 2006	**2.966**	**2.287**	**5.253**
Net book amount at 31 December 2007	**1.979**	**1.675**	**3.654**

(All amounts in €'000)

9. Investment property

	Group	Company
Cost		
Balance at 1 January 2006	42.044	21.975
Exchange differences	(339)	-
Additions	2.641	-
Transfer from property, plant and equipment (Note 6)	26.733	30.997
Disposal of subsidiaries	(2.641)	-
Balance at 31 December 2006	68.438	52.972
Balance at 1 January 2007	68.438	52.972
Exchange differences	(307)	-
Additions	8	-
Disposals	(1.407)	(1.407)
Transfer from/ (to) property, plant and equipment (Note 6)	(12.494)	11.533
Balance at 31 December 2007	54.239	63.098
Accumulated depreciation		
Balance at 1 January 2006	3.380	2.740
Exchange differences	(23)	-
Transfer from property, plant and equipment (Note 6)	1.426	3.102
Depreciation charge	628	526
Disposal of subsidiaries	(142)	-
Balance at 31 December 2006	5.268	6.368
Balance at 1 January 2007	5.268	6.368
Exchange differences	(26)	-
Transfer from/ (to) property, plant and equipment (Note 6)	(1.405)	873
Depreciation charge	507	766
Disposals	(154)	(154)
Balance at 31 December 2007	4.190	7.854
Net book amount at 31 December 2006	**63.170**	**46.603**
Net book amount at 31 December 2007	**50.049**	**55.244**

The amount shown as transfer from property, plant and equipment for the year 2007 for the Company includes additions for the year of approximately €3,5 mil., transferred from assets under construction.

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

(All amounts in €'000)

Rental income from investment properties from continued operations for 2007 amounted to €2.429 and €2.163 for the Group and the Company respectively (2006: €2.374 and €1.362 for the Group and the Company respectively)

10. Investments in subsidiaries

Investments in subsidiaries are analyzed as follows:

	Company	
	31/12/2007	**31/12/2006**
Balance at the beginning of the year	177.682	376.308
Additions / Share capital increase	46.300	73.090
Disposals/ Share capital decrease	-	(156.113)
Transfer to associates (Notes 11, 34)	-	(115.900)
Increase due to share options attributable to subsidiaries	-	297
Balance at the end of the year	**223.982**	**177.682**

The transfer to associates for the year 2006 relates to the sub-group Intracom Telecom (note 34)

Hellas on Line SA

On 18 July 2007 the Company transferred to its 100% subsidiary company Intracom Holdings International Limited, as contribution in kind, 5.500.000 shares of HoL (percentage 20%), as consideration for the subsidiary's share capital increase by €9.122.

Following this, in July, the subsidiary transferred its total shareholding in HoL to third parties for €15.000. The profit for the Group from this transaction amounted to €12.252 and is included in 'Other gains / (losses) – net' (note 31), while no profit arose from this transaction in the Company financial statements.

The amount of €15.000 will be received through annual interest-bearing instalments of €1.925 each (note 15).

On 27 July 2007, the Annual General Meeting of the shareholders of HoL decided the increase of share capital through capitalisation of reserves of €2.000 and cash of €46.300. The other shareholders did not participate in the share capital increase through cash and as a result, the shareholding of Intracom Holdings increased to 92%.

The above transactions resulted in an increase in the minority interest of €4.644 and recognition of goodwill of €1.896 (note 7).

(All amounts in €'000)

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

		31/12/2007		31/12/2006	
Name	**Country of incorporation**	**% interest held**	**Carrying value**	**% interest held**	**Carrying value**
Intracom SA Information Technology	Greece	100%	43.152	100%	43.152
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%	17.259	100%	8.139
Hellas on Line SA	Greece	92%	82.786	100%	45.608
			223.980	**Total**	**177.682**

The above list contains direct investment in subsidiaries only. A list of all the direct and indirect interests in subsidiaries is presented in note 43.

11. Investments in associates

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance at the beginning of the year	**120.590**	**3.438**	**116.175**	**276**
Additions	9.340	-	9.340	-
Disposals	(443)	-	-	-
Transfer from / (to) subsidiaries (note 10)	(1.823)	133.691	-	115.900
Transfer from assets held for sale (Note 13)	(9.106)	-	(9.340)	-
Share of loss	(554)	(15.689)	-	-
Effect of tax, dividends and exchange differences	(528)	(849)	-	-
Balance at the end of the year	**117.475**	**120.590**	**116.175**	**116.175**

Teledome SA

On 23 July 2007 the Company announced the submission of a binding offer for the acquisition of 100% of the share capital of "Teledome Systems of Telecommunications - Software and Telematics Commercial and Industrial Societe Anonyme", which offer was initially accepted by the shareholders of Teledome. On 10 August 2007 the Company acquired 39% of the shares of Teledome for €9.340. On 28 November 2007 and following the completion of the financial and legal due diligence, the Company decided to maintain its current shareholding of 39% and not to proceed with the acquisition of the remaining shares.

In these financial statements, Teledome has been consolidated from the acquisition date to 30 September 2007 using the equity method. The resulting goodwill of €5.587 was included in investments in associates. For the period 1/7-30/9/2007, share of profit of associates includes losses of €234 from the consolidation of Teledome.

Subsequent to 30 September 2007 and following the decision not to proceed with the acquisition of any additional shareholding, the Group ceased to exercise significant influence over Teledome, since it has no representation in the Board of Directors of the company and no participation in the decisions relating to the financial and operating policy of the company. Due to the loss of significant influence, the Group has transferred the investment to available-for-sale financial assets and measures it in accordance with IFRS 39 (note 13).

(All amounts in €'000)

Gantek

In July 2007, the Group disposed of its share in the associate Company Gantek, realising a gain of €303.

Unibrain SA

The transfer from associate to subsidiary relates to the sub-group Unibrain SA (see note 38).

Information regarding associates of the Group is given below:

2007

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit / (Loss)	Interest Held
INTRACOM SA TELECOMMUNICATIONS	GREECE	509.492	264.645	314.559	543	49,00%
MOLDOVAN LOTTERY	MOLDOVA	2.611	2.076	3.721	34	32,90%
		512.103	**266.721**	**318.280**	**577**	

2006

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit / (Loss)	Interest Held
INTRACOM SA TELECOMMUNICATIONS	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	MOLDOVA	2.470	1.912	3.653	(69)	32,85%
		587.684	**339.099**	**191.493**	**(34.135)**	

12. Joint ventures

The following amounts show the Group's share of assets and liabilities in joint ventures and companies that are accounted for by proportionate consolidation and are included in the balance sheet.

	31/12/2007
Assets	
Non-current assets	1.327
Current assets	10.557
	11.883
Liabilities	
Non-current liabilities	251
Current liabilities	12.875
	13.126
Equity	(1.243)
Income	19.871
Expenses	(19.821)
Profit / (Loss) (after tax)	**50**

(All amounts in €'000)

Information regarding joint ventures of the Group is given below:

2007

Name	Country of incorporation	Interest held
J/V INTRAKAT - ELTER (N.SECTION MAINTENANCE)	GREECE	50,00%
J/V INTRAKAT - ATTIKAT (EGNATIA ODOS)	GREECE	50,00%
J/V INTRAKAT - ELTER (PIPELINE ALEX/LIS)	GREECE	50,00%
J/V INTRAKAT - ELTER (XIRIA)	GREECE	50,00%
J/V INTRAKAT - ELTER (ROAD DIVERSION ARTAS)	GREECE	30,00%
J/V INTRAKAT - ELTER (NATURAL GAS INSTALLATION PROJECT - SCHOOLS)	GREECE	30,00%
J/V INTRAKAT - ELTER (BROADBAND NETWORKS ETVA V.I.P.E)	GREECE	50,00%
J/V INTRAKAT - INTRACOM (TELECOMMUNICATION SYSTEMS DEPA)	GREECE	70,00%
J/V ELTER - INTRAKAT (NATURAL GAS INSTALLATION PROJECT ATTICA NORTHEAST & SOUTH)	GREECE	49,00%
J/V AKTOR- PANTEXNIKI SA - INTRAKAT (J/V MOREAS)	GREECE	13,33%
J/V ELTER - INTRAKAT (NATURAL GAS INSTALLATION PROJECT ATTICA NORTHEAST & SOUTH) EPA 3	GREECE	50,00%
J/V ELTER ATE - INTRAKAT (XANTHI SERRES KOMOTINI)	GREECE	50,00%
J/V ELTER ATE - INTRAKAT (NORTHEAST ATTICA) EPA 4	GREECE	50,00%
J/V INTRAKAT - ELTER (KATERINI HOSPITAL)	GREECE	50,00%
J/V INTRAKAT - ELTER (CORFU HOSPITAL)	GREECE	50,00%
J/V ELTER ATE- INTRAKAT (CENTRAL AREA) EPA 5	GREECE	50,00%
J/V ELTER ATE- INTRAKAT (SOUTH AREA) EPA 6	GREECE	50,00%
J/V ELTER ATE - INTRAKAT (NATURAL GAS SUPPL.NETWORK LAMIA-THIV-CHALKIDA)	GREECE	50,00%
J/V ELTER ATE- INTRAKAT (EPA 7)	GREECE	49,00%
J/V ELTER - INTRAKAT (EPA GAS)	GREECE	45,00%
J/V MOHLOS - INTRAKAT (SWIMMING)	GREECE	50,00%
J/V OLYMP. - MOHLOS - CYBARCO - ATH. - I.K.(PANTHESSALIAN STADIUM N. IONIAS VOLOY)	GREECE	15,00%
J/V INTRAKAT - GANTZOULAS (DEPA)	GREECE	50,00%
J/V MOHLOS - INTRAKAT (TENNIS)	GREECE	50,00%
J/V ELTER - INTRAKAT - ENERGY	GREECE	40,00%
J/V "ATH. TECHNIKI-PRISMA DOMI" - INTRAKAT	GREECE	50,00%
J/V INTRAKAT - ERGAS - ALGAS	GREECE	33,33%

(All amounts in €'000)

2006

Name	Country of incorporation	Interest held
J/V INTRAKAT - ELTER (N.SECTION MAINTENANCE)	GREECE	50,00%
J/V INTRAKAT - ATTIKAT (EGNATIA ODOS)	GREECE	50,00%
J/V INTRAKAT - ELTER (PIPELINE ALEX/LIS)	GREECE	50,00%
J/V INTRAKAT - ELTER (XIRIA)	GREECE	50,00%
J/V INTRAKAT - ELTER (ROAD DIVERSION ARTAS)	GREECE	30,00%
J/V INTRAKAT - ELTER (NATURAL GAS INSTALLATION PROJECT - SCHOOLS)	GREECE	30,00%
J/V INTRAKAT - ELTER (BROADBAND NETWORKS ETVA V.I.P.E)	GREECE	50,00%
J/V INTRAKAT - INTRACOM (TELECOMMUNICATION SYSTEMS DEPA)	GREECE	70,00%
J/V ELTER - INTRAKAT (NATURAL GAS INSTALLATION PROJECT ATTICA NORTHEAST & SOUTH)	GREECE	49,00%
J/V ELTER - INTRAKAT (EPA GAS)	GREECE	45,00%
J/V MOHLOS - INTRAKAT (SWIMMING)	GREECE	50,00%
Κ/Ξ ΜΟΧΛΟΣ-ΑΘΗΝΑΙΚΗ ΤΕΧΝ.- ΙΝΤΡΑΚΑΤ(ΣΤΑΔΙΟ Ν.ΙΩΝΙΑΣ ΒΟΛΟΥ)	GREECE	15,00%
J/V INTRAKAT - GANTZOULAS (DEPA)	GREECE	50,00%
J/V MOHLOS - INTRAKAT (TENNIS)	GREECE	50,00%
J/V ELTER - INTRAKAT - ENERGY	GREECE	40,00%
J/V "ATH. TECHNIKI-PRISMA DOMI" - INTRAKAT	GREECE	50,00%
J/V INTRAKAT - ERGAS - ALGAS	GREECE	33,33%

(All amounts in €'000)

13. Available-for-sale financial assets

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance at the beginning of the year	12.010	13.896	9.030	8.528
Exchange differences	-	(30)	-	-
Additions	1.639	1.731	1.600	1.708
Purchase of subsidiary/ Change in consolidation method	110	-	-	-
Disposals	(15)	(1.990)	-	(100)
Fair value gains / (losses)	1.782	55	(3.093)	(63)
Impairment	(107)	(1.063)	(107)	(1.043)
Transfer from associates (Note 11)	9.106	-	9.340	-
Disposal of subsidiaries	-	(589)	-	-
Balance at the end of the year	**24.525**	**12.010**	**16.769**	**9.030**
Non-current assets	24.525	11.502	16.769	9.030
Current assets	-	508	-	-
	24.525	**12.010**	**16.769**	**9.030**

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Listed securities:				
- equity securities	6.336	1.699	47	36
Unlisted securities:				
- equity securities	12.725	5.032	11.259	3.714
- bonds	5.464	5.280	5.464	5.280
	24.525	**12.010**	**16.769**	**9.030**

Investments in unlisted shares are shown at cost less impairment. With relation to the investment in Teledome, the Group estimated fair value through the market comparable method and the market transaction method, using the price to earnings ratio. The fair value was determined after taking into consideration the findings of the financial and legal due diligence performed for the company (note 11).

The investments in listed companies relate to companies listed in the Athens Stock Exchange, which are measured at their stock prices at the balance sheet date. Bonds to banks are measured at their current value.

Borrowings of the Company amounting to €3.480, included in current borrowings, will be fully repaid using part of the amount to be received on the expiration of the bond of €5.464 included in the above table.

(All amounts in €'000)

14. 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	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Deferred tax assets	(1.616)	(5.020)	-	(3.938)
Deferred tax liabilities	5.198	487	355	-
	3.582	**(4.533)**	**355**	**(3.938)**

The gross amounts are as follows:

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Deferred tax assets:				
To be recovered after more than 12 months	(3.960)	(7.145)	(632)	(4.782)
To be recovered within 12 months	(2.704)	(1.527)	(39)	(46)
	(6.664)	**(8.672)**	**(672)**	**(4.828)**
Deferred tax liabilities				
To be settled after more than 12 months	8.605	2.701	967	365
To be settled within 12 months	1.641	1.438	59	526
	10.246	**4.139**	**1.027**	**890**
	3.582	**(4.533)**	**355**	**(3.938)**

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

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance at the beginning of the year	(4.533)	(9.434)	(3.938)	(6.035)
Exchange differences	5	(14)	-	-
Charged/ (credited) to the income statement (note 33)	10.611	1.510	4.293	2.097
Transfer from assets held for sale	(4.561)	-	-	-
Charge in equity	(166)	-	-	-
Acquisition of subsidiary (Note 38)	2.226	-	-	-
Disposals of susidiaries	-	3.405	-	-
Balance at the end of the year	**3.582**	**(4.533)**	**355**	**(3.938)**

An amount of €322 charged to the consolidated income statement for the year 2006 relates to discontinued operations from Intracom Telecom. An amount of €4.939 credited to the consolidated income statement for the year 2006 relates to operations from Hellas On Line.

(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

Deferred tax assets:

	Provisions / Impairment losses	Tax losses	Other	Total
Balance at 1 January 2006	(6.496)	(8.785)	(1.710)	(16.990)
Exchange differences	-	-	(10)	(10)
Charged / (credited) to the income statement	2.252	(1.380)	(129)	744
Disposal of subsidiaries	3.211	4.253	120	7.584
Balance at 31 December 2006	**(1.032)**	**(5.912)**	**(1.728)**	**(8.672)**
Balance at 1 January 2007	(1.032)	(5.912)	(1.728)	(8.672)
Exchange differences		6	(1)	5
Charged / (credited) to the income statement	(821)	10.167	988	10.335
Charge in equity	-	-	(166)	(166)
Transfer from assets held for sale	(420)	(5.820)	(1.326)	(7.566)
Acquisition of subsidiary	(396)	-	(203)	(600)
Balance at 31 December 2007	**(2.669)**	**(1.559)**	**(2.437)**	**(6.664)**

Deferred tax liabilities:

	Trade name and customer relationships	Accelerated tax depreciation	Other	Total
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**
Balance at 1 January 2007	-	3.289	850	4.139
Exchange differences	-	-	1	1
Charged / (credited) to the income statement	(208)	1.553	(1.070)	275
Transfer from assets held for sale	2.297	-	709	3.006
Acquisition of subsidiary	2.035	776	14	2.825
Balance at 31 December 2007	**4.124**	**5.619**	**502**	**10.245**

On December 2007 the Board of Directors of the subsidiary companies Unibrain SA and Hellas on Line SA decided their merger via the absorption of Hellas on Line by Unibrain (see note 42). According to the tax laws, the tax losses of HoL cannot be transferred to the new company and consequently deferred tax assets on tax losses amounting to €5.820 have been written off in the current year's income statement.

Additionally, deferred tax asset on tax losses of the parent Company amounting to €4.156 has been written off in the current year's income statement, following the tax audit of the years 2005 and 2006.

(All amounts in €'000)

Company

Deferred tax assets:

	Accelerated tax depreciation	Provisions	Tax losses	Other	Total
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)**
Balance at 1 January 2007	-	(126)	(4.656)	(46)	(4.828)
Charged / (credited) to the income statement	-	(23)	4.156	23	4.156
Balance at 31 December 2007	**-**	**(149)**	**(500)**	**(22)**	**(672)**

Deferred tax liabilities:

	Accelerated tax depreciation	Other	Total
Balance at 1 January 2006	-	568	568
Charged / (credited) to the income statement	354	(32)	322
Balance at 31 December 2006	**354**	**536**	**890**
Balance at 1 January 2007	354	536	890
Charged / (credited) to the income statement	613	(476)	136
Balance at 31 December 2007	**967**	**60**	**1.027**

15. Trade and other receivables

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Trade receivables	192.168	171.670	5.255	7.117
Less: provision for impairment	(13.670)	(9.902)	-	-
Trade receivables - net	178.498	161.768	5.255	7.117
Prepayments	11.363	11.320	315	331
Receivables from related parties (note 41)	41.897	39.811	33.089	25.776
Loans to related parties (note 41)	-	-	250	-
Prepaid expenses	5.546	5.393	639	552
Accrued expenses	19.353	9.919	50	33
Other receivables	80.440	47.672	16.322	43.247
Total	**337.098**	**275.882**	**55.921**	**77.056**
Non-current assets	31.027	21.075	12.238	12.767
Current assets	306.071	254.807	43.683	64.289
	337.098	**275.882**	**55.921**	**77.056**

Other receivables of the Company include a provision for impairment of €220 recorded during the year 2006.

Additionally, other receivables of the Group on 31/12/2007 include VAT receivable of approximately €21 mil., as well as receivable of €15 mil. from the disposal of shareholding in the subsidiary company HoL (note 10). Furthermore, an amount of €5.903 included under the caption 'Other receivables' concerns amounts deposited in a bank account in accordance with the terms of the bond loan of a subsidiary company.

(All amounts in €'000)

The analysis of trade receivables of the Group and the Company at the end of each year is as follows:

	Group		**Company**	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Not past due and not impaired at the balance sheet date	77.967	66.649	205	460
Impaired at the balance sheet date	19.630	15.630	-	-
Provision made for the following amount:	(13.670)	(9.902)	-	-
	5.960	5.727	-	-
Not impaired at the balance sheet date but past due in the following periods:				
< 90 days	27.038	20.081	95	469
90-180 days	9.993	9.522	-	326
180-270 days	6.713	5.049	6	326
270-365 days	2.981	8.025	4	1.075
1- 2 years	14.874	15.803	708	1.091
>2 years	32.973	30.910	4.238	3.371
	94.571	89.391	5.051	6.657
Total trade receivables	**178.498**	**161.767**	**5.255**	**7.117**

Trade receivables of the Company which are past due for more than 2 years include amounts of €1.133 for which there are respective liabilities. Trade receivables of the Group which are past due for more than one year include receivables from the Greek State of approximately €31 mil.

There is no concentration of credit risk in relation to trade receivables, since the Group has a great number of customers. The Group has developed policies to ensure that the sales agreements take place with customers with sufficient credit quality. The credit policy of the Group is determined on a case by case basis, and are set out in the agreed terms in the contract signed with each customer.

The movement of provision for impairment of trade receivables is analysed as follows:

	Group	**Company**
Balance at 1 January 2006	6.880	-
Provision for impairment	5.047	-
Receivables written-off during year as uncollectible	(299)	-
Unused amounts reversed	(1.725)	-
Balance at 31 December 2006	**9.902**	**-**
Provision for impairment	4.380	-
Receivables written-off during year as uncollectible	(800)	-
Acquisition of subsidiaries	378	-
Unused amounts reversed	(1.797)	-
Transfer from assets held for sale	1.607	-
Balance at 31 December 2007	**13.670**	**-**

(All amounts in €'000)

Trade and other receivables are denominated in the following currencies:

	Group		**Company**	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Euro (EUR)	308.422	249.290	55.921	77.056
Romanian New Lei (RON)	13.331	12.668	-	-
US Dollar (USD)	5.372	2.374	-	-
Hungarian Fiorin (HUF)	3.522	7.344	-	-
Jordan Dinar (JOD)	3.654	2.771	-	-
Other	2.797	1.434	-	-
	337.098	**275.882**	**55.921**	**77.056**

16. Inventories

	Group		**Company**	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Raw materials	31.127	28.423	-	-
Semifinished goods	7.705	8.251	-	-
Finished goods	8.229	8.742	-	-
Work in progress	936	3.322	-	-
Merchandise	4.123	3.372	-	-
Other	125	42	-	-
Total	**52.245**	**52.153**	**-**	**-**
Less: Provisions for obsolete inventories				
Raw materials	791	499	-	-
Semifinished goods	151	131	-	-
Finished goods	2	1.875	-	-
Merchandise	2.314	-	-	-
	3.257	**2.505**	**-**	**-**
Net realisable value	**48.987**	**49.649**	**-**	**-**

(All amounts in €'000)

The movement of the provision is as follows:

	Group	Company
Balance 1 January 2006	6.892	-
Provision for impairment	2.286	-
Amount of provision reversed during the year	(6.674)	-
Balance 31 December 2006	**2.505**	-
Provision for impairment	713	-
Amount of provision reversed during the year	40	-
Balance 31 December 2007	**3.257**	-

17. Construction contracts

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Assets				
Contracts in progress at the balance sheet date				
Receivables from construction contracts	20.772	16.267	-	-
Total	**20.772**	**16.267**	-	-
Liabilities				
Contracts in progress at the balance sheet date				
Liabilities from construction contracts	2.460	1.090	-	-
Total	**2.460**	**1.090**	-	-
Accumulated contract costs plus accumulated recognised profits less accumulated recognised losses	222.461	87.289	-	-
Less: Progress billings	(204.149)	(72.113)	-	-
Construction contracts	**18.312**	**15.177**	-	-

(All amounts in €'000)

18. Financial assets at fair value through profit or loss

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Balance at the beginning of the year	1.056	3.441	-	-
Exchange differences	10	(2)	-	-
Additions	63	-	-	-
Disposals	(263)	(2.466)	-	-
Acquisition of subsidiary / change in consolidation method	369	-	-	-
Fair value adjustments (Note 31)	10	83	-	-
Balance at the end of the year	**1.245**	**1.056**	-	-

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Listed securities				
- Equity securities - Greece	1.149	786	-	-
- Equity securities - abroad	33	208	-	-
- Mutual funds - Greece	63	62	-	-
	1.245	**1.056**	**-**	**-**

19. Cash and cash equivalents

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

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cash at bank and in hand	33.787	28.734	2.742	5.721
Short-term bank deposits	42.786	86.743	30.193	66.810
Total	**76.573**	**115.477**	**32.935**	**72.531**

The effective interest rate on short-term bank deposits for the Company was 4,4% (2006: 3,2%).

Cash and cash equivalents are analysed in the following currencies:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Euro (EUR)	36.542	26.133	12.244	6.001
US Dollar (USD)	8.089	7.088	2.770	3.626
Japanese Yen (JPY)	23.810	77.450	16.810	62.350
Bulgarian Leva (BGN)	3.108	3.100	-	-
Other	5.024	1.707	1.112	554
	76.573	**115.477**	**32.935**	**72.531**

The Group bank deposits in JPY have fixed exchange rate / fixed return, and as a result there is no exposure to risk from JPY exchange rate changes.

(All amounts in €'000)

20. Share capital

	Number of shares	Share capital	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)
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
Employee share option scheme					
Value of services provided	88.581	125	116	-	241
Expenses on issue of share capital	-	-	(14)	-	(14)
	132.210.996	187.567	194.204	(4.215)	377.556
Treasury shares	(865.815)	-	-	(3.509)	(3.509)
Balance at 31 December 2007	**131.345.181**	**187.567**	**194.204**	**(7.724)**	**374.047**

On 17 December 2007, the Company's share capital increased by 88.581 new shares with nominal value of €1,41 each, due to the exercise of share options during December 2007 (29.667 share options for €2,93 each and 58.914 share options for €2,61 each).

As at 31 December 2007 the share capital of the Company was divided into 133.026.017 shares with nominal value €1,41 each.

Treasury shares

During the year 2007, the Company acquired 865.815 of its own shares through purchases on the Athens Stock Exchange. The total amount paid to acquire the shares, net of income tax, was €3.509 which has been deducted from shareholders' equity and is presented at cost.

(All amounts in €'000)

Share options

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

A summary of share options granted is as follows:

Share options	**2007**	**2006**
Outstanding at 1 January	361.347	775.200
Granted	-	110.000
Exercised	(88.581)	(523.853)
Expired	(86.896)	-
Outstanding at 31 December	185.870	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. No share options were granted by the Company during 2007.

During the year 2007, a subsidiary company granted to executives 220 share options which are based on its share price, giving the right to the executives to exchange the share options with a determined amount of cash at the end of the vesting period (3 years). These benefits were accounted partly as an obligation and partly through equity.

The total charge in the consolidated income statement is €496 (liability €314 and equity €182).

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.

The charge in the consolidated income statement for the year 2007 amounted to €496 (2006: €555).

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 f air value is recognised as an expense over the vesting period of the share options. In the case that the share options are cash-settled and thus a liability is recorded, the fair value of the share options is determined at each balance sheet date.

(All amounts in €'000)

21. Other reserves

Group

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Other reserves	Fair value reserves	Total
Balance at 1 January 2006	31.271	8.099	155.633	70.106	(1.074)	(642)	263.392
Fair value gain 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**
Balance at 1 January 2007	29.394	8.099	112.919	70.106	(28.929)	(295)	191.294
Fair value profit on available - for - sale financial assets	-	-	-	-	-	491	491
Exchange differences	-	-	-	-	-	(643)	(643)
Transfers between reserves	228	-	8.629	(184)	(385)	-	8.289
Dividend distribution	-	-	-	(13.126)	-	-	(13.126)
Share options	-	-	-	-	326	-	326
Balance at 31 December 2007	**29.622**	**8.099**	**121.549**	**56.797**	**(28.988)**	**(447)**	**186.632**

Company

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Fair value reserves	Total
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**
Balance at 1 January 2007	26.719	8.069	55.376	70.106	(770)	159.500
Dividend distribution	-	-	-	(13.126)	-	(13.126)
Fair value loss on available - for - sale financial assets	-	-	-	-	(3.093)	(3.093)
Balance at 31 December 2007	**26.719**	**8.069**	**55.376**	**56.981**	**(3.863)**	**143.281**

(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.

22. Borrowings

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Non-current borrowings				
Bank loans	4.344	7.373	-	-
Finance lease liabilities	4.555	924	-	3
Bond loans	55.036	26.962	-	-
Total non-current borrowings	**63.935**	**35.259**	**-**	**3**
Current borrowings				
Bank loans	170.627	76.516	12.774	4.326
Bond loans	7.053	4.979	-	-
Finance lease liabilities	2.917	656	3	11
Total current borrowings	**180.598**	**82.150**	**12.777**	**4.337**
Total borrowings	**244.533**	**117.409**	**12.777**	**4.340**

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

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Euro	240.677	105.686	12.777	4.340
US dollar (USD)	2.497	2.689	-	-
Romanian New Lei (RON)	-	7.204	-	-
Other	1.359	1.830	-	-
	244.533	**117.409**	**12.777**	**4.340**

(All amounts in €'000)

The contractual undiscounted cash flows of the non-current borrowings, excluding finance leases, are as follows:

	Group		**Company**	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Between 1 and 2 years	11.958	7.703	-	-
Between 2 and 3 years	10.647	10.157		
Between 3 and 5 years	44.948	17.024	-	-
More than 5 years	2.020	-	-	-
	69.573	**34.884**	-	-

On 31st December 2007 subsidiary companies had non-current bond loans amounting to €55.036 with weighted average floating interest rate of 5%.

The weighted average interest rate for the other borrowings for the Group and the Company for 2007 was around 5% (2006:5%).

Securities relating to the above borrowings are disclosed in note 40.

Finance leases

	Group		**Company**	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Finance lease liabilities- minimum lease payments				
Not later than 1 year	3.213	720	3	12
Between 2 and 5 years	4.779	1.024	-	3
Total	7.991	1.743	3	15
Less: Future finance charges on finance leases	(519)	(164)	(0)	(1)
Present value of finance lease liabilities	**7.473**	**1.579**	**3**	**14**
Present value of finance lease liabilities:				
Not later than 1 year	2.917	656	3	11
Between 2 and 5 years	4.555	924	-	3
Total	**7.473**	**1.579**	**3**	**14**

(All amounts in €'000)

23. Retirement benefit obligations

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance sheet obligations for:				
Pension benefits	**4.053**	**2.719**	**530**	**438**
Income statement charge				
Pension benefits (Note 29)	**2.214**	**1.579**	**305**	**(365)**

Charge to the income statement for the Group in 2006 of €910 relates to discontinued operations.

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

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Present value of unfunded obligations	5.495	4.758	716	718
Unrecognised actuarial losses	(1.443)	(2.039)	(187)	(281)
Liability on the balance sheet	**4.052**	**2.719**	**530**	**438**

The amounts recognised in the income statement are as follows:

	Group		Company	
	1/1-31/12/2007	**1/1-31/12/2006**	**1/1-31/12/2007**	**1/1-31/12/2006**
Current service cost	845	682	59	99
Interest cost	231	242	31	44
Net actuarial losses recognised during the year	145	208	27	69
Past service cost	49	50	-	-
(Gains) / losses on curtailment	943	397	187	(577)
Total, included in staff costs	**2.214**	**1.579**	**305**	**(365)**

Total charge is allocated as follows:	Group		Company	
	1/1-31/12/2007	**1/1-31/12/2006**	**1/1-31/12/2007**	**1/1-31/12/2006**
Cost of goods sold	991	920	80	(259)
Selling costs	718	510	14	(9)
Administrative expenses	505	150	211	(98)
	2.214	**1.579**	**305**	**(365)**

(All amounts in €'000)

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

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance at the beginning of the year	2.719	6.811	438	1.133
Exchange differences	50	(1)	-	-
Total expense charged / (credited) in the income statement (Note 29)	2.214	1.579	305	(365)
Contributions paid	(1.357)	(1.503)	(213)	(331)
Acquisition of subsidiary (Note 38)	88	-	-	-
Transfer from assets held for sale	339	-	-	-
Disposal of subsidiaries	-	(4.168)	-	-
Balance at the end of the year	**4.053**	**2.719**	**530**	**438**

The principal actuarial assumptions used are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
Discount rate	4,70% - 5,00%	4,10% - 4,30%	4,70%	4,10%
Future salary increases	4,50% - 4,85%	4,50% - 4,90%	4,50%	4,50%

24. Grants

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Balance at the beginning of the year	544	564	-	-
Additions	1.644	150	-	-
Depreciation charge	(425)	(93)	-	-
Disposal of subsidiaries	-	(77)	-	-
Balance at the end of the year	**1.763**	**544**	**-**	**-**

Depreciation charge of €569 for the year 2006 as shown in note 30 includes depreciation charge of €476 that relates to operations from Hellas On Line.

The grants received in the year 2007 relate to subsidies from the 'Society of Information' to the subsidiary company Hellas on Line for the expansion of its telecommunications network.

(All amounts in €'000)

25. Provisions

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Current liabilities	6.668	5.256	142	142
Non- current liabilities	957	2.606	-	-
Total	**7.625**	**7.862**	**142**	**142**

Group

	Warranties	Unused compensated absences	Other	Total
Balance at 1 January 2006	4.121	162	5.036	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**	**162**	**6.245**	**7.862**
Balance at 1 January 2007	1.455	162	6.245	7.862
Exchange differences	-	-	(1)	(1)
Additional provisions	386	472	2.293	3.151
Unused amounts reversed	-	-	(268)	(268)
Provisions used during the year	-	-	(3.425)	(3.425)
Transfer from assets held for sale	-	-	307	307
Balance at 31 December 2007	**1.841**	**634**	**5.150**	**7.625**

The amount of €5.150 included in other provisions as at 31/12/2007 includes an amount of €2.793 that relates to the recognition of losses of loss making contrasts.

Company

	Unused compensated absences	Other	Total
Balance at 1 January 2006	68	74	142
Balance at 31 December 2006	**68**	**74**	**142**
Balance at 1 January 2007	68	74	142
Balance at 31 December 2007	**68**	**74**	**142**

(All amounts in €'000)

26. Trade and other payables

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade payables	113.902	65.127	3.800	4.535
Prepayments from customers	45.577	37.296	-	-
Deffered income	7.153	-	-	-
Amounts due to related parties (note 41)	41.070	7.134	15.334	6.059
Accrued expenses	10.182	9.801	267	246
Social security and other taxes	7.140	7.879	934	1.002
Other liabilities	24.998	20.033	2.309	9.089
Total	**250.023**	**147.270**	**22.645**	**20.931**
Non-current liabilities	7.928	2.096	-	-
Current liabilities	242.094	145.174	22.645	20.931
	250.023	**147.270**	**22.645**	**20.931**

Non-current liabilities as at 31 December 2007 include an amount of €3.808 that relates to deferred income.

The credit payment terms enjoyed by the Group are determined on a case by case basis, and are set out in the contracts signed with each supplier.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Euro	226.453	135.222	22.409	20.663
US Dollar (USD)	10.512	3.115	173	204
Romanian New Lei (RON)	6.134	5.528	-	-
Hungarian Fiorin (HUF)	1.995	-	-	-
Bulgarian Leva (BGN)	1.401	1.323	-	-
Other	3.528	2.081	63	64
	250.023	**147.270**	**22.645**	**20.931**

27. Derivative financial instruments

Derivative financial instruments as at 31/12/2006 related to interest-rate swaps of nominal value €100.000. During 2007 the Company settled these positions realising a gain of €1.287 (note 32).

(All amounts in €'000)

28. Expenses by nature

	Note	Group		Company	
		1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Employee benefit expense	29	112.530	96.475	7.784	6.935
Inventory cost recognised in cost of goods sold		91.643	101.081	-	-
Depreciation of PPE	6	15.752	11.910	1.305	1.514
Depreciation of investment property	9	507	568	766	526
Amortisation of intangible assets	8	10.013	6.124	1.600	1.644
Write-off of PPE		1.125	-	-	-
Impairment of inventories		713	2.286	-	-
Repairs and maintenance		1.695	1.530	383	508
Operating lease payments		6.394	3.697	689	1.209
Subcontractors' fees		99.521	60.081	-	-
Restructuring costs		-	1.392	-	-
Impairment of receivables		4.380	3.450	-	220
Telecommunications cost		26.565	25.955	-	-
Third party fees		36.725	27.189	2.661	3.275
Advertisement		12.639	4.953	207	318
Taxes		-	313	-	-
Other		32.980	34.679	4.007	5.599
Total		**453.182**	**381.683**	**19.401**	**21.748**
Split by function:					
Cost of goods sold		363.239	299.734	11.549	15.230
Selling costs		37.831	32.651	273	425
Administrative expenses		52.111	49.297	7.579	6.092
		453.182	**381.683**	**19.401**	**21.748**
Split of depreciation by function:					
Cost of goods sold		16.908	12.589	1.992	2.661
Selling costs		2.053	1.481	71	6
Administrative expenses		7.310	4.531	1.608	1.018
		26.272	**18.602**	**3.671**	**3.685**

29. Employee benefits

	Group		Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Wages and salaries	91.345	77.860	6.320	5.863
Social security costs	16.723	14.821	818	801
Other employers' contributions and expenses	2.638	2.570	341	379
Share options granted to employees (Note 20)	496	555	-	258
Pension costs - defined contribution plans	324	-	-	-
Pension costs - defined benefit plans (Note 23)	2.214	669	305	(365)
Less: capitalisations to assets under construction	(1.209)	-	-	-
Total	**112.530**	**96.475**	**7.784**	**6.935**

During the year 2007 the subsidiary company Hellas on Line has capitalised employee benefits of €1.209 that are directly attributable to the construction of its telecommunications network.

(All amounts in €'000)

30. Other operating income - net

	Group		Company	
	1/1 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Dividend income	90	388	1.700	1.965
Rental income	2.429	2.374	2.163	1.362
Depreciation of grants received	425	569	-	-
Income from grants	248	584	203	584
Other	2.041	1.770	126	16
Total	**5.232**	**5.685**	**4.192**	**3.927**

31. Other gains/ (losses) – net

	Group		Company	
	1/1 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
(Losses) / gains from sale of PPE	2.778	(173)	402	(17)
(Losses) / gains from sale of intangible assets	(4)	-	-	-
Gains from sale of assets held for sale	-	11.982	-	11.982
Fair value gains of financial assets at fair value through profit or loss (note 18)	10	83	-	-
Gains from sale of subsidiaries (note 10)	12.252	-	-	-
Gains from sale of associates	268	-	-	-
Gains from sales of financial assets through profit or loss	10	212	-	-
Gains from sale of financial assets available for sale	9	-	-	-
Impairment / Disposal of investments	-	(1.838)	-	(1.838)
Other provisions	(82)	(5.500)	(82)	-
Other	(3)	-	(323)	-
Total	**15.239**	**4.766**	**(3)**	**10.127**

The gain from the sale of assets held for sale for the year 2006 relates to the disposal of 24,8% of the interest held by the Group in Forthnet SA.

(All amounts in €'000)

32. Finance expenses / (income) - net

	Group		Company	
	1/1 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Finance expenses				
Interest and related expense				
- Bank borrowings	8.479	9.698	777	1.824
- Bond loans	2.514	-	-	-
- Finance leases	449	98	1	1
- Letters of credit and related costs	1.348	44	2	6
- Other	1.625	1.473	-	182
	14.414	11.315	780	2.014
Finance income				
Interest income	(2.924)	(2.340)	(2.205)	(1.333)
Net foreign exchange gains	642	(1.317)	-	-
Net losses / (gains) from derivative financial instruments	(1.287)	891	(1.287)	891
Other	(661)	-	(93)	-
	(4.229)	(2.766)	(3.584)	(441)
Finance expenses / (income) - net	**10.185**	**8.549**	**(2.805)**	**1.572**

33. Income tax expense

	Group		Company	
	1/1 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Current tax	5.080	4.594	535	557
Deffered tax (Note 14)	10.611	(3.751)	4.293	2.097
Total	**15.691**	**842**	**4.827**	**2.654**

(All amounts in €'000)

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 - 31/12/2007	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
(Loss)/ Profit before tax from continuing operations	(20.450)	(42.991)	(285)	9.941
Tax calculated at tax rates applicable to Greece	(5.112)	(7.069)	(71)	2.883
Income not subject to tax	(2.553)	(3.849)	-	(4.045)
Expenses not deductible for tax purposes	3.963	10.778	(292)	3.653
Differences in tax rates	425	11	-	(394)
Utilisation of previously unrecognised tax losses	(1.166)	(148)	-	-
Income tax effect from prior years' tax losses that cannot be carried forward	10.476	-	4.656	-
Current year's tax losses for which no deffered tax asset was created	8.738	-	-	-
Tax losses for the year	(170)	-	-	-
Prior years' taxes	535	-	535	-
Other	556	1.119	-	557
Tax charge	**15.691**	**842**	**4.827**	**2.654**

The Company has not been audited by the tax authorities for the year 2007 and consequently its tax liabilities for this year have not been rendered final. Due to the existence of tax losses the Company does not expect that additional taxes will arise.

Accordingly, there are unaudited tax years for subsidiary companies of the Group and consequently their tax liabilities have not been rendered final.

34. Assets classified as held for sale/ Discontinued operations

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, out of which €85 mil. and €29,2 mil. were received during 2006 and 2007 respectively.

The results from the operations of the group Intracom Telecom for the period 1 January 2006 to 30 June 2006 are presented under results of discontinued operations for the Group for the year 2006.

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. During the second quarter of 2007, the sales price was finalized to €119,3 mil. and the Group and the Company recorded an additional loss of €770.

(All amounts in €'000)

Hellas on Line («HoL») (telecom operations segment)

On 4 December 2006 the Company signed an agreement in relation to the disposal of 51% of the subsidiary company Hellas on Line ("HoL"), while on 6 July 2007 the Company announced the termination of the above-mentioned agreement. For the period following the signing of the sales agreement and up to its termination, HoL was classified in the consolidated financial statements as held for sale.

As a consequence, the results of HoL group in the annual financial statements of 2006 were shown under discontinued operations. Due to the termination of the sales agreement, the results from the operations of the subsidiary in the current year, as well as in the comparative year of 2006 are shown under continuing operations.

Assets and liabilities of HoL of €80.940 and €48.692 respectively, as analysed in the following table, are presented in separate lines on the balance sheet at 31 December 2006. These assets and liabilities were reclassified following the termination of the sales agreement, while depreciation expense for the whole year were recorded in 2007.

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 on acquisition	21.120
	80.940

Liabilities

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

The cash flows from the operations of Hellas on Line for the year 2006 are as follows:

	Group **1/1-31/12/2006**
Cash flows from operating activities	(17.343)
Cash flows from investing activities	(11.094)
Cash flows from financing activities	9.111
Total cash flows from discontinued operations	**(19.326)**

The effect on the cash flows for the year 2007 was the increase in the cash and cash equivalents by €6.680.

35. Earnings per share

Basic earnings / (losses) per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (note 19).

	Group		Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Profit / (loss) attributable to equity holders of the Company	(35.082)	(68.803)	(5.882)	103
Weighted average number of ordinary shares in issue (thousands)	131.500	132.062	131.500	132.062
Basic earnings per share (€ per share)	(0,27)	(0,52)	(0,05)	0,01
- From continuing operations	(0,26)	(0,33)	(0,04)	0,06
- From discontinued operations	(0,01)	(0,19)	(0,01)	(0,05)

Diluted earnings / (losses) 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 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Profit / (loss) attributable to equity holders of the Company	(35.082)	(68.803)	(5.882)	103
Weighted average number of ordinary shares in issue (thousands)	131.500	132.062	131.500	132.062
Adjustment for				
Share options (thousands)	90	177	90	177
Weighted average number of ordinary shares for diluted earnings per share (thousands)	131.591	132.239	131.591	132.239
Diluted earnings per share (€ per share)	(0,27)	(0,52)	(0,05)	0,01
- From continuing operations	(0,26)	(0,33)	(0,04)	0,06
- From discontinued operations	(0,01)	(0,19)	(0,01)	(0,05)

36. Dividends

The Annual General Meeting of the Shareholders of the Company held on 29 June 2007, approved the payment of a dividend of €0,10 per share for the year 2006 out of prior years' taxed reserves, totalling to €13.126. This amount has been accounted for in shareholders' equity as an appropriation of retained earnings during the current year.

(All amounts in €'000)

37. Cash generated from operations

		Group		Company	
	Note	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**	**1/1 - 31/12/2007**	**1/1 - 31/12/2006**
Profit/ (loss) for the year		(36.910)	(68.944)	(5.882)	103
Adjustments for:					
Tax		15.691	8.148	4.827	9.208
Depreciation of PPE	6	15.752	15.253	1.305	1.514
Amortisation of intangible assets	8	10.013	12.597	1.600	1.644
Depreciation of investment property	9	507	628	766	526
Write - offs		552	1.063	-	1.043
Loss / (Profit) on sale of PPE		(2.778)	173	(402)	17
Fair value gains of financial assets at fair value through profit or loss	31	(10)	(83)	-	-
Gains from sale of financial assets at fair value through profit or loss	31	(10)	(212)	-	-
Gains from sale of available - for - sale financial assets	31	(9)	-	-	-
Gains from sale of assets held for sale	34	-	(11.982)	82	(11.982)
Gains on disposal of associates	31	(268)	-	-	-
(Gains) /Loss on disposal of subsidiaries	10, 34	(11.482)	19.148	770	1.300
Employees share option scheme		496	555	-	258
Reversal of impairment of subsidiaries		-	-	-	-
Interest income		(2.942)	(1.565)	(2.297)	(1.333)
Interest expense		14.414	16.331	780	2.014
Dividend income	30	(90)	(388)	(1.700)	(1.965)
Depreciation of grants received	24	(425)	(93)	-	-
Share of profit from associates and joint ventures	11	554	15.689	-	-
Movements in subsidiary held for sale		-	10.924	-	-
Exchange loss / (gain)		(410)	23	-	-
		2.644	**17.265**	**(152)**	**2.347**
Changes in working capital					
Inventories		2.291	984	-	-
Trade and other receivables		(50.792)	(37.820)	(8.298)	61.818
Trade and other payables		65.196	66.196	8.616	(35.641)
Provisions for other liabilities and charges		(595)	1.566	-	-
Retirement benefit obligations		907	76	92	(696)
Derivative financial instruments		(4.475)	(6.596)	(4.475)	(6.464)
		12.533	**24.404**	(4.065)	**19.017**
Cash generated from operations		**15.176**	**41.669**	**(4.217)**	**21.364**

(All amounts in €'000)

38. Business combinations

Attica Telecommunications S.A.

On 23 April 2007, the subsidiary company HoL acquired 100% of the share capital of Attica Telecommunications S.A. for €47.030 in cash.

Hellas on Line made a provisional allocation of the purchase price to the assets and liabilities of the acquired company. The allocation process is expected to be completed within the 12month period as set out by IFRS 3, at which time the final amount of goodwill will be determined.

The carrying amounts of the assets and liabilities of Attica Telecommunications SA at the acquisition date, as well as their fair values at the same date are as follows:

Assets	Carrying Amounts	Provisional fair values
Property, plant and equipment	30.291	33.397
Intangible assets	142	8.282
Deferred income tax assets	258	-
Trade and other receivables	10.252	10.252
Cash and cash equivalents	1.010	1.010
Other assets	40	40
	41.994	52.982
Liabilities		
Borrowings	11.000	11.000
Trade and other payables	13.380	13.380
Retirement benefit obligations	88	88
Deferred income tax liabilities	-	2.553
	24.468	27.021
Equity	17.526	25.961
Purchase price		47.030
Goodwill		**21.069**

Purchase consideration seetled in cash	47.030
Cash and cash equivalents in subsidiary acquired	(1.010)
Net cash outflow on acquisition	**46.020**

The provisional fair values include the intangible assets recognised at acquisition, namely the customer relationships of €8.140, the fair value of the telecommunications network, as well as the corresponding deferred tax on these assets of €2.811.

The profit for the Group from the subsidiary company in the year 2007 amounted to €3.027.

(All amounts in €'000)

IT Services Denmark A/S

On 26 July 2007, the newly established subsidiary company IT Services Denmark A/S acquired a business engaging in the provision of services, for a consideration of €4.600. The Group has made a provisional allocation of the purchase price, allocating almost all the cost of acquisition to goodwill, while intangible assets such as trade name, customer relationships and computer software have been identified and are in the process of being valued. This business contributed to the Group losses of €231 for the year 2007.

Unibrain S.A.

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. In January 2007, 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 shareholding of the Group and the great dispersion of the company's shares, the Group has the ability to appoint the majority of the members on the Board of Directors, to control the management and to determine the 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 carrying amounts of the assets and the liabilities at the date of first consolidation are as follows:

Assets and liabilities	
PPE and intangible assets	1.313
Trade and other receivables	1.286
Inventories	1.431
Cash and cash equivalents	2.123
Other assets	833
Trade and other payables	(854)
Provisions	(52)
	6.080

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

	1/1 - 31/12/2007
Sales	5.765
Operating profit	225
Finance costs - net	53
Profit before tax	278
Net profit	**153**

For the year 2006, share of profit of associates included profits of €159 from the consolidation of Unibrain.

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

(All amounts in €'000)

Dialogos S.A.

During the current period the percentage holding of the subsidiary company Intracom IT Services in Dialogos SA decreased from 51% to 39%. The Group continues to have the power to appoint the majority of the members on the Board of Directors and to control the management and as a result the subsidiary continues to be fully consolidated.

Hellas on Line S.A.

HoL was acquired by Intracom on 31 January 2006 for €24.108 payable in cash to EFG Eurobank SA.

The carrying amounts of the assets and liabilities of HoL at the acquisition date as well as their fair values at the same 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 the intangible assets recognised at acquisition, namely the trade name of the company of €7.010 and the customer relationships of €2.400, as well as the corresponding deferred tax liability of €2.353.

39. Commitments

Capital commitments

As at the balance sheet date there were capital commitments for PPE of €31.562 for the Group.

(All amounts in €'000)

Operating lease commitments

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Up to 1 year	1.351	796	482	563
From 2 to 5 years	3.260	1.247	833	766
More than 5 years	1.187	174	149	174
	5.798	**2.217**	**1.464**	**1.504**

40. Contingencies / Outstanding legal cases

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

	Group		Company	
	31/12/2007	**31/12/2006**	**31/12/2007**	**31/12/2006**
Guarrantees for advance payments	92.771	108.577	65.159	102.057
Guarrantees for good performance	122.250	162.810	69.335	95.870
Guarrantees for participation in contests	15.872	18.507	10.483	18.507
Other	5.183	-	-	-
	236.076	**289.894**	**144.976**	**216.433**

The Company has given guarantees to banks for subsidiaries' loans amounting to €271.437 and for finance lease contracts amounting to €4.949.

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

There is an outstanding legal case against a subsidiary company from the Ministry of Merchant Marine (MMM) concerning violations during the execution of a project completed and delivered to the MMM in an prior period. The penalties and rebates that were initially claimed amounted to €29 mil., amount which has been reduced to €9 mil., following a settlement, while it is assessed that this amount will be reduced further. 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.

On 4 March 2008, the major shareholders of Teledome S.A. took legal action against Intracom Holdings, two subsidiary companies and key management personnel, due to the annulment of the earlier decision for the merger of Hellas on Line, Unibrain and Teledome. Through this lawsuit, amounts of approximately €90 mil. are claimed from the parent company and from subsidiaries. The Group's management and its lawyers assess that the possibility of any material liabilities arising for the Group in relation to this case is very low.

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

(All amounts in €'000)

41. Related party transactions

The following transactions are carried out with related parties:

	Group		Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Sales of goods / services:				
To subsidiaries	-	-	10.518	13.804
To other related parties	16.849	5.710	1.128	1.405
	16.849	**5.710**	**11.646**	**15.210**
Purchases of goods / services:				
From subsidiaries	-	-	623	379
From other related parties	11.341	3.441	13	1
	11.341	**3.441**	**635**	**380**
Rental income:				
From subsidiaries	-	-	609	368
From other related parties	1.068	845	863	427
	1.068	**845**	**1.472**	**796**
Purchases of fixed assets:				
From subsidiaries	-	-	3.489	49
From other related parties	27.526	3.731	-	2.838
	27.526	**3.731**	**3.489**	**2.888**
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 mainly associates and companies in which the major shareholder of the Company holds an interest share.

Sales and purchases of goods and services as well as rental income 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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Receivables from related parties:				
From subsidiaries	-	-	18.214	13.484
From other related parties (Note 15)	41.897	39.811	15.125	12.293
	41.897	**39.811**	**33.339**	**25.776**
Payables to related parties				
To subsidiaries	-	-	2.182	2.811
To other related parties (Note 26)	41.070	7.134	13.152	3.248
	41.070	**7.134**	**15.334**	**6.059**

Key management compensation

Total amount of €1.865 has been paid by the Company as directors' remuneration and key management compensation for the year 2007 (2006: €1.323). The outstanding balance due to directors as at 31st December 2007 was €253 (2006: €0).

42. Events after the balance sheet date

On 4 March 2008, certain major shareholders of Teledome S.A. took legal action against Intracom Holdings, two subsidiary companies and key management personell (see note 40).

On 5 March 2008, Unibrain and HoL signed a binding merger agreement via the absorption of the second by the first company. The Extraordinary General Meetings of the two companies are expected to approve the timetable of the merger.

(All amounts in €'000)

43. Subsidiaries

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

31 December 2007

Name	Country of incorporation	Direct % interest held	Indirect % interest held
* Intracom S.A Defence Electronic Systems	Greece	100%	100%
* HELLAS ON LINE	Greece	92%	92%
- Attica Telecommunications SA	Greece	100%	92%
* Intracom Holdings International Ltd	Cyprus	100%	100%
- Intracom Technologies Ltd	Cyprus	100%	100%
- Fornax RT	Hungary	67%	67%
- Fornax Integrator	Hungary	100%	67%
- Fornax Informatika Doo Croatia	Croatia	100%	67%
- Fornax Slovakia	Slovakia	100%	67%
- Intracom Operations Ltd	Cyprus	100%	100%
- Intracom Group USA	USA	100%	100%
* Intracom IT Services	Greece	100%	100%
- Global Net Solutions Ltd	Bulgaria	100%	100%
- Dialogos SA	Greece	39%	39%
-Data Bank SA	Greece	90%	90%
- Intracom Jordan Ltd	Jordan	80%	80%
- Intracom IT Services Denmark AS	Denmark	100%	100%
- Intracom Exports Ltd	Cyprus	100%	100%
- Intracom Cyprus Ltd	Cyprus	100%	100%
- Intrasoft International SA	Luxemburg	97%	97%
- PEBE SA	Belgium	100%	100%
- Intrasoft SA	Greece	100%	100%
- Intrasoft International Belgium	Belgium	100%	100%
- Switchlink NV	Belgium	65%	65%
- Unibrain SA	Greece	30%	30%
- Unibrain Inc	USA	100%	30%
* Intrakat SA	Greece	74%	74%
- Inmaint SA	Greece	60%	44%
- KEPA Attica SA	Greece	51%	38%
- Intracom Construct SA	Romania	95%	70%
- Eurokat SA	Greece	82%	60%
- Intrakat International Ltd	Cyprus	100%	100%
- Intradevelopment SA	Greece	100%	74%

(All amounts in €'000)

31 December 2006

	Name	Country of incorporation	Direct % interest held	Indirect % interest held
*	Intracom S.A Defence Electronic Systems	Greece	100%	100%
*	HELLAS ON LINE	Greece	100%	100%
*	Intracom Holdings International Ltd	Cyprus	100%	100%
	- Intracom Technologies Ltd	Cyprus	100%	100%
	- Fornax RT	Hungary	67%	67%
	- Fornax Integrator	Hungary	100%	67%
	- Fornax Informatika Doo Croatia	Croatia	100%	67%
	- Fornax Slovakia	Slovakia	100%	67%
	- Intracom Operations Ltd	Cyprus	100%	100%
	- Intracom Group USA	USA	100%	100%
*	Intracom IT Services	Greece	100%	100%
	- Global Net Solutions Ltd	Bulgary	100%	100%
	- Dialogos SA	Greece	51%	51%
	- Intracom Jordan Ltd	Jordan	80%	80%
	- Intracom Exports Ltd	Cyprus	100%	100%
	- Intracom Cyprus Ltd	Cyprus	100%	100%
	- Intrasoft International SA	Luxemburg	100%	100%
	- PEBE SA	Belgium	100%	100%
	- Intrasoft SA	Greece	100%	100%
	- Intrasoft International Belgium	Belgium	100%	100%
	- Switchlink NV	Belgium	65%	65%
*	Intrakat SA	Greece	74%	74%
	- Inmaint SA	Greece	60%	44%
	- KEPA Attica SA	Greece	51%	38%
	- Intracom Construct SA	Romania	87%	64%
	- Intrakat Romania SRL	Romania	100%	74%
	- Eurokat SA	Greece	82%	60%
	- Intradevelopment SA	Greece	100%	74%

* Direct investments