



ALTEC S.A.

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED ON 31 DECEMBER 2005 PURSUANT TO
INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRS)**

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ALTEC S.A.
Annual financial statements for the financial year from
1 January to 31 December 2005 pursuant to
International Financial Reporting Standards
adopted by the European Union

It is hereby attested that the annual Financial Statements attached hereto are those approved by the Board of Directors of ALTEC S.A. on 24 March 2006 and have been published after being submitted to the Societes Anonyme Register and uploaded on the Internet, on www.altec.gr. Note that the concise financial figures published in the press aim to provide readers with certain general financial figures but do not offer a thorough idea about the financial position and results of the Company and the Group pursuant to International Financial Reporting Standards (International Accounting Standards). It is also stressed that for the purpose of simplification the concise financial data published in the press have been abridged and items have been reclassified.

REPORT OF THE BOARD OF DIRECTORS

To the shareholders of ALTEC S.A.

The strategic decisions of the Management aiming at activities of high added value and profit margins have started bearing fruit and are manifest on the results of both the Company and the Group.

The important rise in profitability and profit margins is reflected in the company's financial statements.

More specifically, post-tax earnings amounted to € 4.34 million compared to € 1.72 million for the year 2004 although the turnover was restricted to € 105.5 million as a result of the decision of the Management to reduce those commercial activities generating extremely low profit margins which, all the more, were disproportionate to the business risk they entailed.

Earnings before interest and tax rose by 14% and amounted to € 16 million compared to € 14 million during the respective period of last year. In terms of profitability, a spectacular improvement was registered since earnings before interest and tax (EBIT) amounted to 15% compared to 11% in 2004 while an important improvement was noted at the level of gross profit margin which amounted to 27% compared to 24% for the same period. Concurrently, earnings before interest, taxes, depreciation and amortization (EBITDA) rose to 15% from 13.5% in 2004.

At Group level, a significant improvement was registered in gross profit margin which came to 27% compared to 19% over last year, while earnings before interest and tax almost doubled from 4.5% in 2004 to 8.5% in 2005. It is also worthwhile noting the improvement in EBITDA for 2005 which rose to 11.5% from 8% in 2004.

At the same time, loans received by the Company and the Group were reduced considerably over one more financial year thus leading to a further improvement in the financial structure and quality of its assets. In particular, from the beginning of the year, total loans of the Company and the Group were reduced to 5.5% and 6.5% amounting to € 135.9 million (compared to € 143.9 million) and € 143.7 million (from € 153.6 million) respectively.

We believe that the results confirm in practice the decisions of the Management on restructuring and renewal of its business strategy. Finally, the Management estimates that these options have not yielded their maximum yet and improvements will be by far more spectacular in the future.

It is expected that the dynamic performance of the Company will continue since important contracts have already been signed, the greatest part of which will have been implemented by the end of the year. In addition, it is estimated that the new generation of software and hardware products that have been developed using state-of-the-art technologies, thus covering the ever-evolving and ever-changing needs of enterprises and consumers, will increase customer loyalty regarding the Company and will boost its figures.

AUDIT REPORT OF THE CHARTERED ACCOUNTANT- AUDITOR

To the shareholders of ALTEC S.A.

We audited the attached financial statements and the consolidated financial statements of ALTEC S.A. for the financial year ended on 31 December 2005. The Management of the Company and the Group are responsible for the preparation of these financial statements. Our responsibility is restricted to establishing and formulating an opinion on the financial statements following the audit conducted. Our audit was conducted in accordance with Greek Auditing Standards which have been harmonized with International Accounting Standards. According to the latter, the auditing task must be planned and carried out in a way reasonably ensuring that the financial statements do not contain any material inaccuracies or omissions. The audit includes the examination of evidence regarding the amounts and information included in the financial statements on a random basis. In addition, the audit includes the evaluation of the accounting principles applied, the assessments made by the Company's and Group's Management and, in general, the presentation of data in the financial statements and the evaluation of the reconciliation of the BoD Report with the financial statements. We believe that the audit conducted provides us with an adequate basis for preparing our Report. In our opinion, the aforementioned financial statements give a fair view of the Company's financial position and the Group's consolidated financial position as at 31 December 2005, the results of the Company's and the Group's operations, changes in equity and the cash flows of the year ended on such date in accordance with International Financial Reporting Standards adopted by the European Union and the content of the Report of the BoD is consistent with the above Financial Statements.

Without formulating any reserves on the conclusions of the audit, we would like to stress that the (consolidated and individual-entity) equity as at 31 December and 1 January 2004 as well as the post-tax results of the year 2004 are different from those published in the interim and past financial statements which had been prepared on the basis of International Financial Reporting Standards. The adjustments of the relevant amounts which took place after retroactively correcting the items in the respective years are broken down in Annex 1 to the Financial Statements.

Athens, 28 March 2006
The Chartered Accountant – Auditor

GEORGE AN. BATSOULIS
Register No in College of Chartered Accountants – Auditors 14001
BKR PROTYPOS ELEGKTIKI S.A.
Chartered Accountants Auditors – Business Consultants
Independent Member of BKR International

BALANCE SHEET (Amounts in Euro)

	<u>NOTE</u>	<u>THE GROUP</u>		<u>THE COMPANY</u>	
		<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
<u>ASSETS</u>					
Fixed assets	10	73,546,360	83,525,417	70,547,144	72,100,572
Inventories	12	44,624,493	42,614,042	38,181,018	35,046,089
Trade receivables		88,608,832	102,463,717	93,982,908	100,196,670
Other assets	13	80,522,633	78,157,769	65,840,684	64,955,945
<hr/>					
TOTAL ASSETS		287,302,319	306,760,945	268,551,753	272,299,276
<u>LIABILITIES</u>					
Long-term liabilities	19	65,465,406	82,840,051	64,913,765	82,478,257
Short-term bank liabilities	22	78,316,925	70,805,461	71,018,083	61,417,034
Other short-term liabilities	21	67,598,955	78,267,871	36,846,557	43,578,365
Total liabilities (a)		211,381,286	231,913,383	172,778,406	187,473,656
Share capital		44,155,320	44,155,320	44,155,320	44,155,320
Other equity elements of Company's shareholders	17	27,488,445	24,897,486	51,618,028	40,670,300
Total equity of company's shareholders (b)		71,643,765	69,052,806	95,773,348	84,825,620
Minority interests (c)		4,277,267	5,794,757		
Total equity		75,921,032	74,847,562	95,773,348	84,825,620
<hr/>					
TOTAL LIABILITIES (a)+(b)+(c)		287,302,319	306,760,945	268,551,753	272,299,276

INCOME STATEMENT (amounts in Euro)

	<u>NOTE</u>	<u>THE GROUP</u>		<u>ETAIPEIA</u>	
		<u>1/1-31/12/05</u>	<u>1/1-31/12/2004</u>	<u>1/1-31/12/2005</u>	<u>1/1-31/12/2004</u>
Turnover		179,314,817	234,943,504	105,518,519	125,132,897
Cost of goods sold		131,112,421	191,159,879	76,768,230	94,721,654
Gross profit		48,202,396	43,783,625	28,750,289	30,411,243
Other operating and investment income	6	5,989,758	3,688,450	5,322,275	2,362,545
Interest received	7	3,056,436	98,569	3,036,457	30,354
Administrative expenses	5	8,095,223	6,013,016	1,852,028	1,931,991
Selling expenses	5	22,630,911	22,025,559	9,141,098	9,535,646
Research and development expenses	5	7,033,858	4,886,925	6,975,858	4,842,647
Other operating expenses		4,330,061	3,923,049	3,134,656	2,477,460
Earnings before interest and tax		15,158,537	10,722,095	16,005,381	14,016,398
Financial expenses		10,658,072	11,627,663	9,600,324	10,489,402
Profit before tax		4,500,465	-905,568	6,405,057	3,526,996
Less taxes	8	2,340,280	3,684,481	2,060,779	1,802,052
Post-tax earnings		2,160,185	-4,590,049	4,344,278	1,724,944
Appropriated to:					
Company's shareholders		2,713,603	-2,062,970	4,344,278	1,724,944
Minority interests		-553,418	-2,527,079	0	0
		2,160,185	-4,590,049	4,344,278	1,724,944
Post-tax earnings per share- basic (in €)		0.03	-0.02	0.04	0.02

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD (Amounts in Euro)

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
equity at the beginning of the period (1.1.2005 and 1.1.2004 respectively)	74,847,562	77,286,160	84,825,620	84,872,997
post-tax profit/(loss) for the year	2,160,185	-4,590,049	4,344,278	1,724,944
	77,007,747	72,696,111	89,169,898	86,597,941
increase/ (decrease) in share capital	0	0	0	0
dividends distributed	0	0	0	0
net income imputed directly to equity	-1,086,715.00	2,151,451	6,603,450	-1,772,321
acquisitions/(sales) of treasury stock	0	0	0	0
equity at the end of the period (1.1.2005 and 1.1.2004 respectively)	75,921,032	74,847,562	95,773,348	84,825,620

CASH FLOW STATEMENT (Amounts in Euro)

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
<u>Operating activities</u>				
Profit before tax	4,500,465	-905,568	6,405,057	3,526,996
Plus/ (less) adjustments for:				
Depreciation	8,600,572	8,136,484	3,056,162	2,893,436
Provisions	707,325	1,764,740	47,239	1,547,642
Foreign exchange differences	-996,972		-996,972	
Effects (revenues, expenses, profit and loss) of investing activity	4,992,786	3,688,450	4,325,303	2,362,545
Interest charges and related expenses	10,658,072	11,627,663	9,600,324	10,489,402
Plus/less adjustments for changes in working capital accounts or accounts related to the operating activities				
Decrease/ (increase) in inventories	-2,010,451	-14,334,186	-3,134,929	-16,092,185
Decrease/ (increase) in receivables	12,310,948	9,599,530	2,813,396	10,667,230
Increase/ (decrease) in liabilities (save banks)	-10,668,915	9,251,039	-6,731,807	12,211,086
:				
Interest charges and related paid-up expenses	-10,658,072	-11,627,663	-9,600,324	-10,489,402
Dividends paid up	-9,587,470	-1,112,254	-4,113,048	-786,431
Total inflow/ (outflow) from operating activities (a)	<u>7,848,287</u>	<u>16,088,234</u>	<u>1,670,401</u>	<u>16,330,319</u>
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliated companies, joint ventures and other investments	-661,418	-1,975,662	-661,418	-1,975,662
Acquisition of intangible and tangible assets	-2,472,391	-1,015,560	-620,735	-576,530
Proceeds on sale of intangible and tangible assets	1,955,000	1,384,204	1,955,000	1,384,204
Interest received	3,056,436	98,569	3,036,457	30,354
Dividends received			0	
Total inflow/ (outflow) from investing activities (b)	<u>1,877,627</u>	<u>-1,508,449</u>	<u>3,709,304</u>	<u>-1,137,634</u>
<u>Financing activities</u>				
Proceeds on rise in share capital	1,079,929			
Proceeds on loans issued/ taken out				
Loan repayment	-9,984,916	-15,763,932	-7,895,331	-14,631,294
Payment of liabilities from finance leases (amortization)				
Dividends paid				
Total inflow/ (outflow) from financing activities (c)	<u>-8,904,987</u>	<u>-15,763,932</u>	<u>-7,895,331</u>	<u>-14,631,294</u>
Increase/ (decrease) in cash and cash equivalents of the period (b)+(c)	<u>820,927</u>	<u>-1,184,147</u>	<u>-2,515,627</u>	<u>561,391</u>
Cash and cash equivalents at the beginning of the period	<u>16,509,390</u>	<u>17,693,537</u>	<u>12,280,300</u>	<u>11,718,909</u>
Cash and cash equivalents at the end of the period	<u>17,330,318</u>	<u>16,509,390</u>	<u>9,764,673</u>	<u>12,280,300</u>

1. COMPANY PROFILE:

ALTEC Group (the “Group”) is a strong Group providing products and services in both Greece and Europe in the field of communications and information technology.

The Parent Company (the “Company”) of the Group is ALTEC S.A., which is a *societe anonyme* set up and operating in Greece at 12, Patmou St., Marousi, 151 23.

The shares of the Company are traded on Athens Stock Exchange.

The average staff of the Company for the year ended on 31 December 2005 numbered approximately 1001 for the Group and 562 for the Company.

2. PRESENTATION BASIS OF FINANCIAL STATEMENTS:

(a) *Basis of preparation of the Financial Statements:* The individual-entity and consolidated financial statements of the Group and the Company attached hereto (hereinafter referred to as “financial statements”) have been prepared pursuant to the historical cost principle except for the buildings used by the entities themselves and investment property, which are assessed at fair value.

The financial statements attached hereto have been prepared for the first time pursuant to IFRS, which have been adopted by the European Union by applying IFRS 1 “First-time Adoption of International Financial Reporting Standards” with 1st January 2004 being the transition date.

(b) *Statutory Financial Statements:* Until 31 December 2004, ALTEC S.A. and its Greek subsidiaries kept their accounting books and prepared their financial statements on the basis of Greek Commercial Law 2190/1920 and applicable tax laws. The foreign subsidiaries of ALTEC S.A. keep their accounting records and prepare their financial statements on the basis of the applicable laws and regulations of the countries in which they are active. As of 1 January 2005 and thereafter, the parent company and its Greek subsidiaries are obliged by applicable laws to prepare their statutory financial statements pursuant to International Financial Reporting Standards that have been adopted by the European Union. However, they maintain the right to keep their accounting books on the basis of the provisions of Greek tax laws. Therefore, as regards the preparation of consolidated financial statements, the financial statements of foreign subsidiaries and the tax financial statements of the parent company and Greek subsidiaries are adjusted and reformed through off-balance-sheet entries so as to comply with IFRSs.

(c) *First-time adoption of International Financial Reporting Standards:* Pursuant to European Law 1606/2002 and on the basis of Greek Law 3229/2004 (as amended by Law 3301/2004), Greek companies listed on any stock exchange (Greek or international) are obliged to prepare their statutory financial statements (individual entity and consolidated) pursuant to IFRSs as of the year starting on 1 January 2005 and thereafter.

The Group applied IFRS 1 “First-time Adoption of IFRSs” to the preparation of the financial statements attached hereto, which are the first full financial statements based on IFRSs given that the financial statements published with respect to the quarters of 2005 are interim statements prepared on the basis of IAS 34 and were provisional given that the items were finally processed and finalized in the financial statements attached.

On the basis of the provisions of IFRS 1 "First-time Adoption of IFRSs", a Company should use those IFRSs being in force on the closing date of the first financial statements for all periods presented in the preparation of its first financial statements in accordance with IFRSs and in the transition balance sheet.

In addition, pursuant to IFRS 1 "First-time Adoption of IFRSs" and the aforementioned Greek law, the above companies are obliged to prepare comparative financial statements pursuant to IFRSs for at least one financial year.

Therefore, all revised or newly issued standards being applicable to the Group and in force for the year ended on 31 December 2005 have been used for the elaboration of the financial statements for the current year, the comparative financial statements as at 31 December 2004 and the transition balance sheet as at 1 January 2004.

Therefore, all revised or newly issued standards being applicable to ALTEC and in force for the year ended on 31 December 2005 have been used in the elaboration of these interim financial statements.

However, given that on the date the interim financial statements attached hereto were prepared, the Standards and Interpretations being in force on 31 December 2005 were not known in their entirety, ALTEC prepared these interim financial statements on the basis of the Standards and Interpretations issued and adopted by the European Union on their preparation date (September 2005).

IFRS 1 "First-time Adoption of IFRSs" offers the possibility, in particular during transition to IFRSs, to apply certain exceptions from their general provisions.

The alternative exceptions applied during transition procedure are the following:

- (i) The Group decided not to apply IFRS 3 "Business Combinations" retroactively as regards business combinations that arose prior to transition date to IFRSs (1 January 2004). Therefore, pursuant to the provisions of IFRS 1 "First-time Adoption of IFRSs" with respect to past business combinations, ALTEC maintained the same classification with the financial statements prepared according to Greek Accounting Standards ("GAS").
- (ii) The Group elected to value tangible assets at their historical cost save buildings (both used by the entities themselves and investment property) that were designated at fair value on transition date to IFRSs. The resultant surplus was posted to special adjustment reserves and to balance carried forward of owner's equity as regards buildings used by the Group itself and investment property respectively on 1 January 2004.
- (iii) As regards the provision for staff compensation due retirement, all accumulated actuarial profits and losses were recognized on the transition date to IFRSs. As for the actuarial profits or losses arisen during 2004 and thereafter, the corridor approach was put into practice. This exception applied to all relevant programs that existed on transition date.
- (iv) The estimates of the Management on the basis of IFRSs on the transition date do not differ from those that were applied pursuant to past accounting standards on that date (following the adjustment entries posted so as to reflect any changes in accounting principles) save the cases where there were clear signs that these estimates were erroneous.

- (d) **Approval of financial statements:** The Board of Directors of ALTEC S.A. approved both individual-entity and consolidated financial statements for the year ended on 31 December 2005, on 24 March 2006.
- (e) **Use of estimates:** For financial statements to be prepared pursuant to IFRSs, the Management should proceed to estimates and assumptions affecting the amounts of assets and liabilities, the disclosure of contingent liabilities and assets on the date of financial statements as well as the amounts of revenues and expenses during the year/period. Actual results may differ from such estimates.

3. MAIN ACCOUNTING PRINCIPLES:

The main accounting principles adopted in the preparation of the interim financial statements attached hereto are the following:

- (a) **Consolidation basis:** The consolidated financial statements of the Company that are attached hereto include the financial statements of the parent company ALTEC S.A. and of all subsidiaries controlled by ALTEC SA. Such control exists wherever ALTEC S.A., through direct or indirect shareholding, keeps the majority of voting rights or can control the BoD of the subsidiaries concerned. Subsidiaries are consolidated as of the date on which material control is transferred to the Group and cease being consolidated as of the date such control no longer exists.

All intra-company transactions and balances have been deleted in the consolidated financial statements attached hereto. Wherever required, the accounting principles of subsidiaries have been amended so as to ensure consistency with the accounting principles adopted by the Group. Annex I sets forth a full list of the consolidated subsidiaries along with the respective shareholdings of the Group.

The consolidated financial statements include the financial statements of one subsidiary (MICROLAND S.A.) in which the parent company holds less than 50% of voting rights but controls it because the parent company may appoint the majority of the members of the BoD.

- (b) **Participation in subsidiaries (individual-entity financial statements):** The holdings of the parent company in the consolidated subsidiaries thereof are assessed at acquisition cost less any accumulated impairment losses.

- (c) **Functional and presentation currency and conversion of foreign currencies:** The functional and presentation currency used by ALTEC S.A. and its Greek subsidiaries is Euro. Transactions in other currencies are converted into Euro by using the exchange rates being in force on the transaction date. On the date financial statements are prepared, the monetary items of both assets and liabilities denominated in other currencies are adjusted so as to reflect current exchange rates.

The profits and losses arising from transactions in foreign currencies and from the year-end valuation of monetary items in foreign currencies are posted to the income statements attached hereto, save those transactions meeting the conditions of cash flow hedging, which are presented in equity.

The functional currency of the Group's foreign subsidiaries is the official currency of the country in which each subsidiary operates. Therefore, on each date of financial statements, all balance-sheet items of these subsidiaries are

converted into Euro according to the exchange rate being in force on the date of financial statements. Income and expenses are translated using the closing exchange rate. The cumulated difference arising from such conversion is imputed directly to equity until sale, deletion or de-recognition of any subsidiary, when imputed to the income statement.

- (d) **Product Research and Development Cost:** Expenditure on research is posted as expenditure when incurred. Development expenses incur mainly for the development of new products. The costs incurred for the development of a specific program are recognized as intangible fixed asset only if the criteria of IAS 38 “Intangible assets” are met.
- (e) **Income recognition:** Income is recognized to the extent it is probable that economic benefits will flow to the Company and the respective amounts can be measured reliably. The following specific recognition criteria should also be met when income is recognized.

Sale of goods:

The income from the sale of goods, following deduction of turnover discounts, sales incentives and the proportionate VAT, is recognized when the significant risks and the benefits arising from the ownership of goods are passed to the purchaser.

Interest:

Interest income is recognized on accrual basis.

(f) **Tangible assets**

Buildings used for own purposes (IAS 16) were and will be assessed at fair value.

Any revaluation increase is credited directly to the revaluation surplus in equity, unless it reverses a revaluation decrease previously recognized in profit or loss. Any revaluation decrease is recognized in profit or loss. Depreciation of buildings used for own purposes is applied according to their expected useful life.

Investment property (IAS 40) is and will be measured at fair value and the readjustment difference will be recognized in profit or loss. No depreciation is carried out.

Property, plant, equipment, transportation means, furniture and other equipment are valued at acquisition cost less any accumulated depreciation and any provisions for asset impairment.

The Company measured the fair value of property used by the same and investment property as at 1 January 2004 and the resultant surplus was credited to the revaluation surplus in equity and to the results carried forward respectively.

Repairs and maintenance are posted to the expenses of the year during which they take place. Considerable improvements are capitalized at the cost of the respective fixed assets if they increase useful life, enhance production capacity or reduce operating cost.

The cost and accumulated depreciation of a fixed asset are deleted at the time of sale or withdrawal or when no further economic benefits are expected from its continued use. The profits or losses arising from such removal are included in the consolidated results of the year during which the said fixed asset is removed.

- (g) **Depreciation:** Depreciation is calculated according to the straight line method corresponding to the useful life of the relevant fixed assets.

The percentages used are the following:

<u>Category</u>	<u>Useful life</u>
Buildings	14 -50 years
Machinery and equipment	10-15 years
Means of transportation	5-20 years
Furniture and other equipment	5-15 years
Intangible assets	5-20 years

(h) Impairment of assets:

(i) Non-financial assets:

Save intangible assets with an indefinite useful life which are controlled in terms of impairment at least on an annual basis, the book values of other long-term assets are examined in terms of impairment wherever certain events or changes in circumstances show that their book value may not be recoverable. Wherever the book value of an asset exceeds its recoverable amount, the respective loss arising from its impairment is posted to the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less any additional, direct costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset's constant use and from the proceeds on its disposal at the end of its estimated useful life. For the purpose of impairment testing, items of assets are grouped at the lowest level for which cash flows may be recognized separately.

(i) Inventories: Inventories are measured at the lower of cost and net realizable value. The cost of finished and semi-finished products includes all expenses incurred in bringing the inventories to their present location and condition and comprises raw materials, labor cost, general industrial expenditure (based on proper operating capacity without including any borrowing costs) and packaging. The cost of raw materials and finished products is fixed on the basis of weighted average cost formula. Net realizable value of finished and semi-finished goods is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is equal to the estimated replacement cost in the ordinary course of business. A provision for slow turnover rate or obsolete inventories is set up wherever deemed necessary. On 31 December 2005 and 31 December 2004, there were no inventories assessed at their net realizable value.

(j) Receivables and credit policy: Short-term receivable accounts are presented at their nominal value following provisions for any non-collectable balances while long-term receivable accounts (balances not included in standard credit terms) are valued at unamortized cost. The Company has established criteria regarding the provision of credit to customers, which are in general based on the size of each customer's activity while assessing the respective financial information. In general, transactions are held with customers under standard terms and an expected average collection term equal to 100 days following dispatch of merchandise. On each balance sheet date, all overdue or doubtful debts are valued so as to specify whether a provision for doubtful debts must be set up or not. The balance of the specific provision for doubtful debts is adjusted accordingly on each closing date of the balance sheet so as to reflect the estimated relevant risks. Each deletion of customers' balances is charged to the existing provision for doubtful debts. The Group's policy consists in not writing

off any claims until the Group has recourse to all possible legal proceedings for their collection.

- (k) **Cash:** The Group believes that time deposits and other highly liquid investments that have an initial maturity of three months or less are equal to cash.

For cash flow statements to be prepared, cash consists of cash on hand and deposits with banks and cash as defined above.

- (l) **Bank loans:** All loans are initially posted at cost which reflects their fair value less the expenses for loan acquisition. Following the initial posting, loans are assessed at the unamortized cost by applying the method of effective interest rate.

- (m) **Borrowing costs:** Borrowing costs are recognized as an expense when incurred.

- (n) **Provision for staff compensation:** The liabilities for staff compensation are calculated at the present value of future benefits that are considered to be accrued at year-end on the basis of employees' recognized right to benefits throughout their expected working life. The above obligations are calculated on the basis of the financial and actuarial assumptions detailed below and are specified by applying the actuarial projected unit credit method. The respective provisions for the period in the income statements attached hereto are included in payroll cost and consist of the present value of the benefits that were accrued during the year, the interest of the obligatory benefits, cost of past service, actuarial gains or losses recognized during the year and any other additional retirement costs. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. Non-recognized actuarial gains and losses that exceed 10% of the defined benefit obligation at the beginning of each period are recognized over the average remaining working lives of employees and are included in net retirement cost. Obligations for the above benefits are not financed.

- (o) **State Insurance Schemes:** The staff of the Company is mainly covered by the principal state insurance agency which concerns the private sector (Social Security Foundation-IKA) granting retirement and medical benefits. All employees are obliged to contribute part of their monthly salaries to the Fund while part of the total contribution is covered by the Company. At the time of retirement, the retirement fund is responsible to pay retirement benefits to employees. Therefore, the Company has no legal or imputed obligation to pay future benefits on the basis of this scheme.

- (p) **Income tax (current and deferred):**

- (i) **Current income tax:**

Current tax is calculated on the basis of the balance sheets of each one of the companies included in the consolidated financial statements pursuant to the tax laws applying in Greece or any other tax framework within which foreign subsidiaries operate. The expenditure of income tax includes the current income tax payable in respect of each company's taxable profits as reformed in its tax returns, provisions for additional taxes and surcharges for fiscal years that are not audited in tax terms, and is calculated according to the enacted or substantially enacted tax rates.

(ii) Deferred income tax:

Deferred income tax relates to all temporary differences between the carrying amount of assets and liabilities in the balance sheet, and the tax base of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences:

A deferred tax asset is recognized in respect of all deductible temporary differences and deferred tax assets and tax liabilities only to the extent that it is probable that a tax benefit will be realized in the future. In such a case, a deferred tax asset is recognized on the deductible temporary differences, deferred unused tax credits and unused tax losses.

As regards the deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, a deferred tax asset is recognized to the extent that it is probable that temporary differences will reverse in the foreseeable future and a tax benefit will be realized, which will be used in respect of temporary differences.

Deferred tax assets are assessed on each balance sheet date and are reduced to the extent it is estimated that there will not be enough taxable profits in respect of which part or all deferred tax assets may be used.

Deferred tax assets and liabilities are measured at tax rates expected to apply when the deferred tax asset (liability) is realized (settled). The tax rates (and tax laws) used must have been enacted or substantially enacted by the balance sheet date.

Current and deferred taxes are recognized in equity, if the items to which they relate are credited or charged directly to equity, and not in the income statement.

(q) Finance leases: Finance leases are those in which all the risks and rewards incident to the leased property are substantially transferred to the Company. These are capitalized at inception of the lease and they are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and reduction of the outstanding liability so as to attain a constant periodic rate of interest on the outstanding liability. The finance charge is imputed to results. The capitalized leased assets are depreciated over the shorter of the lease term and the asset's useful life.

Operating leases are those in which the lessor keeps all the risks and rewards incident to ownership of the fixed asset. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(r) Provisions and contingent liabilities: A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted so as to reflect the current value of the expenditure required to settle the obligation. As regards the provisions that will be settled in the long run when the effect of the time value of money is material, the respective amounts are calculated by discounting the expected future cash flows using a pre-tax discount rate that reflects the current market assessments of the time value of money and, if necessary, the risks specific to the liability. A contingent liability is not recognized in financial

statements, but is disclosed unless the possibility of an outflow of resources comprising economic benefits is remote. A contingent asset is not recognized in financial statements, but is disclosed when an inflow of economic benefits is probable.

- (s) **Earnings per share:** Basic earnings per share are calculated by dividing net profits by the weighted average number of ordinary shares outstanding during the period, save the average number of ordinary shares acquired as treasury stock.

(t) **Information per sector of activity:**

The Company and the Group are involved in the sale of software and hardware, and in the execution of projects associated with the foregoing.

Sales made abroad amount to figures that are not important in relation to the total sales of the Group (up to 5% of sales).

Therefore, the activities of the Company and the Group must not be segregated and presented per geographical sector.

- (u) **Investments and other (non-derivative) financial assets:** The (non-derivative) financial assets falling under and regulated by the provisions of IAS 39 are classified according to their nature and characteristics in one of the following four categories:

- Financial assets designated at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments, and
- Available-for-sale investments.

The said financial assets and liabilities are initially recognized at acquisition cost which represents fair value plus, in certain cases, direct acquisition/ trading expenses.

The above financial assets are categorized following initial recognition and, where possible, such categorization is reviewed and probably revised on a periodic basis.

- (i) Financial assets designated at fair value through profit or loss:

This is the Group's commercial portfolio including investments acquired with a view to be traded in the near future. Profit or loss from the valuation of the said assets is recognized in the income statement.

- (ii) Loans and receivables:

The loans and receivables generated from business activity (beyond the ordinary credit limits of the Group) are measured at unamortized cost using the effective interest rate method. Profit or loss is imputed to operating results wherever the respective items are deleted or impaired and through depreciation method.

- (iii) Held-to-maturity investments:

Non-derivative financial assets with fixed or determinable payments and maturity are classified as held-to-maturity investments wherever the Group has the positive intention and ability to hold to maturity. Any investments held for indefinite or predetermined period cannot fall within this category. Held-to-maturity investments are valued, following initial posting, at

unamortized cost using the effective interest rate method. Profit or loss is imputed to operating results wherever the respective items are deleted or impaired and through depreciation method.

(iv) Available-for-sale investments:

Non-derivative financial assets that do not fall within any of the above categories are qualified and classified as available-for-sale investments. Following initial recognition, available-for-sale investments are designated at fair value and the resultant profit or loss is recognized in equity until disposal or sale or impairment of the investment, at which time those unrealized movements from prior periods are recognized in profit or loss.

The current value of the investments traded on a regulated market arises from the respective market value of the investment on closing date. As regards those investments that are not quoted in an active market, fair value is calculated using relevant valuation techniques. These techniques are based on recent, at arm's length transactions of similar investments, on a reference to the market value of another investment with similar characteristics with those of the assessed investment, on an analysis of discounted cash flows and investment assessment models.

(v) **Financial derivatives:** The Group does not own any financial derivatives.

(w) **New Standards and Interpretations:** The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued a series of new accounting standards and interpretations whose application is obligatory for the accounting periods beginning on 1 January and thereafter (unless otherwise indicated). The Group estimates the impact of these new standards and interpretations as follows:

IFRS 6: Exploration for and Evaluation of Mineral Assets: It does not apply to the Group and will not affect its financial statements.

IFRS 7: Financial instruments Disclosures: This standard must necessarily apply to the accounting periods starting on 1 January 2007 and thereafter. It is not expected that it will affect considerably the financial statements of the Group. This standard imposes mainly additional disclosures on financial instruments.

IFRIC 3: Emission rights: This interpretation was subsequently withdrawn by the Interpretations Committee. It does not apply to the Group and will not affect its financial statements.

IFRIC 4: Determining whether an arrangement contains a lease: It is not expected that the application of IFRIC 4 will change the accounting treatment of any applicable contracts of the Group.

IFRIC 5: Rights to interests from decommissioning, restoration and environmental rehabilitation funds: It does not apply to the Group and will not affect its financial statements.

IFRIC 6: Liabilities arising from participating in a specific market – Waste Electrical and Electronic Equipment: It does not apply to the Group and will not affect its financial statements.

IFRIC 7: Applying the restatement approach under IAS 29: It does not apply to the Group and will not affect its financial statements.

IFRIC 8: Scope of IFRS 2: It will not affect the financial statements of the Group.

(x) **Item reclassification:** Certain items of the balance sheet and the income statement of last year (2004) were reclassified for presentation purposes so as to become similar and comparable with the respective items of the current year.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS OF THE MANAGEMENT

The Group makes estimates, assumptions and value judgments in order to select the most suitable accounting principles regarding the future progress of events and any situations or transactions in progress. The said estimates, assumptions and value judgments are periodically reviewed so as to be in line with actual circumstances and reflect the risks applying at the time, and are based on past experience of the Group's Management in relation to the level/ volume of relevant transactions or facts.

The basic estimates and value judgments related to data whose development could affect the items of financial statements over the next 12 months are as follows:

Important accounting estimates and relevant uncertainty:

Provision for income tax:

The provision for income tax on the basis of IAS 12 is calculated by assessing the taxes payable to tax authorities and includes the current income tax for each financial year and a provision for any additional taxes that may result during tax audits. Final settlement of income taxes may deviate from the relevant amounts presented in financial statements.

5. ADMINISTRATIVE, RESEARCH-DEVELOPMENT AND SELLING EXPENSES:

The administrative, research-development and selling expenses shown in the financial statements attached hereto are broken down as follows:

ADMINISTRATIVE EXPENSES	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Payroll	2,745,630	2,083,983	660,000	563,191
Charges for outside services	850,899	977,781	330,758	562,014
Professional fees	1,221,426	978,664	429,202	369,799
Taxes & duties	385,587	171,262	125,852	0
Miscellaneous expenses	1,192,263	753,244	264,055	309,881
Depreciation	1,699,419	1,048,082	42,162	127,105
	8,095,223	6,013,016	1,852,029	1,931,991

RESEARCH AND DEVELOPMENT	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Payroll	3,697,460	3,228,112	3,650,000	3,191,415
Charges for outside services	1,655,916	635,917	1,655,916	635,917
Professional fees	659,879	558,807	654,603	553,919
Taxes & duties	188,778	0	188,778	0
Miscellaneous expenses	308,502	226,159	305,042	224,985
Depreciation	523,322	237,930	521,519	236,411
	7,033,858	4,886,925	6,975,858	4,842,647

SELLING EXPENSES	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Payroll	7,925,499	7,189,462	3,557,735	3,191,415
Charges for outside services	2,026,489	2,132,088	826,896	737,549
Professional fees	2,814,602	3,456,473	1,101,588	1,964,126
Taxes & duties	937,631	948,684	314,630	479,541
Miscellaneous expenses	5,284,757	4,182,560	2,916,849	2,545,428
Depreciation	3,641,933	4,116,291	423,400	617,586
	22,630,911	22,025,559	9,141,098	9,535,646

6. OTHER OPERATING INCOME:

Other operating income is broken down as follows:

	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Subsidies collections	1,048,738	1,685,939	889,660	1,417,133
Income from rents	381,631	379,754	345,826	359,853
Indemnities from insurance companies	104,215	0	0	0
Foreign exchange gains	3,672,625	900,139	3,609,563	288,898
Gains on sale of fixed assets	390,336	25,652	387,155	12,167
Other income	265,623	477,861	21,958	280,168
Forfeiture of guarantees	0	4,326	0	4,326
Income from provisions	126,590	214,780	68,113	0
	5,989,758	3,688,450	5,322,275	2,362,545

7. NET FINANCIAL INCOME/ (EXPENSES):

The net financial income/(expenses) shown in the financial statements attached hereto is broken down as follows:

	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Dividends from shareholdings listed on ASE	17,702	92,734	17,702	92,734
Dividends from shares listed on ASE	208,509	0	208,509	0
Dividends from shares unlisted on ASE	713,596	174,011	713,596	174,011
Interest from deposits with banks	156,498	135,393	136,519	67,177
Gains on sale of participating interests	191,477	0	191,477	0
Gains of sale of securities	1,286,191	386,517	1,286,191	386,517
Other financial income	848	3,335	848	3,335
Profit/(Loss) from securities valuation	481,616	-693,420	481,616	-693,420
	3,056,437	98,569	3,036,457	30,354

	The Group	The Group	The Company	The Company
	2005	2004	2005	2004
Interest and expenses of long-term bank liabilities	5,476,161	5,022,750	5,476,161	5,022,750
Interest and expenses of short-term bank liabilities	3,180,358	3,838,193	2,132,604	2,708,952
Commission paid for letters of guarantee	282,048	320,375	282,048	320,375
Other interest and expenses	482,790	278,359	479,837	269,339
Commissions and other expenses in trading securities	416,606	276,314	409,565	276,314
Losses on sale of securities	345,996	656,014	345,996	656,014
Losses on transactions in futures contracts	474,114	1,235,658	474,114	1,235,658
	10,658,072	11,627,663	9,600,324	10,489,402

8. INCOME TAXES:

Pursuant to tax laws, the tax rate applicable to companies for the financial year 2005 is set at 32% (35% until 31 December 2004).

In November 2004 a new tax bill was approved pursuant to which the tax rate applicable to enterprises will be gradually reduced from 35% to 25%. More specifically, for the years 2005 and 2006 the tax rate will be reduced to 32% and 29% respectively and will be fixed at 25% as of the year 2007 and thereafter.

The income tax shown in the income statement in the financial statements attached hereto is broken down as follows:

	The Group		The Company	
	2005	2004	2005	2004
Current income taxes:				
Period's income tax	189,048	281,130	0	0
Deferred taxes	2,084,652	3,252,155	2,060,779	1,796,470
Tax audit assessments	66,580	145,614		
Taxes not included in the operating cost		5,582		5,582
	2,340,280	3,684,481	2,060,779	1,802,052

Greek tax laws and the relevant provisions are subject to interpretation by tax authorities. Income tax returns are submitted annually but the profit or loss declared for fiscal purposes remains temporary until tax authorities examine tax returns and the books of the taxpayer, a time at which the respective tax liabilities will be settled. Tax losses, to the extent they are recognized by tax authorities, may be used to offset the profits of the five years following the respective financial year.

ALTEC has been audited by tax authorities until 31 December 2001. As regards the subsidiaries of ALTEC, their books and records have not been audited by tax authorities for the years set forth in Annex I.

A future tax audit of the respective unaudited years may probably give rise to additional taxes and fines being imposed on ALTEC SA. The Company believes it has set up sufficient provisions for the additional taxes that may result from future tax audits on the basis of the findings of prior periods' tax audits and previous interpretations of tax laws.

Deferred income tax relates to all temporary differences between the carrying amount of assets and liabilities in the balance sheet and the tax base of assets and liabilities, and is calculated pursuant to the applicable income tax rate.

Deferred tax assets and liabilities are shown in the balance sheet attached hereto as follows:

	<u>The Group</u>	<u>The Company</u>
Balance at beginning, 1 January 2004	8,682,180	7,241,332
Charged to profit or loss	<u>-3,252,155</u>	<u>-1,796,470</u>
Balance as at 31 December 2004	5,430,025	5,444,862

	<u>The Group</u>	<u>The Company</u>
Balance at beginning, 1 January 2005	5,430,025	5,444,862
Charged to profit or loss	<u>-2,084,652</u>	<u>-2,060,779</u>
Balance as at 31 December 2005	3,345,373	3,384,083

	<u>The Group</u>		<u>The Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Deferred income tax				
Tangible assets	-2,107,119	-2,109,607	-961,675	-554,277
Intangible assets	-3,435,400	-1,453,878	225,921	794,773
Receivables	4,392,014	4,395,690	3,750,000	3,750,000
Prepaid expenses	0	613,573	0	613,573
Staff compensation due to retirement	456,193	473,033	369,837	386,866
Deferred tax liabilities	4,039,686	3,486,013		453,928
Inventories		25,200		
Total deferred income tax	3,345,373	5,430,025	3,384,083	5,444,862

The deferred income tax included in the tax of operating results is broken down as follows:

	<u>The Group</u>		<u>The Company</u>	
	2005	2004	2005	2004
Tangible & intangible assets	-1,979,035	-3,296,247	-976,249	-1,347,119
Prepaid expenses	-613,573	613,573	-613,573	613,573
Staff compensation due to retirement	-16,840	12,143	-17,028	811
Deferred tax liabilities of subsidiaries	553,673	-581,625	-453,928	-1,063,736
Receivables	-3,676			
Inventories	-25,200			
Deferred income tax credited/ (charged)	-2,084,652	-3,252,155	-2,060,779	-1,796,470

9. EARNINGS PER SHARE:

Basic earnings per share on 31 December 2005 and 2004 are calculated as follows:

	<u>The Group</u>		<u>The Company</u>	
	2005	2004	2005	2004
Net profit distributed to shareholders of the parent company	2,713,603	-2,062,970	4,344,278	1,724,944
Weighted average number of outstanding shares	100,353,000	100,353,000	100,353,000	100,353,000
	0	0	0	0
Basic earnings per share:				
Net profit distributed to shareholders of the parent company	0.03	-0.02	0.04	0.02

10. TANGIBLE AND INTANGIBLE ASSETS:

Tangible and intangible assets are broken down as follows:

TABLE OF CHANGES IN FIXED ASSETS FOR THE YEAR 2004

<u>COMPANY</u>	Land, buildings and technical works	Machinery	Transportation means	Furniture	Total
<u>Acquisition cost</u>					
Balance as at 1.1.04	35,003,374	1,559,106	226,445	15,033,672	51,822,597
Additions	129,249	0	1,315	95,039	225,603
Sales/ Deletion	-74,683	0	0	-1,528,227	-1,602,910
	<u>35,057,940</u>	<u>1,559,106</u>	<u>227,760</u>	<u>13,600,484</u>	<u>50,445,290</u>
<u>Provision for depreciation</u>					
Balance as at 1.1.04	-2,629,563	-1,029,143	-59,582	-12,047,428	-15,765,716
Charge to the period	-601,991	-154,950	-14,341	-510,433	-1,281,716
Sales/ Deletion					0
	<u>-3,231,554</u>	<u>-1,184,093</u>	<u>-73,923</u>	<u>-12,557,861</u>	<u>-17,047,431</u>
Unamortized value as at	31,826,385	375,014	153,837	1,042,623	33,397,859

<u>GROUP</u>	Land, buildings and technical works	Machinery	Transportation means	Furniture	Total
<u>Acquisition cost</u>					
Balance as at 1.1.04	41,903,653	1,978,944	384,481	30,064,767	74,331,845
Additions	193,442	0	11,334	533,950	738,726
Sales/ Deletion	-98,700	-30,847	0	-1,528,227	-1,657,774
	<u>41,998,395</u>	<u>1,948,097</u>	<u>395,815</u>	<u>29,070,490</u>	<u>73,412,797</u>
<u>Provision for depreciation</u>					
Balance as at 1.1.04	-3,180,560	-1,267,740	-107,740	-18,218,552	-22,774,592
Charge to the period	-923,015	-188,406	-28,066	-3,078,568	-4,218,056
Sales/ Deletion	30,837	41,514	404		72,755
	<u>-4,072,738</u>	<u>-1,414,632</u>	<u>-135,402</u>	<u>-21,297,120</u>	<u>-26,919,892</u>
Unamortized value as at 31/12/2004	37,925,656	533,466	260,413	7,773,370	46,492,905

TABLE OF CHANGES IN INTANGIBLE ASSETS FOR THE YEAR 2004

<u>COMPANY</u>	Software	Other intangible assets	Total
<u>Acquisition cost</u>			
Balance as at 1.1.04	11,379,047	2,938,545	14,317,592
Additions	1,225	0	1,225
Sales/ Deletion	0	0	0
	<u>11,380,272</u>	<u>2,938,545</u>	<u>14,318,817</u>
<u>Provision for depreciation</u>			
Balance as at 1.1.04	-5,420,766	-575,092	-5,995,858
Charge to the period	-1,548,977	-25,074	-1,574,051
Sales/ Deletion	0	0	0
	<u>-6,969,743</u>	<u>-600,166</u>	<u>-7,569,909</u>
Unamortized value as at 31/12/2004	4,410,529	2,338,379	6,748,908
<u>GROUP</u>	Software	Other intangible assets	Total
<u>Acquisition cost</u>			
Balance as at 1.1.04	39,933,165	2,943,690	42,876,855
Additions	1,848,973	90,848	1,939,821
Sales/ Deletion	0	0	0
	<u>41,782,138</u>	<u>3,034,538</u>	<u>44,816,676</u>
<u>Provision for depreciation</u>			
Balance as at 1.1.04	-12,673,899	-575,092	-13,248,991
Charge to the period	-3,841,294	-39,466	-3,880,760
Sales/ Deletion	0	0	0
	<u>-16,515,193</u>	<u>-614,558</u>	<u>-17,129,751</u>
Unamortized value as at 31/12/2004	25,266,945	2,419,980	27,686,925

TABLE OF CHANGES IN FIXED ASSETS FOR THE YEAR 2005

<u>GROUP</u>	Land, buildings and technical works	Machinery	Transportation means	Furniture	Total
<u>Acquisition cost</u>					
Balance as at 31.12.04	41,998,395	1,948,097	395,815	29,070,490	73,412,797
Additions	695,257	120,340	13,029	5,117,416	5,946,042
Sales/ Deletion	<u>-2,454,959</u>	<u>0</u>	<u>-12,913</u>	<u>-2,030,863</u>	<u>-4,498,735</u>
	<u>40,238,693</u>	<u>2,068,437</u>	<u>395,932</u>	<u>32,157,043</u>	<u>74,860,104</u>
<u>Provision for depreciation</u>					
Balance as at 31.12.04	-4,072,738	-1,414,632	-135,402	-21,297,120	-26,919,892
Charge to the period	-936,075	-189,595	-22,839	-2,719,068	-3,867,577
Sales/ Deletion	<u>218,054</u>	<u>5,701</u>	<u>7,879</u>	<u>932,992</u>	<u>1,164,626</u>
	<u>-4,790,759</u>	<u>-1,598,526</u>	<u>-150,362</u>	<u>-23,083,196</u>	<u>-29,622,843</u>
Unamortized value as at 31/12/2004	37,925,656	533,466	260,413	7,773,370	46,492,905
Unamortized value as at 31/12/2005	35,447,933	469,911	245,570	9,073,847	45,237,261
<u>COMPANY</u>	Land, buildings and technical works	Machinery	Transportation means	Furniture	Total
<u>Acquisition cost</u>					
Balance as at 31.12.04	35,057,940	1,559,106	227,760	13,600,484	50,445,290
Additions	287,900	0	1,315	497,174	786,389
Sales/ Deletion	<u>-1,862,031</u>	<u>0</u>	<u>-1,000</u>	<u>-1,478,993</u>	<u>-3,342,025</u>
	<u>33,483,808</u>	<u>1,559,106</u>	<u>228,076</u>	<u>12,618,665</u>	<u>47,889,655</u>
<u>Provision for depreciation</u>					
Balance as at 31.12.04	-3,231,554	-1,184,093	-73,923	-12,557,861	-17,047,431
Charge to the period	-583,852	-156,181	-14,334	-502,837	-1,257,204
Sales/ Deletion	<u>217,456</u>	<u>5,701</u>	<u>247</u>	<u>849,961</u>	<u>1,073,365</u>
	<u>-3,597,950</u>	<u>-1,334,572</u>	<u>-88,010</u>	<u>-12,210,737</u>	<u>-17,231,270</u>
Unamortized value as at 31/12/2004	31,826,385	375,014	153,837	1,042,623	33,397,859
Unamortized value as at 31/12/2005	29,885,858	224,534	140,065	407,927	30,658,385

TABLE OF CHANGES IN INTANGIBLE ASSETS FOR THE YEAR 2005

<u>GROUP</u>	Software	Other intangible assets	Total
<u>Acquisition cost</u>			
Balance as at 31.12.04	41,782,138	2,943,690	44,725,828
Additions	146,952	2,660	149,612
Sales/ Deletion	-1,419,688	0	-1,419,688
	<u>40,509,401</u>	<u>2,946,350</u>	<u>43,455,751</u>
<u>Provision for depreciation</u>			
Balance as at 31.12.04	-16,424,345	-614,558	-17,038,903
Charge to the period	-3,974,293	-535,477	-4,509,770
Sales/ Deletion	365,542	0	365,542
	<u>-20,033,096</u>	<u>-1,150,036</u>	<u>-21,183,131</u>
Unamortized value as at 31/12/2004	25,357,793	2,329,131	27,686,925
Unamortized value as at 31/12/2005	20,476,306	1,796,314	22,272,620
<u>COMPANY</u>	Software	Other intangible assets	Total
<u>Acquisition cost</u>			
Balance as at 31.12.04	11,380,272	2,938,545	14,318,817
Additions	137,425	0	137,425
Sales/ Deletion	-64,688	0	-64,688
	<u>11,453,009</u>	<u>2,938,545</u>	<u>14,391,554</u>
<u>Provision for depreciation</u>			
Balance as at 31.12.04	-6,969,743	-600,166	-7,569,909
Charge to the period	-1,547,264	-28,469	-1,575,733
Sales/ Deletion	4,750	0	4,750
	<u>-8,512,257</u>	<u>-628,635</u>	<u>-9,140,892</u>
Unamortized value as at 31/12/2004	4,410,529	2,338,379	6,748,908
Unamortized value as at 31/12/2005	2,940,751	2,309,910	5,250,662

Building assessment at fair value: The Group assigned to a company of independent assessors to estimate the value of its buildings as at 1 January 2004 (date of transition to IFRS). Estimates were based on appropriate valuation methods, having regard to the nature and use of the buildings assessed.

The basic assessment methods used were the following:

- Comparative data method
- Real estate market data
- Data on proceeds
- Information drawn from the database of the College of Chartered Assessors on special projects, structures, installations and equipment.

The total building adjustments that resulted in relation to book balances according to past GASs are the following:

	<u>The Group</u>	<u>The Company</u>
Buildings used by the entity itself	11,243,152	11,243,152
Investment property	4,091,442	4,091,442

The adjustment amount of the buildings used by the entity itself was posted to a specific equity adjustment account whereas investment property was recognized in the results carried forward.

Registration of future mortgage has taken place with respect to land and buildings of the Group so as to secure bank loans amounting to € 128,217,168.

On 31 December 2005, ALTEC had no contractual obligations regarding the purchase of tangible assets ((€ 0 on 31 December 2004).

11. AVAILABLE-FOR-SALE SALES

Available-for-sale investments are holdings in the share capital of unlisted companies and one company listed on the Athens Stock Exchange, and are broken down below. Unlisted investments available for sale are assessed at cost given that they are not traded on any regulated market while their fair value cannot be calculated reliably. The listed investment that is available for sale is assessed at its market value.

<u>Company</u>	<u>% Holding</u>	<u>Book balance 2005</u>	<u>Main activity</u>	<u>Country of incorporation</u>
ALTE (listed)	3,642,701 shares	291,416	Construction works	Greece
NORTHERN GREECE NATIONAL DEVELOPMENT S.A.	20%	1,778,430	Investments Information	Greece
IT HELLENIC COMPANY S.A.	45%	633,935	Technology	Greece
OTHERS		<u>256,732</u>		
		2,960,513		
<u>Company</u>	<u>% Holding</u>	<u>Book balance 2004</u>	<u>Main activity</u>	<u>Country of incorporation</u>
ALTE (listed)	3,642,701 shares	801,394	Construction works	Greece
NORTHERN GREECE NATIONAL DEVELOPMENT S.A.	20%	1,778,430	Investments	Greece

IT HELLENIC COMPANY S.A.	45%	633,935	Information Technology	Greece
OTHERS		<u>256,732</u>		
		3,470,491		

12. INVENTORIES:

Inventories are broken down as follows:

	<u>The Group</u>		<u>The Company</u>	
	2005	2004	2005	2004
Merchandise	12,503,517	13,881,245	6,204,390	6,731,530
Finished and semi-finished products	399,199	785,685	382,835	767,366
Works in progress	29,537,507	23,067,415	29,537,507	23,067,415
Raw materials and consumables	2,145,793	1,957,197	2,056,286	1,892,132
Down payments for stocks	38,477	2,922,500	0	2,589,646
	44,624,493	42,614,042	38,181,018	35,048,089

13. OTHER ASSETS

COMPANY

	<u>COMPANY</u>	
	2005	2004
Securities on hand	4,305,621	2,869,956
Securities with banks	18,640,795	12,874,494
Receivables from Greek State: Subsidies	2,017,587	2,252,999
Receivables from Greek State: taxes withheld	5,812,970	5,067,101
Banks: receivables from credit cards	4,656,569	11,797,853
Listed shares	3,586,992	7,269,230
Mutual funds shares	3,873,661	521,062
Sundry creditors (debit balances)	2,573,534	3,442,790
Other debtors	7,805,987	4,508,949
Prepaid expenses	2,802,295	2,071,211
Cash	9,764,673	12,280,300
	65,840,684	64,955,945

GROUP

	<u>GROUP</u>	
	2005	2004
Securities on hand	5,706,549	5,333,957
Securities with banks	18,640,795	13,440,894
Receivables from Greek State: Subsidies	2,017,587	2,252,999
Receivables from Greek State: taxes withheld	5,812,970	5,121,062
Banks: receivables from credit cards	4,656,569	13,384,648
Listed shares	3,586,992	7,270,072
Mutual funds shares	3,985,503	521,062
Sundry creditors (debit balances)	2,573,534	1,270,671
Other debtors	9,330,906	8,165,117
Prepaid expenses and non-invoiced income	6,880,911	4,887,894
Cash	17,330,318	16,509,391
	80,522,633	78,157,769

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

SHARES LISTED ON ASE

	The Group		The Company	
	2005	2004	2005	2004
Initial balance	7,270,072	9,374,281	7,269,230	9,373,439
Additions	26,080,395	5,739,367	26,080,395	6,304,143
Sales	29,762,633	7,719,659	29,762,633	8,408,352
FINAL BALANCE	3,578,834	7,270,914	3,586,992	7,269,230

MUTUAL FUNDS

	The Group		The Company	
	2005	2004	2005	2004
Initial balance	521,062	300,000	521,062	300,000
Additions	5,334,554	930,000	5,223,554	930,000
Sales	2,064,446	708,938	2,064,446	708,938
FINAL BALANCE	3,791,161	521,062	3,680,161	521,062

BONDS

	The Group		The Company	
	2005	2004	2005	2004
Initial balance	0	0		0
Additions	193,500	0		0
FINAL BALANCE	193,500	0		0

15. CASH:

	The Group		The Company	
	2005	2004	2005	2004
Cash:	17,330,318	16,509,390	9,764,673	12,280,300

16. SHARE CAPITAL:

On 31 December 2005 and 2004, the share capital of the Company amounted to € 44,155,320.00 consisting of 100,353,000 bearer shares with a nominal value of € 0.44 each.

17. STATUTORY, UNTAXED AND SPECIAL RESERVES:

Statutory reserve: Pursuant to Greek commercial laws, each year companies are obliged to set aside from the profits of the year an amount to form the statutory reserve that will be equal to 5% of the paid-up share capital until such reserve is equal to one third of the capital. Distribution of statutory reserve while the company is active is prohibited.

Untaxed and specially taxed reserves: Reserves arising from untaxed revenues and specially taxed reserves concern interest income and gains on sale of shares not listed on any stock exchange, which are exempted from taxation or are taxed by withholding tax at source. No deferred tax liabilities have been recorded in the accounting books.

Special-law untaxed reserves and other special reserves: Special-law untaxed reserves concern undistributed profits which are exempted from taxation by virtue of special provisions of development laws (provided that there are sufficient profits for their formation). These reserves mainly concern investments and are not distributed. No deferred tax liabilities have been recorded in the accounting books.

Table of owner's equity

	<u>Company</u>		<u>Group</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Share capital	44,155,320	44,155,320	44,155,320	44,155,320
Reserves	107,401,256	102,994,144	85,024,900	91,046,912
Balance carried forward	-55,783,228	-62,323,844	- 57,536,455	-66,086,454
Minority interests			4,277,267	5,794,757
Total owner's equity	95,773,348	84,825,620	75,921,032	74,910,535

18. DIVIDENDS

Pursuant to the provisions of Greek commercial laws, each year companies are obliged to distribute a dividend corresponding at least to 35% of post-tax earnings and after the establishment of the statutory reserve required by law or, as a minimum, an amount reflecting 6% of the paid-up share capital, whichever is the highest. Any dividend being less than 35% of post-tax earnings and after the formation of statutory reserves but higher than 6% of the paid-up share capital may be declared and paid following approval by 70% of shareholders. However, the Company may not declare dividends following unanimous approval by all shareholders.

In addition, according to Greek commercial laws specific conditions must be met in order that dividends are distributed, as follows:

- (a) No dividend may be distributed to shareholders in case the Company's owner's equity, as reflected in financial statements, is or will be less than the share capital plus undistributed reserves following such distribution; and
- (b) No dividends may be distributed to shareholders in case the unamortized balance of "Formation and set-up expenses", as reflected in financial statements, exceeds the total reserves that can be distributed plus the balance of profits carried forward.

On 24 March 2006, the Board of Directors of the Company proposed that no dividend is distributed due to accumulated losses.

19. LONG-TERM LIABILITIES:

Long-term liabilities as at 31 December 2005 and 2004 are broken down as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Long-term liabilities				
Deferred taxes	113,803	144,516		
Bank loans	62,416,813	79,913,193	62,416,813	79,913,193
Other long-term liabilities	20,103	20,102	20,103	20,102
Provisions for staff compensation due to retirement	1,917,187	1,764,740	1,479,349	1,547,462
Tax audit assessments	997,500	997,500	997,500	997,500
	65,465,406	82,840,051	64,913,765	82,478,257

The weighted average rate of long-term loans on 31 December 2005 amounted to 4.35% (2004: 3.65%%).

20. STAFF COMPENSATION DUE TO RETIREMENT:

(a) **State Insurance Schemes:** The employer's contributions of the Company to insurance funds for the year ended on 31 December 2005 were charged to expenses and amounted to € 4,599,861 (2004: 4,518,449) and to € 2,964,019 (2004: 3,185,299) for the Group and the Company respectively.

(b) **Staff compensation due to retirement:** Pursuant to the provisions of Greek Labor Law, employees are entitled to compensation in case they are dismissed or retire, the level of which varies depending on the salary, the years of service and the way the employee withdraws (dismissal or retirement) from work. No employees resigning are entitled to compensation. The compensation payable in case of retirement is equal to 40% of the compensation that would be payable in case of dismissal. Pursuant to the practice applying in Greece, these schemes are not financed. The Company charges accrued benefits to the results during each period by increasing accordingly the retirement liability. Benefit payments made to retirees each period are charged to this liability.

The movement in the net liability shown in the consolidated balance sheet attached hereto is as follows:

	The Group		The Company	
	2005	2004	2005	2004
Net liability at beginning of year	1,859,351	1,808,315	1,547,462	1,544,217
Actual benefits paid by the Company	-411,041	-286,384	-320,958	-254,257
Expenses recognized in the consolidated income statement	361,006	337,422	252,845	257,502
Net liability at year end	1,809,316	1,859,353	1,479,349	1,547,462

The liabilities of the Company arising from its obligation to pay retirement compensation were fixed through actuarial studies carried out by an independent company of internationally acknowledged actuaries.

Basic assumptions

Average annual long-term inflation growth rate	2.0%
Average annual long-term increase in GRP	3.0%
Average annual long-term payroll maturity taken into account for the compensation under Law 2112	6.1%

The additional cost of supplementary benefits is related to benefits paid to those employees being dismissed. Most of these allowances were not expected in the context of this scheme and, therefore, the additional payments of benefits plus the existing reserves were treated as additional retirement charge.

21. Other short-term liabilities

GROUP

	2005	2004
Suppliers	42,816,844	51,308,719.86
Outstanding cheques	12,762,142	11,137,257.35
Customers down payments	3,317,206	6,089,798.24
Tax and duties payable	2,066,845	3,004,532.97
Insurance and pension fund dues	1,088,971	1,076,351.12
Dividends payable	829,939	1,177,484.02
Sundry creditors	4,717,007	4,473,727.44
	<u>67,598,954</u>	<u>78,267,871.00</u>

COMPANY

	2005	2004
Suppliers	21,909,420	29,296,140
Outstanding cheques	8,143,408	8,910,770
Customers down payments	2,037,703	617,337
Tax and duties payable	1,152,292	2,370,914
Insurance and pension fund dues	705,620	713,069
Dividends payable	829,939	832,055
Sundry creditors	2,068,175	838,081
	<u>36,846,557</u>	<u>43,578,365</u>

22. SHORT-TERM LOANS:

Short-term loans are withdrawals on the basis of different credit limits kept by the Company with different banks.

Throughout the year, short-term loans were denominated in Euro in their entirety.

The weighted average rate of short-term loans on 31 December 2005 amounted to 4.70% (2004: 4.30%).

23. RELATED PARTY DISCLOSURES:

The consolidated financial statements include the financial statements of ALTEC S.A. and its subsidiaries which are set forth in Annex I.

The balances of the Company's accounts with associated companies are as follows:

<i>Receivables – Liabilities in respect of Group's companies</i>	2005
UNISOFT ROMANIA SRL	-365.00
UNISOFT BULGARIA AD	-44,587.57
INTERFACE S.A.	572,967.25
OROSIMO S.A.	50,949.34
MICROLAND COMPUTERS S.A.	13,614,405.18
SYSWARE ROMANIA SRL	31,007,959.66
SYSWARE BULGARIA AD	701,914.44
DATANED S.A.	-105,719.93
ALTEC TELECOMS S.A.	7,000,179.78
OTS S.A.	45,492.13
ALTEC-BYTE JOINT VENTURE	-454,210.57

The transactions of the Group's Companies with associated parties are as follows:

Year 2005:

ALTEC S.A.		
	SALES	PURCHASES
UNISOFT ROMANIA	73,737.48	
INTERFACE S.A.	6,561.62	121,560.48
OROSHMO S.A.	362,750.35	120,240.00
MICROLAND S.A.	7,478,618.38	12,142,097.00
SYSWARE ROMANIA	78,189.73	
SYSWARE BULGARIA	318,163.21	
DATAMED S.A.	134,267.02	91,124.02
ALTEC TELECOMS S.A.	5,240,919.54	3,450,035.44
OTS S.A.	209,314.05	181,113.31
TOTAL	13,902,521.38	16,106,170.25

Year 2004:

ALTEC S.A.		
	SALES	PURCHASES
UNISOFT ROMANIA	865,534.47	12,062,510.13
INTERFACE S.A.	28,277.08	556,423.38
OROSHMO S.A.	360,034.85	57,220.00
MICROLAND S.A.	13,281,541.45	342,984.87
SYSWARE ROMANIA	515,732.27	
SYSWARE BULGARIA	29,466.64	
DATAMED S.A.	125,696.03	321,301.89
ALTEC TELECOMS S.A.	4,702,664.41	1,456,116.00
OTS S.A.	205,381.28	351,307.86
TOTAL	20,114,328.48	15,147,864.13

Sales and services are provided to associated companies at standard market prices. Outstanding balances at year end have no security thereupon and settlement takes place in cash. Guarantees for the above receivables have not been provided or received. As for the periods ended on 31 December 2005 and 2004, the Company has not set up any provision for doubtful debts referring to amounts due from associated companies.

24. FINANCIAL RISKS MANAGEMENT

The main financial products of the Group are cash and cash equivalents, trade and other receivables, trade and other liabilities, bank loans, available-for-sale investments and financial assets designated at fair value through profit or loss.

- (i) **Grouping of credit risk:** The Group does not have any grouping of credit risk in any one of its counterparties.
The Company proceeds to sales mainly through agreements, thus ensuring its right to collect receivables.
Maximum exposure to a credit risk is reflected on the level of each asset.

The policy of the Group consists in entering into contracts with parties meeting top standards. Moreover, the Company does not find necessary the conclusion of pledging contracts having regard to the top credit rating of its counterparties.

(ii) **Fair value:** The amounts presented in the attached balance sheets for cash, receivables and short-term liabilities, are close to the respective fair values due to their short-term maturity.

The fair values of securities listed on stock exchanges are based on their market valuation on the preparation date of the balance sheet.

(iii) **Interest rate risk:** The risk of interest rate fluctuation is due mainly to long-term loans. The Management constantly monitors the fluctuations in exchange rates and interest rates and assesses whether the respective positions must be adopted so as to hedge the resultant risks.

(iv) **Foreign exchange risk:** The exposure of the Group to foreign exchange risks is limited because transactions are mainly carried out in Euro while sales to countries with currencies other than Euro are settled within a short period of time, thus minimizing the exposure of the Group to foreign exchange risks.

(v) **Liquidity risk:** Liquidity risk is kept at low levels through the availability of sufficient cash on hand and credit limits.

The existing unused credits granted to the Group by banks are adequate and can deal with any eventual lack of cash on hand.

25. CONTINGENT LIABILITIES:

(a) Court cases:

The Company is involved (in the capacity of both defendant and plaintiff) in various court cases and arbitration procedures in the framework of its regular operation. The Management and the legal advisers estimate that the pending affairs will be settled without important negative impact on the Company's consolidated financial position or on the results of its operation.

(b) Commitments:

(i) Guarantees:

On 31 December 2005 the Group had the following contingent liabilities:

Owners of consigned merchandise	0.03
Accounts of non-owned assets	101,528.81
Owners of assets pledged as security	1,272,780.11
Letters of guarantee securing receivables	183,418.75
Other guarantees	3,073,396
Participation letters of guarantee	9,745,394
Performance bonds	13,624,266
Sundry credit memo accounts	752,804.75

(iii) Capital commitments:

On 31 December 2005, the Group had not any commitments for capital expenditure (EUR 0 on 31 December 2004).

26. EVENTS AFTER THE BALANCE SHEET DATE:

There are no events after the balance sheet date that could affect the financial statements.

For the approval of Financial Statements:

Athens, 24 March 2006

THE CHAIRMAN & MANAGING DIRECTOR

Athanassios Athanassoulis

Police ID Card No Ε. 436568

THE VICE-CHAIRMAN OF THE BoD

Athanassios Avraam

Police ID Card No X. 053059

THE FINANCIAL DIRECTOR

Efstratios Kordoulas

Police ID Card No Σ.558997

HEAD OF ACCOUNTS DEPARTMENT

Dimitrios Giannopoulos

Police ID Card No N.309937

ANNEX I

1. CORRECTIONS IN RELATION TO THE PUBLISHED FINANCIAL STATEMENTS

ALTEC adjusted the items of its financial statements as at 31 December 2003 during the first-time adoption of IFRS. Subsequently, taking into account the new circumstances and fair representation of financial statements on the above date, ALTEC adjusted certain items. This was dictated by the need to correct errors arising from transition to IFRSs and to present the revised estimates which have been verified in accounting terms to date so that such data are accurately reflected in the financial statements of the years until 2005.

Below is given a thorough breakdown of financial statements in table form, as these were finally established following the above corrections.

**TABLE OF CHANGES IN THE
TABLE OF EQUITY ADJUSTMENTS AT THE BEGINNING OF THE PERIOD (1.1.2005 and 1.1.2004 respectively)
BETWEEN GREEK ACCOUNTING STANDARDS (GAS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)**

	<u>COMPANY 1/1/2004</u>	
	<u>Initial published amounts</u>	<u>Final adjusted amounts</u>
Equity at beginning of period (GAS)	130,630,767.00	130,630,767.00
Assets depreciation according to GAS	84,519,199.00	84,329,752.00
Assets depreciation according to their expected useful life	-21,477,280.00	-21,478,208.00
Reversal of land adjustment	-35,068.00	
Deletion of capitalized expenses	-56,039,218.00	-68,944,869.00
Provision for doubtful customers and debtors	-43,000,000.00	-57,904,747.00
Deferred tax	0.00	5,444,862.00
Provision for staff compensation	0.00	-1,541,655.00
Buildings reassessment	0.00	15,334,595.00
Tax provisions		-997,500.00
Total adjustments	-36,032,367.00	-45,757,770.00
Equity at beginning of period (1.1.2004) pursuant to IAS	94,598,400.00	84,872,997.00
	<u>COMPANY 1/1/2005</u>	
	<u>Initial published amounts</u>	<u>Final adjusted amounts</u>
Equity at beginning of period (GAS)	126,983,322.00	126,983,322.00
Assets depreciation according to GAS	92,895,693.00	92,706,248.00
Assets depreciation according to their expected useful life	-24,404,418.00	-24,333,976.00
Reversal of land adjustment	-35,068.00	
Deletion of capitalized expenses	-57,329,486.00	-68,944,869.00
Provision for doubtful customers and debtors	-43,000,000.00	-57,904,747.00
Deferred tax	0.00	3,384,083.00
Provision for staff compensation	0.00	-1,401,536.00
Buildings reassessment	0.00	15,334,595.00
Tax provisions	0.00	-997,500.00
Total adjustments	-31,873,279.00	-42,157,702.00
Equity at beginning of period (1.1.2005) pursuant to IAS	95,110,043.00	84,825,620.00
	<u>GROUP 1/1/2004</u>	
	<u>Initial published amounts</u>	<u>Final adjusted amounts</u>
Equity at beginning of period (GAS)	122,516,876.00	122,516,876.00
Assets depreciation according to GAS	125,679,739.00	126,867,906.00

Assets depreciation according to their expected useful life	-37,939,515.00	-35,336,420.00
Reversal of land adjustment	-35,068.00	
Deletion of capitalized expenses	-81,128,160.00	-94,606,217.00
Settlement due to different treatment of intangible assets and interests	-120,833.00	
Provision for doubtful customers and debtors	-45,061,313.00	-59,932,436.00
Deferred tax	0.00	5,430,025.00
Provision for staff compensation	0.00	-1,764,740.00
Decrease in guarantees	-153,929.00	-153,929.00
Buildings reassessment	0.00	15,334,595.00
Tax provisions	0.00	-997,500.00
Deletion of inventories	-72,000.00	-72,000.00
Total adjustments	-38,831,079.00	-45,230,716.00
Equity at beginning of period (1.1.2004) pursuant to IAS	83,685,797.00	77,286,160.00

GROUP 1/1/2005

	<u>Initial published amounts</u>	<u>Final adjusted amounts</u>
Equity at beginning of period (GAS)	106,938,308.00	106,938,308.00
Assets depreciation according to GAS	138,946,223.00	149,069,653.00
Assets depreciation according to their expected useful life	-42,583,859.00	-43,426,236.00
Reversal of land adjustment	-35,068.00	
Deletion of capitalized expenses	-82,964,463.00	-93,341,076.00
Settlement due to different treatment of intangible assets and interests	13,239,687.00	0.00
Provision for doubtful customers and debtors	-45,061,313.00	-59,932,438.00
Deferred tax	0.00	3,345,372.00
Provision for staff compensation	0.00	-1,917,187.00
Decrease in guarantees	-153,929.00	-153,929.00
Buildings reassessment	0.00	15,334,595.00
Tax provisions	0.00	-997,500.00
Deletion of inventories	-72,000.00	-72,000.00
Total adjustments	-18,684,722.00	-32,090,746.00
Equity at beginning of period (1.1.2005) pursuant to IAS	88,253,586.00	74,847,562.00

Changes concern deletion of intangible assets, provisions for doubtful debts, real estate revaluation, depreciation, deferred taxes, provisions for staff compensation due to retirement, and provisions for tax audit assessments. In addition, financial assets were transferred from non-current to current assets at fair value through profit or loss.

CHANGES IN INCOME STATEMENT FOR THE YEAR FROM 1/1/2004 TO 31/12/2004

THE COMPANY year 2004

	<u>Initial amounts</u>	<u>Final amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>
	<u>1/1-31/3/2004</u>		<u>1/1-30/6/2004</u>		<u>1/1-30/9/2004</u>	
Turnover	31,070,471	31,070,471	58,356,213	58,356,213	83,930,572	83,930,572
Cost of goods sold	21,619,464	21,619,464	39,177,038	39,177,038	57,446,813	57,446,813
Gross profit	9,451,007	9,451,007	19,179,175	19,179,175	26,483,759	26,483,759
Other operating and investment income	588,547	588,547	1,554,335	1,554,335	1,702,096	1,702,096
Interest received	392,846	392,846	631,349	631,349	687,384	687,384
Administrative expenses	4,315,584	4,315,584	2,861,365	2,861,365	3,800,789	3,800,789
Selling expenses	532,851	532,851	7,422,834	7,422,834	11,149,920	11,149,920
Other operating expenses	1,530,484	2,952,527	483,283	484,906	610,670	613,104
Earnings before interest, tax and depreciation	4,053,481	2,631,438	10,597,377	10,595,754	13,311,860	13,309,426
Depreciation	645,578	704,494	1,302,461	1,420,292	1,957,507	2,134,254
Earnings before interest and tax	3,407,903	1,926,944	9,294,916	9,175,462	11,354,353	11,175,172
Financial expenses	1,409,641	1,409,641	5,630,485	5,630,485	7,458,229	7,458,229
Profit before tax	1,998,262	517,303	3,664,431	3,544,977	3,896,124	3,716,943
Less taxes	699,392	449,118	0	898,235	0	1,347,353
Post-tax earnings	1,298,870	68,185	3,664,431	2,646,742	3,896,124	2,369,590
Appropriated to:						
Company's shareholders	1,298,870	68,185	3,664,431	2,646,742	3,896,124	2,369,590
Minority interests	0	0	0	0	0	0
	1,298,870	68,185	3,664,431	2,646,742	3,896,124	2,369,590
Post-tax earnings per share- basic (in €)	0.01	0.00	0.04	0.03	0.04	0.02

Changes concern provisions for staff compensation due to retirement amounting to € 3,245, taxes equal to € 3,217,702 and buildings depreciation amounting to € 235,663.

	<u>THE GROUP year 2004</u>					
	<u>Initial</u>	<u>Final</u>	<u>Initial amounts</u>		<u>Initial</u>	<u>Final</u>
	<u>amounts</u>	<u>amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>	<u>amounts</u>	<u>amounts</u>
	<u>1/1-31/3/2004</u>	<u>1/1-31/3/2004</u>	<u>1/1-30/6/2004</u>		<u>1/1-30/9/2004</u>	
Turnover	83,451,891	83,451,891	162,346,908	162,346,908	233,409,254	233,409,254
Cost of goods sold	69,457,957	69,457,957	132,999,387	132,999,387	195,292,089	195,292,089
Gross profit	13,993,934	13,993,934	29,347,521	29,347,521	38,117,165	38,117,165
Other operating and investment income	656,119	656,119	1,752,542	1,752,542	2,198,341	2,198,341
Interest received	407,069	407,069	655,502	655,502	739,866	739,866
Administrative expenses	7,268,508	7,268,508	5,163,395	5,163,395	6,785,439	6,785,439
Selling expenses	1,016,026	1,016,026	12,067,158	12,067,158	18,090,772	18,090,772
Other operating expenses	1,611,757	3,044,391	868,772	891,577	1,290,441	1,322,441
Earnings before interest, tax and depreciation	5,160,831	3,728,197	13,656,239	13,633,435	14,888,720	14,854,720
Depreciation	1,616,215	1,675,131	3,877,775	3,995,606	5,831,621	6,000,621
Earnings before interest and tax	3,544,616	2,053,066	9,778,464	9,637,828	9,057,099	8,854,099
Financial expenses	1,539,953	1,539,953	6,136,681	6,136,681	8,178,885	8,178,885
Profit before tax	2,004,663	513,113	3,641,783	3,501,147	878,214	675,214
Less taxes	1,042,239	921,120	194,708	1,842,241	387,510	2,763,510
Post-tax earnings	962,424	-408,007	3,447,075	1,658,906	490,704	-2,090,000
Appropriated to:						
Company's shareholders	1,418,724	1,013,364	2,387,413	1,392,396	2,560,199	1,160,396
Minority interests	-456,303	-1,421,371	1,059,662	266,511	-2,069,495	-3,250,396
	962,421	-408,007	3,447,075	1,658,907	490,704	-2,090,000
Post-tax earnings per share- basic (in €)	0.01	0.01	0.02	0.01	0.03	-0.02

Changes concern provisions for staff compensation due to retirement amounting to € 45,609, taxes equal to € 5,105,713, buildings depreciation amounting to € 235,663 and minority interests.

	THE COMPANY YEAR 2005					
	<u>Initial</u> <u>amounts</u>	<u>Final</u> <u>amounts</u>	<u>Initial amounts</u> <u>Final amounts</u>		<u>Initial</u> <u>amounts</u>	<u>Final</u> <u>amounts</u>
	<u>1/1-31/3/2005</u>	<u>1/1-31/3/2005</u>	<u>1/1-30/6/2005</u>		<u>1/1-30/9/2005</u>	
Turnover	26,090,231	26,090,231	54,724,153	54,724,153	74,699,130	74,699,130
Cost of goods sold	19,403,707	19,403,707	36,244,902	36,244,902	49,360,565	49,360,565
Gross profit	6,686,524	6,686,524	18,479,251	18,479,251	25,338,565	25,338,565
Other operating and investment income	300,065	300,065	1,082,468	1,082,468	1,469,712	1,469,712
Interest received	783,782	783,782	1,393,792	1,393,792	1,930,104	1,930,104
Administrative expenses	3,625,796	3,625,796	2,525,491	2,525,491	3,052,313	3,052,313
Selling expenses	532,851	532,851	6,733,932	6,733,932	10,523,051	10,523,051
Other operating expenses	144,589	156,399	800,173	823,792	1,119,427	1,154,856
Earnings before interest, tax and depreciation	3,467,135	3,455,325	10,895,915	10,872,296	14,043,590	14,008,161
Depreciation	652,712	596,906	1,304,871	1,193,259	1,954,942	1,787,523
Earnings before interest and tax	2,814,423	2,858,419	9,591,044	9,679,037	12,088,648	12,220,638
Financial expenses	1,589,937	1,589,937	5,135,081	5,135,081	6,873,365	6,873,365
Profit before tax	1,224,486	1,268,482	4,455,963	4,543,956	5,215,283	5,347,273
Less taxes	0	515,195	0	1,030,390	0	1,545,584
Post-tax earnings	1,224,486	753,287	4,455,963	3,513,566	5,215,283	3,801,688
Appropriated to:						
Company's shareholders	1,224,486	753,287	4,455,963	3,513,566	5,215,283	3,801,688
Post-tax earnings per share- basic (in €)	0.01	0.01	0.04	0.04	0.05	0.04

Changes concern provisions for staff compensation due to retirement amounting to € 47,239 (income), taxes equal to € 2,060,779 and buildings depreciation amounting to € 223,225.

	THE GROUP YEAR 2005					
	<u>Initial</u> <u>amounts</u>	<u>Final</u> <u>amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>	<u>Initial</u> <u>amounts</u>	<u>Final</u> <u>amounts</u>
	<u>1/1-31/3/2005</u>	<u>1/1-30/6/2005</u>	<u>1/1-30/6/2005</u>	<u>1/1-30/9/2005</u>	<u>1/1-30/9/2005</u>	<u>1/1-30/9/2005</u>
Turnover	44,459,640	44,459,640	90,272,523	90,272,523	130,994,614	130,994,614
Cost of goods sold	33,413,683	33,413,683	62,554,223	62,554,223	92,173,650	92,173,650
Gross profit	11,045,957	11,045,957	27,718,300	27,718,300	38,820,964	38,820,964
Other operating and investment income	414,817	414,817	1,288,274	1,288,274	1,776,501	1,776,501
Interest received	789,315	789,315	1,402,519	1,402,519	1,946,021	1,946,021
Administrative expenses	6,209,466	6,209,466	4,178,416	4,178,416	5,606,232	5,606,232
Selling expenses	887,256	887,256	11,414,788	11,414,788	17,401,529	17,401,529
Other operating expenses	252,262	429,093	998,263	1,351,926	1,426,203	1,956,697
Earnings before interest, tax and depreciation	4,901,105	4,724,274	13,817,626	13,463,963	18,109,522	17,579,028
Depreciation	2,048,728	1,992,922	3,186,754	3,075,142	6,221,018	6,053,599
Earnings before interest and tax	2,852,377	2,731,352	10,630,872	10,388,822	11,888,504	11,525,429
Financial expenses	1,798,987	1,798,987	5,617,906	5,617,906	7,668,712	7,668,712
Profit before tax	1,053,390	932,365	5,012,966	4,770,916	4,219,792	3,856,717
Less taxes	206,857	585,070	64,754	1,170,140	178,405	1,755,210
Post-tax earnings	846,533	347,295	4,948,211	3,600,776	4,041,387	2,101,507
Appropriated to:						
Company's shareholders	1,169,607	670,368	5,139,054	4,356,494	4,303,966	3,211,400
Minority interests	-323,073	-605,511	-190,843	-755,719	-262,579	-1,109,893
	846,534	64,857	4,948,211	3,600,776	4,041,387	2,101,507
Post-tax earnings per share- basic (in €)	0.01	0.01	0.05	0.04	0.04	0.03

Changes concern provisions for staff compensation due to retirement amounting to € 707,325 (income), taxes equal to € 2,340,280, buildings depreciation amounting to € 223,225 and minority interests.

CHANGES IN BALANCE SHEET ITEMS (Amounts in Euro)

	<u>Initial amounts</u>		<u>Final amounts</u>		<u>Initial amounts</u>		<u>Final amounts</u>	
	<u>31/3/2005</u>		<u>30/6/2005</u>		<u>30/9/2005</u>			
ASSETS								
Non-current assets								
Fixed assets	37,308,900	34,464,792	34,490,348	31,646,240	33,739,484	30,895,376		
Intangible assets	17,001,973	5,386,590	17,329,661	5,714,278	16,949,238	5,333,855		
Investments in subsidiaries	22,919,453	22,919,453	25,301,295	25,301,295	27,912,462	27,912,462		
Investments	10,597,920	3,470,492	6,856,104	3,470,492	7,525,488	3,470,492		
Long-term receivables	65,852	4,995,519	65,849	4,480,322	67,307	3,966,585		
	87,894,098	71,236,846	84,043,257	70,612,627	86,193,979	71,578,770		
Current assets								
Inventories	32,720,581	32,720,581	30,998,079	30,998,079	30,548,993	30,548,993		
Trade receivables, debtors and other accounts	150,130,261	142,352,941	158,799,004	147,279,868	150,765,568	139,915,816		
Cash on hand and with banks	9,375,234	9,375,234	9,099,647	9,099,647	9,790,738	9,790,738		
	192,226,076	184,448,756	198,896,730	187,377,594	191,105,299	180,255,547		
TOTAL ASSETS	280,120,174	255,685,602	282,939,987	257,990,221	277,299,278	251,834,317		
LIABILITIES								
Issued share capital	44,155,320	44,155,320	44,155,320	44,155,320	44,155,320	44,155,320		
Reserves	70,575,063	43,615,120	72,464,060	45,005,950	75,017,536	47,061,260		
	114,730,383	87,770,440	116,619,380	89,161,270	119,172,856	91,216,580		
Minority interests								
Total equity (a)	114,730,383	87,770,440	116,619,380	89,161,270	119,172,856	91,216,580		
Long-term liabilities	80,019,921	82,545,293	71,300,425	73,808,769	71,109,472	73,600,787		
	80,019,921	82,545,293	71,300,425	73,808,769	71,109,472	73,600,787		
Short-term liabilities								
Suppliers and other accounts	28,665,899	28,665,899	36,198,081	36,198,081	31,641,688	31,641,688		
Taxation	1,986,307	1,986,307	2,663,202	2,663,202	1,733,746	1,733,746		
Bank loans	54,717,664	54,717,664	56,158,899	56,158,899	53,641,516	53,641,516		
	85,369,870	85,369,870	95,020,182	95,020,182	87,016,950	87,016,950		
Total liabilities (b)	165,389,791	167,915,163	166,320,607	168,828,951	158,126,422	160,617,737		
TOTAL LIABILITIES (a) + (b)	280,120,174	255,685,602	282,939,987	257,990,221	277,299,278	251,834,317		

Changes concern deletion of intangible assets, provisions for doubtful debts, real estate revaluation, depreciation, deferred taxes, provisions for staff compensation due to retirement, and provisions for tax audit assessments. In addition, financial assets were transferred from non-current to current assets at fair value through profit or loss.

CHANGES IN BALANCE SHEET ITEMS (Amounts in Euro)

THE GROUP

	<u>Initial amounts</u>	<u>Final amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>	<u>Initial amounts</u>	<u>Final amounts</u>
	<u>31/3/2005</u>		<u>30/6/2005</u>		<u>30/9/2005</u>	
ASSETS						
Non-current assets						
Fixed assets	51,570,904	48,726,796	47,489,744	44,645,636	45,836,891	42,992,783
Intangible assets	35,273,382	23,657,999	36,275,912	24,660,529	34,498,224	22,882,841
Investments in subsidiaries	7,713,956	7,713,956	2,960,514	2,960,514	2,960,513	2,960,513
Investments	10,598,762	6,471,924	6,907,946	2,781,108	7,597,330	3,470,492
Long-term receivables	255,907	5,164,769	255,461	4,643,160	255,854	4,122,390
	105,412,911	91,735,444	93,889,577	79,690,947	91,148,812	76,429,019
Current assets						
Inventories	40,628,801	40,628,801	38,408,211	38,408,211	37,650,093	37,650,093
Trade receivables, debtors and other accounts	149,486,965	138,709,055	154,455,502	143,677,592	159,662,364	148,884,454
Cash on hand and with banks	19,260,109	19,260,109	18,907,020	18,907,020	19,785,743	19,785,743
	209,375,875	198,597,965	211,770,733	200,992,823	217,098,200	206,320,290
TOTAL ASSETS	314,788,786	290,333,409	305,660,310	280,683,770	308,247,012	282,749,309
LIABILITIES						
Issued share capital	44,155,320	44,155,320	44,155,320	44,155,320	44,155,320	44,155,320
Reserves	63,663,727	36,649,006	56,416,655	29,175,719	55,599,321	28,132,169
	107,819,047	80,804,326	100,571,975	73,331,039	99,754,641	72,287,489
Minority interests	2,479,888	2,197,450	5,141,653	4,576,777	4,201,533	3,354,219
Total equity (a)	110,298,935	83,001,776	105,713,628	77,907,816	103,956,174	75,641,708
Long-term liabilities						
Deferred tax liabilities	0	0	0	0	0	0
Long-term liabilities	80,019,920	82,861,702	71,379,163	74,208,436	71,177,718	73,994,481
	80,019,920	82,861,702	71,379,163	74,208,436	71,177,718	73,994,481
Short-term liabilities						
Suppliers and other accounts	59,342,258	59,342,258	63,111,527	63,111,527	68,232,577	68,232,577
Taxation	3,000,204	3,000,204	3,235,651	3,235,651	2,413,002	2,413,002
Bank loans	62,127,469	62,127,469	62,220,341	62,220,341	62,467,541	62,467,541
	124,469,931	124,469,931	128,567,519	128,567,519	133,113,120	133,113,120
Total liabilities (b)	204,489,851	207,331,633	199,946,682	202,775,955	204,290,838	207,107,601
TOTAL LIABILITIES (a) + (b)	314,788,786	290,333,409	305,660,310	280,683,770	308,247,012	282,749,309

Changes concern deletion of intangible assets, provisions for doubtful debts, real estate revaluation, depreciation, deferred taxes, provisions for staff compensation due to retirement, provisions for tax audit assessments and minority interests. In addition, financial assets were transferred from non-current to current assets at fair value through profit or loss.

TABLE OF NET PROFIT ADJUSTMENTS
FOR THE FINANCIAL YEAR FROM 1 JANUARY 2004 TO 31 DECEMBER 2004
BETWEEN GREEK ACCOUNTING STANDARDS (GAS) AND INTERNATIONAL ACCOUNTING
STANDARDS (IAS)

	THE GROUP	THE COMPANY
Post-tax earnings, as represented pursuant to the Greek Master Accounting Plan	-10,718,515	2,079,248
Adjustment entries:		
Depreciation of tangible assets according to their useful life	13,852,959	5,483,061
Provision for staff compensation due to retirement	-40,472	-3,245
Provision for prior periods' tax audit assessments	-1,426,814	-1,426,814
Effects of deferred tax	-3,369,105	-1,796,470
Other adjustments	-2,888,102	-2,610,836
Total adjustments	6,128,466	-354,304
Post-tax earnings, as represented pursuant to IAS	-4,590,049	1,724,944

ALTEC SA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2005

The subsidiaries included in the consolidation of ALTEC SA Group and consolidated pursuant to total consolidation method are the following:

<u>CORPORATE NAME</u>	<u>REGISTERED OFFICE</u>	<u>PERCENTAGE</u>	<u>CONSOLIDATION METHOD</u>	<u>UNAUDITED YEARS</u>
ALTEC S.A.	GREECE	PARENT COMPANY	PARENT COMPANY	2001-2005
DATAMEND S.A.	GREECE	70	TOTAL	2003-2005
ALTEC TELECOMS S.A.	GREECE	70	TOTAL	2003-2005
OTS S.A.	GREECE	60	TOTAL	2003-2005
OROSIMO PLIROFORIKI S.A.	GREECE	51	TOTAL	2003-2005
MODERN TRAINING SERVICES S.A.	GREECE	100	TOTAL	2003-2005
SYSWARE ROMANIA SRL	ROMANIA	100	TOTAL	1999-2005
SYSWARE BULGARIA AD	BULGARIA	99	TOTAL	2000-2005
UNISOFT ROMANIA SA	ROMANIA	99.6	TOTAL	1996-2005
UNISOFT BULGARIA AD	BULGARIA	96.5	TOTAL	2000-2005
HEMS Ltd.	GREECE	90	TOTAL	1999-2005
ALTEC-BYTE JOINT VENTURE	GREECE	50	TOTAL	2002-2005
MICROLAND COMPUTERS S.A.	GREECE	48.16	TOTAL	2002-2005
MICROLAND CYPRUS LTD	CYPRUS	48.16	TOTAL	1999-2005
MICROLAND ROMANIA SRL	ROMANIA	48.16	TOTAL	1999-2005