



ALTEC S.A.

**Interim Financial Statements
as of and for the period from the 1st of January 2006 to
30th of September 2006
according to the International Financial Reporting
Standards**

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ALTEC S.A.

Interim Financial Statements
of the period from the 1st of January 2006 to the 30th of September 2006
according to the International Financial Reporting Standards

It is confirmed that the hereinafter attached Interim Financial Statements are those approved by the “ALTEC S.A.” Board of Directors on 22 November 2006 and that they have been disclosed through the press and through their uploading on the internet at the web address www.altec.gr. It is underlined that the summary of the financial data published in the press aim to provide the reader with certain general financial data; however, they do not present a complete image of the Company’s financial position and operating results, according to the International Financial Reporting Standards (IFRS). In addition, it is noted that for reasons of simplification the published in the press financial data comprise certain compressions and reclassifications of items.

ALTEC S.A.
BALANCE SHEET OF 30 SEPTEMBER 2006

(amounts in Euros)

	<u>Note</u>	<u>THE GROUP</u>		<u>THE COMPANY</u>	
		<u>30/09/2006</u>	<u>31/12/2005</u>	<u>30/09/2006</u>	<u>31/12/2005</u>
ASSETS					
Tangible fixed assets	10	35,304,327	40,190,737	21,299,023	25,611,861
Intangible fixed assets	11	19,345,133	22,272,620	4,308,549	5,250,662
Investments in real estate	12	5,046,524	5,046,524	5,046,524	5,046,524
Participations in associate companies	13	0	0	28,844,770	28,859,470
Deferred tax receivables	8	3,006,352	3,459,175	2,911,299	3,384,083
Other long term assets		296,715	249,726	69,786	67,965
Non short term assets		62,999,051	71,218,782	62,479,951	68,220,565
Inventory	15	51,145,018	44,624,493	44,593,412	38,181,018
Funds' portfolio	14	2,327,578	2,327,578	2,326,578	2,326,578
Commercial portfolio	18	530,868	7,572,495	530,026	7,460,653
Customer receivables	16	106,298,730	112,956,176	106,958,322	116,929,324
Other assets	17	27,966,348	31,272,477	23,215,678	25,668,942
Cash flow and cash equivalents		17,989,136	17,330,318	13,751,959	9,764,673
Short term assets		206,257,678	216,083,537	191,375,975	200,331,188
TOTAL ASSETS		269,256,729	287,302,319	253,855,926	268,551,753
LIABILITIES					
Share Capital	19	44,155,320	44,155,320	44,155,320	44,155,320
Difference above par		85,390,652	85,390,652	85,390,652	85,390,652
Reserves	20	(2,626,827)	(365,752)	19,621,086	22,010,604
Loss carried forward		(55,659,964)	(57,536,455)	(51,962,431)	(55,783,228)
Total net worth of the company's shareholders		71,259,181	71,643,765	97,204,627	95,773,348
Minority rights		3,650,072	4,277,267		
Total net worth		74,909,253	75,921,032	97,204,627	95,773,348
Long term liabilities to credit institutions	22	53,644,873	62,416,813	53,644,873	62,416,813
Liabilities for employee benefits	23	1,975,674	1,917,187	1,560,926	1,479,349
Other provisions		997,500	997,500	997,500	997,500
Deferred tax liability		254,318	113,803	0	0
Other long term liabilities		20,103	20,103	20,103	20,103
Non short term liabilities		56,892,468	65,465,406	56,223,401	64,913,765
Liabilities to credit institutions	25	63,222,789	78,316,925	59,336,675	71,018,083
Trade payables		41,661,631	42,816,845	18,764,743	21,909,420
Other liabilities	24	32,570,589	24,782,111	22,326,480	14,937,137
Short term liabilities		137,455,008	145,915,881	100,427,898	107,864,640
TOTAL LIABILITIES		269,256,729	287,302,319	253,855,926	268,551,753

ALTEC S.A.
PROFIT AND LOSS ACCOUNT OF THE PERIOD FROM 1 JANUARY 2006 TO 30
SEPTEMBER 2006

THE GROUP
(amounts in Euros)

	<u>Note</u>	<u>1/1-30/9/2006</u>	<u>1/4-30/9/2006</u>	<u>1/1-30/09/2005</u>	<u>1/4-30/09/2005</u>
Turnover		132,489,560	42,617,664	130,994,614	40,722,949
Cost of sales	8	93,460,810	31,721,247	93,565,978	30,507,432
Gross Profit		39,028,750	10,896,417	37,428,636	10,214,659
Other income	6	2,483,256	701,380	1,776,501	488,227
Administration expenses	5	6,599,021	2,234,335	6,211,592	3,200,955
Sales and distribution expenses	5	20,235,734	6,880,203	17,822,373	4,685,466
Research and development expenses	5	4,145,228	1,387,028	3,635,067	1,618,589
Other operating expenses		766,261	-11,684	1,956,697	604,771
Profits before financial expenses and taxes		9,765,762	1,107,915	9,579,408	593,105
Financial income	7	744,938	52,907	1,946,021	543,502
Financial expenses	7	6,953,667	2,046,214	7,668,712	2,050,806
Financing cost					
Profits before taxes		3,557,033	-885,392	3,856,717	-914,199
Less: taxes	8	1,680,542	550,034	1,755,210	585,070
Profit / (Loss) after taxes		1,876,491	-1,435,426	2,101,507	-1,499,269
Attributable to:					
Company shareholders		2,347,049	-1,045,966	3,211,400	-1,145,094
Minority rights		-470,558	-389,460	-1,109,893	-354,174
Profit / (Loss) after taxes per share –basic and adjusted (in €)	9	0,023	-0,010	0,032	-0,011

ALTEC S.A

**PROFIT AND LOSS ACCOUNT OF THE PERIOD FROM 1 JANUARY 2006 TO 30
SEPTEMBER 2006**

THE COMPANY
(amounts in Euros)

	<u>Note</u>	<u>1/1-30/9/2006</u>	<u>1/4-30/9/2006</u>	<u>1/1-30/09/2005</u>	<u>1/4-30/09/2005</u>
Turnover		75,325,949	25,630,675	74,699,130	19,974,977
Cost of sales	8	51,154,215	18,763,103	50,021,949	13,275,043
Gross Profit		24,171,735	6,867,572	24,677,181	6,699,934
Other income	6	1,323,731	317,613	1,469,712	387,244
Administration expenses	5	1,586,548	521,567	3,141,689	2,196,063
Sales and distribution expenses	5	8,839,729	2,784,931	7,979,942	991,368
Research and development expenses	5	4,080,215	1,365,603	3,579,872	1,563,394
Other operating expenses		301,104	22,477	1,154,856	331,064
Profits before financial expenses and taxes		10,687,870	2,490,607	10,290,534	2,005,289
Financial income	7	730,497	48,394	1,930,104	536,312
Financial expenses	7	6,226,557	1,773,282	6,873,365	1,738,284
Financing cost					
Profits before taxes		5,191,810	765,720	5,347,273	803,317
Less taxes	8	1,371,013	462,518	1,545,584	515,194
Profit / (Loss) after taxes		3,820,797	303,202	3,801,689	288,123
Attributable to:					
Company shareholders		3,820,797	303,202	3,801,689	288,123
Minority rights		0	0	0	0
Profit / (Loss) after taxes per share –basic and adjusted (in €)	9	0,038	0,003	0,038	0,003

ALTEC S.A**TABLE ON THE ADJUSTMENT OF THE NET WORTH AS OF 30 SEPTEMBER
2006****THE GROUP (amounts in Euros)**

	Share Capital	Difference above par	Reserves	Total
Balance on 1 January 2005	44,155,320	85,390,652	-54,698,410	74,847,562
Period's profits			2,160,185	2,160,185
Net income directly to equity			-1,086,715	1,086,715
Balance on 31 December 2005	44,155,320	85,390,652	-53,624,940	75,921,032
Balance on 1 January 2006	44,155,320	85,390,652	-53,624,940	75,921,032
Period's profits			1,876,491	1,876,491
Net income directly reported in equity			-2,888,270	-2,888,270
Balance on 30 September 2006	44,155,320	85,390,652	-52,036,719	74,909,253

ALTEC S.A**TABLE ON THE ADJUSTMENT OF THE NET WORTH AS OF 30 SEPTEMBER 2006****COMPANY (amounts in Euros)**

	Share Capital	Difference above par	Reserves	Total
Balance on 1 January 2005	44,155,320	85,390,652	-44,720,352	84,825,620
Period's profits			4,344,278	4,344,278
Net income directly reported in equity			6,603,450	6,603,450
Balance on 31 December 2005	44,155,320	85,390,652	-33,772,624	95,773,348
Balance on 1 January 2006	44,155,320	85,390,652	-33,772,624	95,773,348
Period's profits			3,820,797	3,820,797
Net income directly reported in equity			-2,389,518	-2,389,518
Balance on 30 September 2006	44,155,320	85,390,652	-32,341,345	97,204,627

ALTEC S.A.
CASH FLOW STATEMENT AS OF 30 SEPTEMBER 2006

(amounts in Euros)

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
<u>Operating activities</u>				
Profit/ (Loss) before taxes	3,557,033	3,856,717	5,191,810	5,347,273
Plus/ less adjustments for:				
Depreciations	6,383,049	6,053,599	1,924,974	1,787,523
Provisions	0	530,494	0	35,429
Foreign exchange differences				
Investment activity results (income, expenses, profit & loss)	0	2,192,529	0	1,854,943
Interest expenses and other similar expenses	6,953,667	7,668,712	6,226,557	6,873,365
Plus/Less adjustments for working capital account changes or related to operating activities				
Decrease/ (increase) in inventory	-6,520,525	3,283,910	-6,412,394	2,235,864
Decrease/ (increase) in receivables	6,824,945	-1,077,636	10,002,877	-1,021,187
(Decrease) / increase in liabilities (except banks)	6,832,266	4,413,486	4,326,243	4,221,125
Less:				
Interest expenses and similar expenses paid	-6,953,667	-7,668,712	-6,226,557	-6,873,365
Taxes paid	0	-752,045	0	-631,582
Total inflows / (outflows) from operating activities (a)	<u>17,076,768</u>	<u>18,501,054</u>	<u>15,033,510</u>	<u>13,829,388</u>
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliated companies, joint ventures and other investments	-46,989	-220,462	12,879	-216,438
Acquisition of intangible and tangible fixed assets	-5,189,885	-1,638,327	-3,290,754	-774,503
Proceeds from the sales of intangible and tangible fixed assets	12,685,000	2,533,699	12,685,000	1,271,330
Interest received				
Total inflows / (outflows) from investing activities (b)	<u>7,448,126</u>	<u>674,910</u>	<u>9,407,124</u>	<u>280,389</u>
<u>Financing activities</u>				
Proceeds from the increase of the share capital	0	1,079,929	0	0
Payments of loans	-23,866,076	-18,776,053	-20,453,349	-16,599,342
Total inflows / (outflows) from financing activities (c)	<u>-23,866,076</u>	<u>-18,776,053</u>	<u>-20,453,349</u>	<u>-16,599,342</u>
Net increase / (decrease) in the period's cash flow and cash equivalents (a) + (b) + (c)	<u>658,818</u>	<u>1,479,841</u>	<u>3,987,286</u>	<u>-2,489,565</u>
Cash flows and cash equivalents at the beginning of the period	<u>17,330,318</u>	<u>18,305,902</u>	<u>9,764,673</u>	<u>12,280,303</u>
Cash flows and cash equivalents at the end of the period	<u>17,989,136</u>	<u>19,785,743</u>	<u>13,751,959</u>	<u>9,790,738</u>

1. BUSINESS DESCRIPTION:

The ALTEC Group of Companies (“The Group”) is a powerful Group providing products and services to the field of information technology and communications in Greece and Europe.

The Group’s Parent Company (“the Company”) is ALTEC S.A., which is an incorporated company established in Greece and its address is: 12 Patmou Street, Maroussi, P.C. 151 23

The Company’s shares are listed on the Athens Stock Exchange.

The average number of employees as of and for the period of 30 September 2006 was approximately 1,048 Group employees and 570 Company employees.

2. PREPARATION BASIS OF THE FINANCIAL STATEMENTS:

The financial statements of the period 1.1 – 30.9.06 were prepared on the basis of the historical cost principle. In addition, these financial statements were prepared on the principle that the Company will continue to operate.

The interim financial statements of the period 1.1 – 30.9.06 were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and according to the Interpretations of the Permanent Interpretation Committee. In addition, these interim financial statements are in conformity with the provisions of the IAS 34 “Interim Financial Report” and there are not any standards applied before the date of their entry into effect.

These interim financial statements are based on the financial statements prepared by the Group according to the Greek Commercial Law, adjusted with the appropriate non-balance entries in order to be in agreement with the IFRS.

The interim financial statements of the period 1.1 – 30.9.06 were approved for disclosure by the Company’s Board of Directors on 22 November 2006.

3. BASIC ACCOUNTING PRINCIPLES:

The basic accounting principles applied during the preparation of the accompanying interim financial statements are the following:

(a) Consolidation basis: The Company’s accompanying consolidated financial statements include the financial statements of the Parent Company “ALTEC S.A.” as well of all the subsidiaries controlled by ALTEC S.A. Such control exists when ALTEC S.A. has the majority of the rights to vote, directly or indirectly, or the power to exercise control on the subsidiaries’ Board of Directors. The subsidiaries are consolidated on the date that control passes to the Group and their consolidation ceases on the day that such control no longer exists.

All intercompany exchanges and balances have been deleted from the accompanying consolidated financial statements. Where required, the subsidiaries' accounting principles have been changed in order to ensure consistency with the accounting principles adopted by the Group.

The consolidated financial statements include the financial statements of a subsidiary (Microland S.A.), of which the parent company holds less than 50% of the rights to vote; however, it exercises control through its right to appoint the majority of the Board of Directors members.

- (b) **Participations in Subsidiaries (simple financial statements):** The participations of the Parent Company in the consolidated subsidiaries are valued at the cost of acquisition less any accumulated waste.
- (c) **Functional and Presentation Currency and Foreign Currency Conversion:** The functional and presentation currency of ALTEC S.A. and of its Greek subsidiaries is the Euro. Transactions in other currencies are changed to Euros according to the exchange rates applying on the date of the transactions. On the date of the financial statements' preparation, the monetary items of the assets and liabilities in other currencies are converted according to the current exchange rates.

The profit and loss resulting from transactions in foreign currency and from the measurement of the monetary items in foreign currencies at the end of the period are entered in the accompanying profit and loss accounts, with the exception of the transactions that meet the conditions for offsetting the cash flows in the net worth.

The functional currency of the Group's foreign subsidiaries is the official currency of each country where the subsidiary operates. Therefore, on the date of each financial statement all the subsidiaries' balance sheet items are changed to Euros based on the exchange rate standing on the date of the financial statements. The income and expenses are changed according to the exchange rates at the end of the period. The accumulated difference resulting from the aforementioned change is directly reported in the equity until the sale, write off or de-recognition of a subsidiary, when it is transferred to the profit and loss account.

- (d) **Products' Research and Development Cost:** The cost of research is expensed when realised. Development expenses are made mostly for the development of new products. The costs realised for the development of a special program are recognised as intangible fixed asset only when the conditions of the IAS 38 "Intangible Assets" are met.
- (e) **Income recognition:** Income is recognised to the extent that profit is likely to flow to the Company and that the amounts in question can be solidly estimated. The following specific recognition criteria must also be met when recognising income.

Sale of goods:

Income from the sale of goods, less turnover deductions, sales motivations and the corresponding VAT, are recognised when the significant risks and profits resulting from the goods' ownership are transferred to the buyer.

Interest:

Income from interest is recognised on the basis of the accounting principle of the accrued interest.

(f) *Tangible Fixed Assets:*

The own-use buildings (Standard 16) were valued and will be valued at their fair values. The positive adjustment of their value is entered in a special adjustment reserve in the Equity and the negative adjustment is entered in the profit and loss account, unless if there is an adjustment reserve, in which case this is reduced. Depreciations are realised on the own-use buildings depending on their estimated useful life.

The investment buildings (Standard 40) were valued and will be valued at their fair values and the adjustment difference is entered in the profit and loss account. Depreciations are not realised.

Plots, machines, means of transport, furniture and the remaining equipment are valued at their cost of acquisition, less the accumulated depreciations and any provisions for the devaluation of their value.

The Company measured the fair value of the own-use and investment buildings on the 1st of January 2004; the surplus value that resulted was registered in a special adjustment reserve in the Equity as regards the own-use buildings and in the operating results carried forward as regards the investment buildings.

Repairs and services are entered in the expenses of the period during which they are incurred. Important betterments are capitalised at the cost of the respective fixed assets, provided that they increase the useful life or productive efficiency of the fixed asset or reduce its operating cost.

The cost and the accumulated depreciations of a fixed asset are written off upon their sale or withdrawal or when no other profit is expected to be gained from their use. Profit or loss resulting from the removal of a fixed asset is included in the consolidated profit and loss account of the period when the asset in question is removed.

(g) *Depreciations:* Depreciations are calculated on the basis of the straight-line method, with rates reflecting the useful lives of the assets in question.

The percentages used are the following:

<u>Category</u>	<u>Useful Life</u>
Buildings	14-50 years
Machines and Equipment	10-15 years
Means of Transport	5-20 years
Furniture and other equipment	5-15 years
Intangible assets	5-20 years

(h) *Devaluation of the Assets' Value:*

(i) *Non financial assets:*

With the exception of intangible fixed assets with unlimited life audited for reasons of devaluation at least on annual basis, the accounting values of the other long term assets are audited for devaluation purposes when facts or changes to the conditions imply that the accounting value may not be recoverable. Whenever the accounting value of an asset exceeds its recoverable amount, the relative waste is registered in the profit and loss account. The recoverable value is defined as the higher value between the net selling price and the value in use. The net selling price is considered to be the attainable amount from the sale of an asset in the framework of a reciprocal transaction, the parties being fully aware of it and entering into it willingly, after the deduction of every additional direct cost of the asset's allocation.

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

The value in use is the net current value of the estimated future cash flows expected to be realised from the continuous use of an asset and from the revenue expected to result from its disposal at the end of its useful life. For the purposes of determining the devaluation, the assets are grouped at the lower of the levels that cash flows may be determined separately.

(i) **Inventory:** The inventory is measured at the lower value between cost and net liquid value. The cost of finished and semi-finished products includes all the expenses incurred until this point of their storage and processing and comprises raw materials, labour, general industrial expenses (based on regular functional capacity but non inclusive of borrowing costs) and packaging cost. The cost of raw materials and finished products is determined on the basis of the weighted average cost. The net liquid value of the finished and semi-finished products is the estimated selling price on the Company's regular operation, less the estimated costs for their completion and the estimated costs required for their sale. The net liquid value of the raw materials is the estimated cost of replacement on the Company's regular operation. Provision for slow-moving or depreciated inventory is made if deemed necessary. On 30 June 2006 and on 30 June 2005, there was no inventory measured at its net liquid value.

(j) **Accounts receivable and Credit Policy:** Short term accounts receivable are reported at their nominal value, after provisions for any balances likely not to be received, while long term accounts receivable (balances that do not fall within the normal credit conditions) are measured at their un-depreciated cost. The Company has set criteria for the provision of credit to customers that are generally based on the volume of the customer's activities but the relative financial information is assessed too. In general, transactions with customers are realised on normal conditions and with expected average duration for collection of one hundred days from the shipping of the merchandise. On each date of balance sheet, all the deferred or doubtful claims are estimated in order to determine the necessity or not of a provision for doubtful claims. The balance of this provision for doubtful claims is adjusted appropriately on each balance sheet ending date in order to reflect the relative potential risks. Each write off of the customers' balances is debited to the existing provision for doubtful claims. It is the Group's policy not to write off any claim before exhausting all possible legal actions for its collection.

(k) **Monetary Assets:** The Group considers as monetary assets all the term deposits and other high liquidity investments with initial termination in less than three months.

Regarding the preparation of the cash flows' statements, monetary assets comprise cash and bank deposits as well as the monetary assets defined above.

(l) **Bank borrowing:** All loan liabilities are initially entered at the cost reflecting the fair value of the amounts receivable reduced by the relative direct contracting expenses. Following the initial entry, these are measured at their un-depreciated cost based on the method of the real interest rate.

(m) **Borrowing costs:** Borrowing costs are recognised as expenses of the period in which they are incurred.

(n) **Provision for Staff Indemnities:** Liabilities for staff indemnities are calculated at the current value of future benefits considered accrued at the end of the period, according to the recognition of the employees' right to benefits during the expected working life. The aforementioned liabilities are calculated based on the financial and actuarial principles analysed below and they are determined using the Projected Unit Credit Method. The relative provisions of the period are

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

included in the payroll cost in the accompanying profit and loss accounts and comprise the current value of the benefits that became accrued during the year, the interest on the benefits' liability, the cost of previous service, the actuarial profit or loss recognised in the period and any other additional pension costs. The costs of previous service are recognised on a fixed basis on the average period until the program's benefits are established. The non recognised actuarial profits and loss exceeding 10% of the future estimated liability for benefits at the beginning of each period are recognised equivalently in the active employees' average estimated remaining period of services' provision and they are included as part of the net pension cost. Liabilities for the aforementioned benefits are not financed.

(o) **State Insurance Programs:** The Company's staff is primarily covered by the main State Insurance Organisation for the private sector (IKA, Social Security Foundation) providing pension and medical care benefits. Each employee is obliged to contribute part of their monthly wage to the fund and part of the total contribution is covered by the Company. On retirement, the pension fund is responsible for the payment of pension benefits to the employees. Consequently, the Company assumes no legal or implied responsibility for the payment of future benefits according to this program.

(p) **Income Tax (Current and Deferred)**

(i) **Current income tax:**

Current tax is calculated based on the tax balance sheet of each one of the companies included in the consolidated financial statements, according to the tax laws applicable in Greece or to other taxation frameworks, within which the foreign subsidiaries are likely to operate. The expenditure regarding the current income tax includes the income tax resulting from each company's profits as these are reformed in their income tax return statement as well as provisions for additional taxes and penalties for non audited periods and it is calculated according to the ex-ante or actually ex-ante tax rates.

(ii) **Deferred income tax:**

The deferred income tax is calculated using the liability method on all interim differences between the tax basis and the accounting value of the assets and liabilities on the day of the balance sheet's preparation. The deferred tax liabilities are recognised for all taxable interim differences:

The deferred tax claims are recognised as regards all the deducted interim differences and the carried forward unutilized tax claims and unutilized tax loss.

As regards the deducted interim differences relating to investments in subsidiaries and affiliated and participations in joint ventures, a claim of deferred income tax is recognised to the extent that interim differences can be reversed in the predicted future and there will be available tax profit, which will be used for the interim differences.

The deferred tax claims are estimated on each balance sheet date and reduced to the extent that there is no speculation that there will be sufficient taxable profits against which the whole or part of the deferred income tax claims may be employed.

The deferred tax claims and liabilities are calculated based on the tax rates expected to be applicable during the period that the claim will be satisfied

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

or the liability will be settled and they are based on the tax rates (and tax laws) applicable or institutionalised on the balance sheet date.

The income tax related to the items recognised directly in the equity is directly entered in the equity and not in the profit and loss account.

(q) Leasing: The leasings transferring to the Company all the risks and benefits related to the leased fixed asset are capitalised on the beginning of the leasing at the fair value of the leased fixed asset or, if this is lower, at the current value of the minimum leasings. The payments for leases are allocated between the financial expenses and the decrease in the financing obligation in order to achieve a fixed interest rate on the balance of the obligation due. The financial expenses are debited in the profit and loss account. The capitalised leased fixed assets are depreciated based on the smaller period of the fixed asset's estimated useful life or on the duration of the lease.

Leases according to which the lessor assumes all the risks and the benefits of the fixed asset's ownership are reported as operating leases. Payments of the operating leases are recognised as expense in the profit and loss account on a fixed basis during the term of the lease.

(r) Provisions and Potential Liabilities: Provisions are recognised when the Group has current legal or assumed liabilities as a result of past events and their settlement through resources' outflow is possible, while the amounts of the liabilities can be reliably estimated. The provisions are re-examined on each balance sheet date and they are adjusted in order to reflect the current value of the expense expected to be disbursed for the settlement of the liability. Regarding the provisions expected to be settled in the long term -and thus the effect of the time value of money is important- the relative amounts are calculated discounting the expected future cash flows with a before-tax rate reflecting the current market estimates on the time value of money, and where deemed necessary, the risks specifically relating to the liability. The potential liabilities are not recognised in the financial statements but they are disclosed, unless if the likelihood of an outflow of resources embedding financial benefits is small. The potential receivables are not recognised in the financial statements but they are disclosed provided that the inflow of financial benefits is probable.

(s) Earnings per share: The basic earnings per share (EPS) are calculated by dividing the net earnings by the weighted average number of shares in circulation during each year, excluding the average number of ordinary shares acquired as own shares.

(t) Information By Sector of Activity:

The Company and the Group are involved in the sale of software, hardware and communications' products and services and in the execution of related projects.

Primary type of information – business sectors

The operating results of the Group by sector as of and for the period from 1 January 2006 to 30 September 2006 were as follows:

	Information Technology	Integrated Solutions	Sales S/W	Telecommunicati ons	Other	Total
Turnover	32,244,277	36,405,070	12,196,875	51,193,518	449,821	132,489,560
Gross Profit	5,024,876	12,761,357	9,314,446	11,418,743	509,328	39,028,750
Other income	393,250	1,098,368	541,865	290,066	159,707	2,483,256
Operating expenses	3,492	9,305,200	4,848,994	13,314,700	784,546	31,746,244
Profits before taxes & financial results	1,925,325	4,554,525	5,007,317	-1,605,891	-115,511	9,765,762
Financial results	1,788,131	2,013,284	1,732,471	642,252	32,591	6,208,729
Profits before taxes	137,194	2,541,241	3,274,846	-2,248,143	-148,102	3,557,036
Taxes						1,680,542
Net Profit						1,876,491

Secondary type of information – geographic sectors

	Greece	Other countries	Total
Turnover	123,791,264	8,698,296	132,489,560
Gross Profit	37,509,487	1,519,263	39,028,750
Other income	1,964,217	519,039	2,483,256
Operating expenses	30,189,348	1,556,896	31,746,244
Profits before taxes & financial results	9,284,356	481,406	9,765,762
Financial results	6,187,135	21,594	6,208,729
Profits before taxes	3,097,224	459,812	3,557,036

(u) Investments and other (primary) financial assets: Depending on their nature and characteristics, the (primary) financial assets falling under and regulated by the provisions of the IAS 39 are classified into one of the following four categories:

- Financial assets at fair value through profit and loss;
- Receivables and loans;
- Held-to-maturity investments, and
- Available for sale investments.

The financial assets in question are initially recognised at the cost of acquisition representing the fair value plus, in certain cases, the direct acquisition/ trade expenses.

The categorisation of the aforementioned financial assets takes place after the initial recognition and, where allowed, it is re-examined and possibly reviewed periodically.

- (i) Financial assets at fair value through profit and loss;

It concerns the Group's commercial portfolio, which includes investments acquired for the purpose of selling in the short term. Profit or loss from the valuation of the assets in question is entered in the profit and loss account.

- (ii) Receivables and loans;

The receivables and loans that originate from the activity (and that exceed the ordinary credit limits of the Group) are measured at the un-depreciated cost according to the method of the effective interest rate. Profits and losses are classified as operating results when the relative items are written off or devaluated and also through the depreciation procedure.

- (iii) Held-to-maturity investments:

The (primary) financial assets with determinable flows and fixed maturity are classified as held-to-maturity if the Group intends and is able to hold them to maturity. Investments held indefinitely or investments with predetermined term cannot be classified into this category. After their initial classification, the held-to-maturity investments are measured at un-depreciated cost according to the method of the effective interest rate. Profits and losses are classified as operating results when the relative items are written off or devaluated and also through the depreciation procedure.

- (iv) Available for sale investments:

The (primary) financial assets that are not classified into any of the above categories are characterised and classified as available for sale investments. After initial recognition, the available for sale investments are measured at fair value and the resulting profit and loss is directly registered in a specific item of the net worth, until the sale or write off or devaluation of the investment, of the period that the accumulated profit or loss is included in the profit and loss account.

The current value of the investments in question traded in an organised stock market results from the respective market value of the investment on closing date. As regards the investments that are not traded in an active market, their fair value is calculated based on the relative valuation techniques. These techniques are based on recent bilateral exchanges of similar investments, reference to the market value of a different investment with similar characteristics as the valuated investment, analysis of the discounted cash flows and investment valuation models.

- (v) **Financial Derivatives:** The Group does not hold any financial derivatives.

- (w) **New Standards and Interpretations:** The International Accounting Standards Board and the Interpretations Committee issued new accounting standards and interpretations applicable from the 1st of January 2006 (unless if otherwise stated below). The Group's estimate with regard to the effect of these new standards and interpretations is as follows:

IFRS 6: Exploration for and evaluation of mineral resources: It does not apply to the Group and it will not affect its financial statements.

IFRS 7: Financial instruments disclosures: This standard is effective for accounting periods beginning on or after 1 January 2007. It is not expected to

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affect significantly the Group's financial statements. This standard requires additional disclosures with respect to financial instruments.

IFRIC 3: Gas emission rights: This interpretation was later on withdrawn by the Interpretations Committee. It does not apply to the Group and it will not affect its financial statements.

IFRIC 4: Determination on whether an arrangement contains a lease: The application of the IFRIC 4 is not expected to change the accounting handling of the Group's existing agreements.

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

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

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

- (x) **Reclassifications of items:** Certain of the items in the Balance Sheet and the Profit and Loss Account of the previous period 2004 were reclassified for purposes of presentation in order to become similar and comparable to the corresponding items of the current period.

4. IMPORTANT ACCOUNTING VALUATIONS AND OPINIONS OF THE MANAGEMENT:

The Group makes valuations, admissions and value judgments in order to choose the most appropriate accounting principles in regard to the future course of events and the situations and transactions in progress. These valuations, admissions and judgements are re-examined periodically in order to correspond to the current facts and to reflect current risks and they are based on the experience of the Group's Management on the level/ volume of the relative transactions or facts.

The principal valuations and judgements referring to facts that could in the future influence the items of the financial statements within the next 12 months are as follows:

Important accounting valuations and relative uncertainty:

Provision for income tax:

The provision for income tax based on the IAS 12 is calculated by estimating the taxes to be paid to the tax authorities and includes the current income tax for each period and provision for any additional taxes likely to result from tax audits. The final settlement of income taxes may diverge from the corresponding amounts entered in the financial statements.

5. COST OF ITEMS SOLD, ADMINISTRATIVE EXPENSES, RESEARCH - DEVELOPMENT AND DISTRIBUTION EXPENSES:

The cost of items sold and the research – development, distribution and administrative expenses appearing in the accompanying financial statements are analysed as follows:

	The Group	The Group	The Company	The Company
COST OF ITEMS SOLD	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Cost of merchandise	56,010,166	71,584,207	39,369,122	40,315,410
Payment of wages	6,165,027	4,554,971	4,868,781	3,850,000
Third parties' fees	5,502,075	5,576,170	2,778,038	2,716,272
Third parties' benefits	25,392,316	11,036,685	4,004,588	2,976,206
Taxes - dues	6,462	10,862	0	0
Other expenses	379,258	140,992	170,047	53,507
Depreciations	811,850	1,310,491	513,226	661,384
Self-deliveries	-806,345	-648,399	-549,587	-550,830
	93,154,215	93,565,978	51,154,215	50,021,949

	The Group	The Group	The Company	The Company
ADMINISTRATIVE EXPENSES	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Payment of wages	2,228,961	2,747,925	386,083	1,510,000
Third parties' fees	814,518	354,445	354,010	92,500
Third parties' benefits	735,418	716,683	217,931	313,351
Taxes - dues	369,613	654,250	136,104	500,945
Other expenses	1,257,105	1,039,346	386,755	635,517
Depreciations	1,193,408	698,944	105,664	89,376
	6,599,021	6,211,592	1,586,548	3,141,689

	The Group	The Group	The Company	The Company
RESEARCH & DEVELOPMENT	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Payment of wages	2,657,036	1,686,945	2,613,246	1,650,000
Third parties' fees	271,615	401,800	271,615	397,652
Third parties' benefits	375,877	360,298	370,986	355,760
Taxes - dues	13,005	695	0	0
Other expenses	214,614	397,983	212,678	389,950
Depreciations	613,080	787,345	611,690	786,510
	4,145,228	3,635,067	4,080,214	3,579,872

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DISTRIBUTION EXPENSES	The Group	The Group	The Company	The Company
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Payment of wages	8,849,832	8,237,829	4,918,698	4,980,050
Third parties' fees	1,110,970	1,247,692	264,791	460,532
Third parties' benefits	2,497,901	2,319,815	1,278,270	1,116,139
Taxes - dues	737,987	422,810	203,487	0
Other expenses	3,274,334	2,337,408	1,480,090	1,172,968
Depreciations	3,764,710	3,256,818	694,394	250,253
	20,235,734	17,822,373	8,839,729	7,979,942

The payroll expenses are analysed as follows:

	The Group	The Group	The Company	The Company
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Wages	15,962,042	13,887,835	10,381,111	9,748,059
Contributions	3,720,178	1,209,522	2,256,474	171,372
Other benefits	218,636	2,130,311	149,222	2,070,619
	19,900,856	17,227,669	12,786,807	11,990,050

The number of employees at the end of the current period and of the previous period was:
Group 1048 & (931), Company 570 & (526).

6. OTHER INCOME:

The category "other income" is analysed as follows:

	The Group	The Group	The Company	The Company
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Subsidies received	1,099,626	679,158	825,943	558,343
Income from rents – of investment real estates	452,659	251,780	316,073	251,780
Extraordinary income	443,320	423,273	1,735	403,976
Profits from the sale of fixed assets	132,152	0	238	0
Other income	207,620	166,677	88,552	0
Other income of previous periods	4,393	0	0	0
Received income from delivery of goods	4,457	0	0	0
Foreign Exchange Differences	139,029	255,613	91,190	255,613
	2,483,256	1,776,501	1,323,731	1,469,712

The subsidies received refer to the Community programs' expenses subsidy and to the expenses subsidies of OAED (Greek Manpower Employment Organisation).

7. FINANCIAL INCOME & EXPENSES:

The financial income and expenses appearing in the accompanying financial statements are analysed as follows:

	The Group	The Group	The Company	The Company
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
SHARE DIVIDENDS LISTED ON THE STOCK EXCH.	40,973	225,593	40,973	225,593
SHARE DIVIDENDS NOT LISTED ON THE STOCK EXCH.	11,568	508,166	11,568	508,166
BANK DEPOSITS' INTEREST	85,942	85,296	71,501	85,296
EARNINGS FROM THE SALE OF PARTICIPATIONS	0	0	0	0
EARNINGS FROM THE SALE OF SECURITIES	606,456	1,111,049	606,456	1,111,049
OTHER FINANCIAL INCOME	0	15,259	0	0
TOTAL FINANCIAL INCOME	744,938	1,946,021	730,497	1,930,104

	The Group	The Group	The Company	The Company
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
INTEREST & EXPENSES OF LONG-TERM BANK LIABILITIES	3,256,349	3,944,181	3,256,349	3,944,181
INTEREST & EXPENSES OF SHORT-TERM BANK LIABILITIES	2,220,180	1,616,713	1,944,503	1,415,943
COMMISSIONS ON LETTERS OF GUARANTEE	245,515	218,467	220,440	198,355
OTHER INTEREST & EXPENSES	585,882	806,043	159,524	231,578
COMMISSIONS & OTHER EXPENSES FROM THE SALE & PURCHASE OF SECURITIES	120,995	280,504	120,995	280,504
LOSS FROM THE SALE OF SECURITIES	446,103	328,689	446,103	328,689
LOSS FROM FUTURES EXCHANGES	78,644	474,114	78,644	474,114
TOTAL FINANCIAL EXPENSES	6,953,667	7,668,712	6,226,557	6,873,365

The profit/ loss from the sale of securities refer to securities of commercial portfolio.

8. INCOME TAXES:

According to the tax legislation, the tax rate applicable to the companies for the period 2005 is 32% (35% until 31 December 2004).

In November 2004, the new tax bill was approved; According to this tax bill the tax rate for businesses is gradually reduced from 35% to 25%. More specifically, for the periods 2005 and 2006 the tax rate will be reduced to 32% and 29% respectively, while from the period 2007 and on it will be formed at 25%.

The income tax reported in the Profit and Loss Account of the accompanying financial statements is analysed as follows:

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	<u>The Group</u>		<u>The Company</u>	
	<u>30/9/2006</u>	<u>30/9/2005</u>	<u>30/9/2006</u>	<u>30/9/2005</u>
<u>Current income taxes:</u>				
Period's income tax	1,087,203	112,825	898,229	0
Deferred taxation A.X.	593,339	1,576,805	472,784	1,544,412
Tax audit differences	0	65,580	0	1,172
	1,680,542	1,755,210	1,371,013	1,545,584

The Greek tax legislation and the relative provisions are subject to interpretations by the tax authorities. The income tax return statements are submitted on annual basis; however, the profit or loss stated for tax purposes remains interim until the examination by the tax authorities of the tax payer's income tax return statements and books, at which point the relative tax liabilities will be settled. To the extent that they are recognised by the tax authorities, tax losses can be used for the offsetting of the profits for five periods following the period, to which they pertain.

ALTEC has been audited by the tax authorities until the 31st of December 2000. As regards ALTEC's subsidiaries, their books and data have not been audited by the tax authorities for the periods mentioned in the table.

<u>TRADE NAME</u>	<u>DOMICILE</u>	<u>NON AUDITED PERIODS</u>
ALTEC S.A.	GREECE	2001-2005
DATAMEND S.A.	GREECE	2003-2005
ALTEC TELECOMS S.A.	GREECE	2003-2005
OTS S.A.	GREECE	2003-2005
OROSIMO PLIROFORIKI S.A.	GREECE	2003-2005
INTERFACE S.A.	GREECE	2003-2005
SYSWARE ROMANIA SRL	ROMANIA	1999-2005
SYSWARE BULGARIA AD	BULGARIA	2000-2005
UNISOFT ROMANIA S.A.	ROMANIA	1996-2005
UNISOFT BULGARIA AD	BULGARIA	2000-2005
HEMS LTD	GREECE	1999-2005
ALTEC – BYTE J/V	GREECE	2002-2005
MICROLAND COMPUTERS S.A.	GREECE	2002-2005
MICROLAND CYPRUS LTD	CYPRUS	1999-2005
SYSWARE ROMANIA SRL	ROMANIA	1999-2005

Additional taxes and penalties are likely to be imposed on ALTEC S.A. in a future tax audit of the non audited periods in question. The Company believes to have formed sufficient provisions against the additional taxes likely to result from the future tax audits, based on the findings of the previous periods' tax audits and on former interpretations of the tax laws.

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

9. EARNINGS PER SHARE:

The calculation of the basic earnings per share on 30 September 2006 and 2005 is as follows:

	The Group		The Company	
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Net profit attributable to the parent company's common shareholders	2,347,049	3,211,400	3,820,797	3,801,689
Weighted average number of shares in circulation	100,353,000	100,353,000	100,353,000	100,353,000
Basic earnings per share:	0,023	0,032	0,038	0,038

10. TANGIBLE FIXED ASSETS:

The tangible fixed assets are analysed as follows:

TABLE ON CHANGES TO THE FIXED ASSETS OF THE PERIOD 2005

<u>COMPANY</u>	Grounds, Buildings and technical projects	Machines	Means of Transport	Furniture	Total
<u>Acquisition value</u>					
Balance 1.1.05	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 / Write off	<u>1,862,031</u>		<u>1,000</u>	<u>1,478,993</u>	<u>3,342,024</u>
	<u>33,483,809</u>	<u>1,559,106</u>	<u>228,075</u>	<u>12,618,665</u>	<u>47,889,655</u>
<u>Devaluations provision</u>					
Balance 1.1.05	3,231,554	1,184,093	73,923	12,557,861	17,047,431
Depreciations	583,852	156,181	14,334	502,837	1,257,204
Sales / Write off	<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>1,334,573</u>	<u>88,010</u>	<u>12,210,737</u>	<u>17,231,270</u>
Un-depreciated value on 31.12.2005	<u>29,885,859</u>	<u>224,533</u>	<u>140,065</u>	<u>407,928</u>	<u>30,658,385</u>

<u>GROUP</u>	Grounds - Buildings and technical projects	Machines	Means of Transport	Furniture	Total
<u>Acquisition value</u>					
Balance 1.1.05	41,539,731	1,936,425	368,010	29,348,497	73,192,663
Additions	1,134,323	27,456	27,631	3,594,248	4,783,658
Sales / Write off	<u>1,863,546</u>	<u>0</u>	<u>7,456</u>	<u>1,721,505</u>	<u>3,592,469</u>
	<u>40,810,546</u>	<u>1,963,881</u>	<u>388,185</u>	<u>31,221,240</u>	<u>74,383,852</u>
<u>Devaluations' provision</u>					
Balance 1.1.05	3,878,143	1,414,124	127,799	21,024,391	26,444,457
Depreciations	918,290	223,564	34,785	2,669,288	3,845,927
Sales / Write off	<u>218,054</u>	<u>5,701</u>	<u>4,173</u>	<u>915,865</u>	<u>1,143,793</u>
	<u>4,578,379</u>	<u>1,631,987</u>	<u>158,411</u>	<u>22,777,814</u>	<u>29,146,591</u>
Un-depreciated value on 31.12.2005	<u>36,232,167</u>	<u>331,894</u>	<u>229,774</u>	<u>8,443,426</u>	<u>45,237,261</u>

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

TABLE ON THE CHANGES TO THE FIXED ASSETS OF THE PERIOD 1.1 - 30.9.06

<u>GROUP</u>	Grounds -				Total
	Buildings and technical projects	Machines	Means of Transport	Furniture	
<u>Acquisition value</u>					
Balance 1.1.06	40,810,546	1,963,881	388,185	31,116,647	74,279,259
Additions	733,980	992	27,069	1,647,851	2,409,892
Sales / Write off	<u>4,207,089</u>	<u>0</u>	<u>0</u>	<u>109,766</u>	4,316,855
	<u>37,337,437</u>	<u>1,964,873</u>	<u>415,254</u>	<u>32,654,729</u>	<u>72,372,293</u>
<u>Devaluations provision</u>					
Balance 1.1.06	4,578,379	1,631,987	158,410	22,780,169	29,148,945
Period's charge	684,152	144,266	25,988	2,075,932	2,930,338
Sales / Write off	<u>7,082</u>	<u>430</u>	<u>7,579</u>	<u>42,750</u>	57,841
	<u>5,255,449</u>	<u>1,775,823</u>	<u>176,819</u>	<u>24,813,351</u>	<u>32,021,442</u>
Un-depreciated value on 30.09.06	32,081,988	189,050	238,435	7,841,378	40,350,851

<u>COMPANY</u>	Grounds -				Total
	Buildings and technical projects	Machines	Means of Transport	Furniture	
<u>Acquisition value</u>					
Balance 1.1.06	33,483,809	1,559,106	228,075	12,618,665	47,889,655
Additions	362,546	280	23,736	233,056	619,619
Sales / Write off	<u>4,205,612</u>	<u>0</u>	<u>0</u>	<u>0</u>	4,205,612
	<u>29,640,743</u>	<u>1,559,386</u>	<u>251,811</u>	<u>12,851,721</u>	<u>44,303,662</u>
<u>Devaluations provision</u>					
Balance 1.1.06	3,597,950	1,334,573	88,010	12,210,737	17,231,270
Period's charge	429,863	116,859	11,971	168,152	726,845
Sales / Write off	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0
	<u>4,027,813</u>	<u>1,451,432</u>	<u>99,981</u>	<u>12,378,889</u>	<u>17,958,115</u>
Un-depreciated value on 30.09.06	25,612,930	107,954	151,831	472,833	26,345,547

Pre-notice of mortgages on the Group's grounds and buildings registered on 30.09.06 in order to obtain bank loans amounting to € 128,217,168.

On 21 June 2006, the company signed a contract with ATE Leasing S.A. regarding the construction of two ultra-modern four-floor office buildings. The total value of the leasing contracts amounts to 22,500,000 Euros. According to the contractual terms, the buildings are expected to be completed on 30.6.07 (date of recognition of the liabilities and of the real asset). The term of the leasing contracts is 15 years and their effective date is the building installations' completion date. The total monthly rent to be paid by the company on completion of the building installations will amount to 176,000 euros approximately. After the fifteen-year term, the real estates' ownership will return to the company against the price of 1,000 Euros.

11. INTANGIBLE FIXED ASSETS:

The intangible fixed assets are analysed as follows:

TABLE OF CHANGES TO THE INTANGIBLE ASSETS OF THE PERIOD

	<u>2005</u>		
<u>COMPANY</u>	Software	Other intangible fixed assets	Total
<u>Acquisition value</u>			
Balance 1.1.05	11,380,272	2,938,545	14,318,817
Additions	137,425	0	137,425
Sales / Write off	64,688	0	64,688
	<u>11,453,009</u>	<u>2,938,545</u>	<u>14,391,554</u>
<u>Devaluations provision</u>			
Balance 1.1.05	6,969,743	600,166	7,569,909
Depreciations	1,547,264	28,469	1,575,733
Sales / Write off	4,750	0	4,750
	<u>8,512,257</u>	<u>628,635</u>	<u>9,140,892</u>
Un-depreciated value on 31.12.2005	2,940,752	2,309,910	5,250,662
<u>GROUP</u>	Software	Other intangible fixed assets	Total
<u>Acquisition value</u>			
Balance 1.1.05	38,058,327	3,078,427	41,136,754
Additions	2,073,817	5,820	2,079,637
Sales / Write off	198,049	0	198,049
	<u>39,934,095</u>	<u>3,084,247</u>	<u>43,018,342</u>
<u>Devaluations provision</u>			
Balance 1.1.05	15,608,474	630,882	16,239,356
Depreciations	4,475,079	36,037	4,511,116
Sales / Write off	4,750	0	4,750
	<u>20,078,803</u>	<u>666,919</u>	<u>20,745,722</u>
Un-depreciated value on 31.12.2005	19,855,292	2,417,328	22,272,620

TABLE ON THE CHANGES TO THE INTANGIBLE ASSETS OF THE PERIOD 1.1 - 30.9.06

<u>GROUP</u>	Software	Other intangible fixed assets	Total
<u>Acquisition value</u>			
Balance 1.1.06	40,015,678	3,084,247	43,099,925
Additions	393,095	0	393,095
Sales / Write off	16	105,701	105,717
	<u>40,408,757</u>	<u>2,978,546</u>	<u>43,387,303</u>
<u>Devaluations provision</u>			
Balance 1.1.06	20,078,803	666,919	20,745,722
Period's charge	3,299,776	95,979	3,395,755
Sales / Write off	234	99,074	99,308
	<u>23,378,345</u>	<u>663,824</u>	<u>24,042,169</u>
Un-depreciated value on 30.09.06	17,030,412	2,314,722	19,345,134
<u>COMPANY</u>	Software	Other intangible fixed assets	Total
<u>Acquisition value</u>			
Balance 1.1.06	11,453,009	2,938,545	14,391,554
Additions	167,954	0	167,954
Sales / Write off	0	0	0
	<u>11,620,963</u>	<u>2,938,545</u>	<u>14,559,508</u>
<u>Devaluations provision</u>			
Balance 1.1.06	8,512,257	628,635	9,140,892
Period's charge	1,105,069	93,060	1,198,129
Sales / Write off	0	88,062	88,062
	<u>9,617,326</u>	<u>633,633</u>	<u>10,250,959</u>
Un-depreciated value on 31.09.06	2,003,637	2,304,912	4,308,549

The “other intangible fixed assets” refer mostly to expenses for the development of products that are depreciated based on the duration of the estimated useful life.

12. INVESTMENTS IN REAL ESTATE

The current value of the investment real estate on 30.9.06 is € 5,046,524 (2005: € 5,046,524).

Valuation of the buildings at their fair value: The Group assigned to a company of independent expert valuers the carrying out of the buildings' valuation on 1 January 2004 (date of transition to the IFRS). The valuations were based on the appropriate valuation methods depending on the nature and the use of the valuated buildings.

ALTEC S.A.**NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006**

The principal valuation methods used are the following:

- The method of comparative data;
- The data of the real estate market;
- The revenue data;
- The data from the data bank of the Greek Body of Sworn-in Valuers regarding special projects, constructions, installations and equipment.

The total adjustments of buildings with respect to the accounting balances based on the previous GAS are the following:

	<u>The Group</u>	<u>The Company</u>
Own-use buildings (note 10)	11.243.152	11.243.152
Investment building	4.091.442	4.091.442

The amount of the own-use buildings' adjustment was entered in a special equity adjustment account and that of the investment building in the profit and loss carried forward.

The investment real estate is not depreciated and its estimate takes place annually by independent expert valuers.

The current value of the investment real estate is € 5,046,524.

The income that resulted from the exploitation of the real estate during this period 1.1-30.9.06 amounted to € 92,776 (2005: € 90,074) and it is included in "other income".

13. PARTICIPATIONS IN ASSOCIATE COMPANIES:

The subsidiaries included in the consolidation of the ALTEC Group consolidated with the method of full consolidation are the following:

<u>TRADE NAME</u>	<u>DOMICILE</u>	<u>PERCENTAGE</u>	<u>METHOD OF CONSOLIDATION</u>	<u>VALUE OF ACQUISITION</u>
DATAMEND S.A.	GREECE	70	FULL	205,429
ALTEC TELECOMS S.A.	GREECE	70	FULL	14,688,188
OTS S.A.	GREECE	60	FULL	723,698
OROSIMO PLIROFORIKI S.A.	GREECE	51	FULL	264,123
INTERFACE S.A.	GREECE	100	FULL	2,385,820
SYSWARE ROMANIA SRL	ROMANIA	100	FULL	186,555
SYSWARE BULGARIA AD	BULGARIA	99	FULL	97,128
UNISOFT ROMANIA S.A.	ROMANIA	99,6	FULL	234,157
UNISOFT BULGARIA AD	BULGARIA	96,5	FULL	198,640
HEMS LTD	GREECE	90	FULL	290,536
MICROLAND COMPUTERS S.A.	GREECE	48,16	FULL	9,570,496
Total				<u>28,844,770</u>

None of the aforementioned subsidiaries has been devaluated.

14. FUNDS PORTFOLIO

The available for sale investments are participations in the share capital of non listed companies and of one listed on the Stock Exchange company and they are analysed as follows: The non-listed available for sale investments are measured at cost given that they are not negotiated in an organised market; their fair value cannot be reliably estimated. The available for sale investment listed is measured at its market value.

<u>The Group and the Company</u>	<u>% Of Participation</u>	<u>Accounting balance 2005</u>	<u>Main activity</u>	<u>Country of establishment</u>
Listed				
ALTE	3,642,701 shares	291.416	Construction works	Greece
Non-listed				
NATIONAL DEVELOPMENT OF NORTHERN GREECE S.A.	20%	1.778.430	Investments	Greece
OTHER		256.732		
		<u>2,326,578</u>		

<u>The Group and the Company</u>	<u>% Of Participation</u>	<u>Accounting balance 30.9.06</u>	<u>Main activity</u>	<u>Country of establishment</u>
Listed				
ALTE (listed)	3,642,701 shares	291.416	Construction works	Greece
Non-listed				
NATIONAL DEVELOPMENT OF NORTHERN GREECE S.A.	20%	1.778.430	Investments	Greece
OTHER		256.732		
		<u>2,326,578</u>		

15. INVENTORY:

The inventory is analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>30/9/2006</u>	<u>2005</u>	<u>30/9/2006</u>	<u>2005</u>
Merchandise – products – raw materials	14,707,511	15,048,509	8,155,905	8,643,511
Works in progress	36,437,507	29,537,507	36,437,507	29,537,507
Advance payments for the purchase of inventory	0	38,477	0	0
	<u>51,145,018</u>	<u>44,624,493</u>	<u>44,593,412</u>	<u>38,181,018</u>

16. CUSTOMER RECEIVABLES

	<u>COMPANY</u>	
	<u>30/9/2006</u>	<u>2005</u>
Customer receivables	158,958,308	168,529,310
Less provisions	-51,599,986	-51,599,986
Balance	106,958,322	116,929,324

On 31.12.03, the Company made additional provisions amounting to € 6,304,761 related to other receivables included in the “other assets”.

GROUP

	<u>GROUP</u>	
	<u>30/9/2006</u>	<u>2005</u>
Customer receivables	158,812,538	165,471,340
Less provisions	-52,513,808	-52,513,808
Balance	106,298,730	112,956,176

On 31.12.03, the Group made additional provisions amounting to € 7,418,628 for other receivables included in the “other assets”.

The total provision was entered on 31 December 2003 since there was no reason for new provisions.

17. OTHER ASSETS

COMPANY

	<u>COMPANY</u>	
	<u>30/9/2006</u>	<u>31/12/2005</u>
Receivables from the Greek State	8,016,958	7,830,557
Banks’ receivables from credit cards	1,562,634	4.656.569
Different Creditors (debit balances)	2,078,548	2.573.534
Other accounts receivable	6,050,018	7.805.987
Prepaid expenses	5,507,520	2.802.295
	23,215,678	25,668,942

GROUP

	<u>GROUP</u>	
	<u>30/9/2006</u>	<u>31/12/2005</u>
Receivables from the Greek State	8,692,944	7,830,557
Banks’ receivables from credit cards	1,562,634	4.656.569
Different Creditors (debit balances)	2,366,421	2.573.534
Other accounts receivable	7,884,752	9.330.906
Prepaid expenses and non-invoiced income	7,459,597	6.880.911
	27,966,348	31,272,477

18. COMMERCIAL PORTFOLIO

SHARES LISTED ON THE ATHENS STOCK EXCHANGE

	The Group		The Company	
	30/9/2006	2005	30/9/2006	2005
Beginning balance	3,587,834	7,270,072	3,586,992	7,269,230
Additions	7,576,883	26,080,395	7,577,725	26,080,395
Sales	10,780,827	-29,762,633	10,780,827	-29,762,633
ENDING BALANCE	383,890	3,587,834	383,890	3,586,992

MUTUAL FUNDS

	The Group		The Company	
	30/9/2006	2005	30/9/2006	2005
Beginning balance	3,680,161	521,062	3,680,161	521,062
Additions	1,917,701	5,334,554	1,917,701	5,223,554
Sales	5,451,726	-2,064,446	5,451,726	-2,064,446
ENDING BALANCE	146,136	3,791,161	146,136	3,680,161

BANK BONDS

	The Group		The Company	
	30/6/2006	2005	30/6/2006	2005
Beginning balance	193,500	0	193,500	
Additions		193,500		193,500
Sales	193,500		193,500	
ENDING BALANCE	0	193,500	0	193,500

GRAND TOTAL	530,868	7,572,495	530,026	7,460,653
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19. SHARE CAPITAL:

On 30 June 2006 and 2005, the Company's share capital amounted to € 44,155,320.00 comprising 100,353,000 bearer shares with value of € 0.44 each.

20. ORDINARY, TAX EXEMPT AND SPECIAL RESERVES:

Ordinary Reserve: According to the Greek commercial legislation, companies are obliged to form 5% of the period's profits as ordinary reserve until this reaches the one third of the paid up share capital. During the companies' life, the distribution of the ordinary reserve is forbidden.

Tax exempt and specially taxed reserves: The reserves from tax exempt income and the specially taxed reserves involve income from interest and sales of participations non-listed on the Stock Exchange that are either non taxable or subject to pay-as-you-earn taxation. In case of these reserves' distribution, the Company and the Group will be liable to tax.

Tax exempt reserves according to special provisions of laws and other special reserves: The tax exempt reserves provided in special provisions of laws regard non distributed profits exempt from taxation based on special provisions of development laws (on the condition that they have sufficient profits to form them). These reserves regard primarily investments and they are not distributed. In case of these reserves' distribution, the Company and the Group will be liable to tax.

21. DIVIDENDS

According to the Greek commercial law, the companies are obliged to announce annually a dividend from their profits that is the bigger between 35% of the profits with taxes after the formation of the ordinary reserve, or at least 6% of the paid up share capital. A dividend that is less than 35% of the profits with taxes after the formation of the ordinary reserve, but exceeds 6% of the paid up share capital may be announced and paid with the approval of 70% of the shareholders. However, with the unanimous approval of all the shareholders, the Company may not announce a dividend.

In addition, according to the Greek commercial law, specific conditions must be met in order to allow the dividends' distribution:

- (a) Dividend may not be distributed to the shareholders if the Company's equity, as presented in the financial statements, is, or will be, less after such distribution than the share capital plus the non distributed reserves, and
- (b) Dividends may not be distributed to the shareholders as long as the un-depreciated balance of the "establishment and first installation expenses", as presented in the financial statements, exceeds the total distributable reserves plus the balance of the profits carried forward.

22. LONG TERM LIABILITIES TO CREDIT INSTITUTIONS:

The long term liabilities to credit institutions of 30 June 2006 and 31.12.05 end as follows:

Year of payment	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30/9/2006</u>	<u>2005</u>	<u>30/9/2006</u>	<u>2005</u>
2007	8,688,073	17,460,013	8,688,073	17,460,013
2008	44,956,800	44,956,800	44,956,800	44,956,800
	<u>53,644,873</u>	<u>62,416,813</u>	<u>53,644,873</u>	<u>62,416,813</u>

The average weighted interest of the long term loans on 30 September 2006 came up to 5.67% (2005: 4,98 %).

All the loans are in Euros.

23. LIABILITIES FOR EMPLOYEE BENEFITS DUE TO RETIREMENT:

(a) *State Insurance Programs:* The employers' contribution of the Company to insurance funds for the period that ended on 1 January 2006 to 30 September 2006 was entered in the expenses and came up to the amount of € 3,720,178 for the Group and € 2,256,474 for the Company.

(b) **Liabilities to employees due to retirement:** According to the Greek labour law, employees are entitled to indemnities in case of termination or retirement, the height of which depends on the salary, the years of service and the way that the employee left the company (termination or retirement). Employees that resign are not entitled to indemnity. The payable indemnity in case of retirement is equal to 40% of the indemnity paid in case of termination. According to local practice, these programs are not financed in Greece. The Company debits the corresponding increase of the pension liability in the profit and loss account for accrued benefits of each period. The payments of benefits to pensioners made each period are debited against this liability.

24. Other liabilities
GROUP

	<i>30/9/2006</i>	<i>31/12/2005</i>
Payable cheques	18,740,979	12,762,142
Customers' advance payments	1,843,211	3,317,206
Liabilities from taxes - dues	3,677,327	2,066,845
Insurance organisations	609,379	1,088,971
Dividends payable	829,657	829,939
Next periods' income	6,307,727	0
Different creditors	562,309	4,717,007
	<u>32,570,588</u>	<u>24,782,111</u>

COMPANY

	<i>30/9/2006</i>	<i>31/12/2005</i>
Payable cheques	9,179,021	8,143,408
Customers' advance payments	1,026,136	2,037,703
Liabilities from taxes - dues	2,805,116	1,152,292
Insurance organisations	367,432	705,620
Dividends payable	829,657	829,939
Next periods' income	6,141,842	0
Different creditors	1,977,275	2,068,175
	<u>22,326,480</u>	<u>14,937,137</u>

ALTEC S.A.**NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006**

The income of the next periods concerns the profit from the sale of two plots; two ultra-modern buildings will be built on the aforementioned plots (see note 28, paragraph b, capital commitments).

25. LIABILITIES TO CREDIT INSTITUTIONS:

Short term loans are withdrawals with different credit limits that the Company has in different banks. All the short term loans during the year were in Euros.

The average weighted interest of the short term loans on 30 September 2006 was 5.62% (2005: 5,13%).

26. DISCLOSURES OF RELATED PARTIES:

The consolidated financial statements comprise the financial statements of ALTEC S.A. and its subsidiaries.

The balances of the Company's accounts with the related enterprises are as follows:

<i>Receivables – (Liabilities) with companies of the Group</i>	30/9/2006
	37.828
	939
HEMS LTD	68,753
INTERFACE S.A.	-372,168
OROSIMO S.A.	75,786
MICROLAND COMPUTERS S.A.	9,555,550
SYSWARE ROMANIA SRL	29,940,636
SYSWARE BULGARIA AD	190,182
DATAMED S.A.	-374,950
ALTEC TELECOMS S.A.	-130,840
OTS S.A.	-278,456
ALTEC – BYTE J/V	492,452
Total	39.205.711

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

Period 1.1. – 30.9.06

ALTEC S.A.		
	SALES	PURCHASES
UNISOFT ROMANIA S.A	35.451	0
INTERFACE S.A.	3,588	410,306
OROSIMO S.A.	190,235	120,500
MICROLAND S.A.	935,661	14,463,234
SYSWARE ROMANIA	25,152	0
SYSWARE BULGARIA	185,378	0
DATAMED S.A.	32,003	56,155
ALTEC TELECOMS S.A.	4,501,425	850,380
OTS S.A.	161,875	435,547
TOTAL	6,070,770	16,336,122

The sales and the provision of services to the related companies are realised at normal market prices. The open balances at the end of the period are without collateral and their settlement is made in cash. Guarantees on the aforementioned receivables have not been granted or received. Regarding the periods that ended on 31 December 2005 and 30.9.06, the Company has not made a provision for bad debts related to amount due by associate companies.

27. FINANCIAL RISK MANAGEMENT

The principal financial proceeds of the Group are the fund and the cash equivalents, the trade and other receivables, the trade and other liabilities, bank loans, available for sale investments and the financial assets at fair value through profit and loss accounts.

- (i) **Concentration of credit risk:** The Group does not show important concentration of credit risk in any of its contracting parties. The Company realises its sales mostly through contracts, thus the right to collect receivables is ensured. The maximum exposure to credit risk is reflected by the height of each asset.

The Group's policy is to conclude transactions with parties that meet high standards. Whereas, taking into account the high level of the counter parties' credibility, the Group does not consider the conclusion of pledging contracts necessary.

- (ii) **Fair value:** The amounts appearing in the accompanying balance sheets and pertaining to the cash flows, the receivables and the short term liabilities approach their corresponding fair values due to their short term maturity. For those that are not like the long term liabilities, since their interest rate is variable, the acquisition value represents their current price too.

The fair values of securities listed on stock markets are based on their market prices on the date of the balance sheet's preparation.

- (iii) **Interest rate risk:** The risk of the interest rates' variation originates mostly from long-term loan liabilities. The Management monitors the exchange rates' and the interest rates' fluctuations on a constant basis and assesses the need to take relative actions for the offsetting of the risks resulting from them.

- (iv) **Foreign exchange risk:** The Group's exposure to foreign exchange risk is limited since transactions are mostly made in €. The transactions in foreign currency are not significant and the sales to countries with currency other than the € are paid up in the short term, thus the Group's exposure to foreign exchange risk is minimised.

- (v) **Liquidity risk:** The liquidity risk is maintained at low levels through the availability of sufficient cash flows and credit lines.

The existing available not used approved credits to the Group are sufficient to face any shortage of cash flows.

28. POTENTIAL LIABILITIES:

(a) Litigations:

The Company is involved (in the capacity of the defendant and the complainant) in different litigations and arbitrations in the framework of its normal operation. The Company's Management and legal advisors estimate that all the pending cases are expected to be settled without significant negative effect on the Company's consolidated financial position or on its operating results.

(b) Commitments:

(i) Guarantees:

On 30 September 2006, the Group had the following potential liabilities:

LG TO SECURE RECEIVABLES	3,816,790
OTHER GUARANTEES	5,320,555
LG FOR PARTICIPATION	9,960,816
LG FOR GOOD PERFORMANCE	14,421,615

(ii) Operating leases:

The company's liabilities for operating leases regard the buildings used as branches and other operating units. The minimum future payments for operating lease for the period 2007 amount to € 517,422. The aforementioned contracts are open end contracts and they are adjusted annually based on the consumer price index plus margin of 2%.

(iii) Capital Commitments:

On 21 June 2006, the company signed a contract with ATE Leasing S.A. regarding the construction of two ultra-modern four-floor office buildings. The total value of the leasing contracts amounts to 22,500,000 Euros. According to the contractual terms, the buildings are expected to be completed on 30.6.07 (date of recognition of the liabilities and of the real asset). The term of the leasing contracts is 15 years and their effective date is the building installations' completion date. The total monthly rent to be paid by the company on completion of the building installations will amount to 176,000 euros approximately. After the fifteen-year term, the real estate's ownership will return to the company against the price of 1,000 Euros.

ALTEC S.A.
NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2006

(c) Tax issues

The subsidiaries included in the consolidation of the ALTEC S.A. Group have not been tax audited for the periods:

<u>TRADE NAME</u>	<u>DOMICILE</u>	<u>NON AUDITED PERIODS</u>
ALTEC S.A.	GREECE	2001-2005
DATAMEND S.A.	GREECE	2003-2005
ALTEC TELECOMS S.A.	GREECE	2003-2005
OTS S.A.	GREECE	2003-2005
OROSIMO PLIROFORIKI S.A.	GREECE	2003-2005
INTERFACE S.A.	GREECE	2003-2005
SYSWARE ROMANIA SRL	ROMANIA	1999-2005
SYSWARE BULGARIA AD	BULGARIA	2000-2005
UNISOFT ROMANIA S.A.	ROMANIA	1996-2005
UNISOFT BULGARIA AD	BULGARIA	2000-2005
HEMS LTD	GREECE	1999-2005
ALTEC – BYTE J/V	GREECE	2002-2005
MICROLAND COMPUTERS S.A.	GREECE	2002-2005
MICROLAND CYPRUS LTD	CYPRUS	1999-2005
SYSWARE ROMANIA SRL	ROMANIA	1999-2005

29. MORE RECENT FACTS:

There are not any later events affecting the financial statements.

For the approval of the accompanying Financial Statements:

Athens, 22 November 2006

THE CHAIRMAN & MANAGING DIRECTOR

THE VICE-CHAIRMAN OF THE BoD

Athanasios Ch. Athanasoulis

Athanasios I. Avraam

ID No AB 297408

ID No X 053059

THE CHIEF FINANCIAL OFFICER

THE CHIEF ACCOUNTANT

Efsttraios Ch. Kordoulas

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