

# **GERMANOS S.A.**



GROUP OF COMPANIES

## **Interim Financial Statements for the period from January 1<sup>st</sup> to March 31<sup>st</sup> 2006**

It is confirmed that the attached Interim Financial Statements for the period 01/01 – 31/03/2006 are those approved by the Board of Directors of "GERMANOS S.A." on 23/05/2006 and have been published by being posted on the Internet, at the web address [www.germanos.gr](http://www.germanos.gr). It is noted that the published in the press summary financial data, aim at providing general financial information but do not provide a complete depiction of the Company's and Group's financial position and results, in accordance with the International Accounting Standards. Moreover, it is noted that for simplification purposes, the published in the press summary financial data include certain abridgements and reclassifications of figures.

Panos Germanos  
Chairman of the Board of Directors  
OF THE COMPANY GERMANOS S.A.

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# 1. Balance Sheet

## BALANCE SHEET GERMANOS SA - GROUP OF COMPANIES

ASSETS	GROUP		COMPANY	
	31/3/2006	31/12/2005	31/3/2006	31/12/2005
<b>Non-current assets</b>				
Tangible Assets	164.039.482	168.540.411	144.437.896	147.381.472
Goodwill	17.755.546	16.500.093	626.920	626.920
Intangible Assets	21.065.506	19.331.817	9.139.995	9.071.080
Investments in Subsidiaries	0	0	47.274.122	42.971.810
Investments in Associates	88.819.868	105.001.146	208.763.940	206.251.700
Deferred tax asset	17.722.131	20.178.355	21.416.437	23.802.983
Financial assets available for sale	718.703	709.523	1.616.224	1.616.224
Other Long-term Receivables	1.843.484	5.390.679	1.387.026	4.994.276
	<b>311.964.721</b>	<b>335.652.025</b>	<b>434.662.560</b>	<b>436.716.465</b>
<b>Current Assets</b>				
Inventories	99.404.649	90.057.612	71.120.245	63.515.725
Customers and other Trade Receivables	129.572.913	162.093.682	101.196.719	122.003.011
Other Receivables	36.268.742	31.736.583	24.055.013	21.003.798
Other Current Assets	56.430.035	32.888.030	50.891.245	29.453.081
Financial assets at fair value through the profit or loss	5.530.906	5.102.178	5.530.906	5.102.178
Cash and cash equivalents	10.221.495	14.941.025	6.825.709	8.720.537
	<b>337.428.740</b>	<b>336.819.110</b>	<b>259.619.836</b>	<b>249.798.329</b>
<b>Total Assets</b>	<b>649.393.461</b>	<b>672.471.135</b>	<b>694.282.396</b>	<b>686.514.794</b>
<b>Equity &amp; Liabilities</b>				
<b>Equity</b>				
Share capital	26.104.160	26.104.160	26.104.160	26.104.160
Share premium account	198.701.542	198.701.542	198.701.542	198.701.542
Fair value reserves	0	0	61.924.008	51.218.032
Other reserves	85.505.536	84.665.165	85.320.762	84.674.141
Balance Sheet Conversion Reserves	471.174	836.691	0	0
Profit carried forward	45.226.837	19.902.330	94.011.184	64.369.709
<b>Equity attributable to the shareholders of the parent</b>	<b>356.009.249</b>	<b>330.209.889</b>	<b>466.061.657</b>	<b>425.067.584</b>
<b>Minority interest</b>	<b>1.186.579</b>	<b>1.119.590</b>		
<b>Total Equity</b>	<b>357.195.828</b>	<b>331.329.479</b>	<b>466.061.657</b>	<b>425.067.584</b>
<b>Long-term liabilities</b>				
Long-term loans	101.786.128	99.857.361	97.439.540	97.458.915
Deferred tax liabilities	10.072.848	12.118.900	35.286.980	32.858.411
Liabilities for staff retirement indemnities	824.406	820.124	717.124	717.124
Other Long-term Liabilities	98.615	2.216.996	15.824	15.824
Provisions	2.113.826	1.993.108	1.125.000	1.000.000
<b>Total Long-Term Liabilities</b>	<b>114.895.823</b>	<b>117.006.489</b>	<b>134.584.468</b>	<b>132.050.274</b>
<b>Short-term liabilities</b>				
Suppliers and related liabilities	112.307.376	130.451.108	67.326.602	81.080.474
Current tax liabilities	18.115.567	21.424.599	17.437.792	19.715.372
Short-term bank liabilities	34.245.140	47.658.902	3.017.252	12.230.920
Long-term liabilities payable in the next period	3.000.000	9.130.957	3.000.000	9.000.000
Other Short-term liabilities	8.234.378	14.067.123	2.854.625	7.370.169
Short-term Provisions	1.399.349	1.402.478	0	0
<b>Total Short-Term Liabilities</b>	<b>177.301.810</b>	<b>224.135.167</b>	<b>93.636.271</b>	<b>129.396.936</b>
<b>Total Liabilities</b>	<b>292.197.632</b>	<b>341.141.656</b>	<b>228.220.739</b>	<b>261.447.210</b>
<b>Liabilities directly linked to non-current Assets classified as available for sale</b>				
<b>Total Equity &amp; Liabilities</b>	<b>649.393.461</b>	<b>672.471.135</b>	<b>694.282.396</b>	<b>686.514.794</b>

**2. Income statement**

**INCOME STATEMENT  
GERMANOS SA - GROUP OF COMPANIES**

	GROUP		COMPANY	
	1/1 - 31/3/2006	1/1 - 31/3/2005	1/1 - 31/3/2006	1/1 - 31/3/2005
<b>Sales</b>	<b>247.047.360</b>	<b>195.126.596</b>	<b>176.701.984</b>	<b>147.567.524</b>
Cost of sales	(197.268.898)	(151.312.629)	(139.357.804)	(111.519.857)
<b>Gross Profit</b>	<b>49.778.462</b>	<b>43.813.967</b>	<b>37.344.179</b>	<b>36.047.667</b>
Other operating income	2.904.674	2.238.841	1.442.787	936.934
Distribution expenses	(27.838.005)	(24.120.138)	(17.258.911)	(17.338.738)
Administrative expenses	(8.000.565)	(8.196.872)	(5.728.624)	(6.553.233)
Research & Development Expenses	0	0	0	0
Other operating expenses	(578.497)	(477.943)	(133.741)	0
<b>Results Before Tax, Financing and Investment Results</b>	<b>16.266.070</b>	<b>13.257.855</b>	<b>15.665.690</b>	<b>13.092.630</b>
Financial Income	238.392	1.545.882	187.426	0
Financial Expenses	(2.164.843)	(3.143.457)	(1.414.035)	(1.264.862)
Other Financial Results	15.776.084	0	20.036.645	0
Earnings from the acquisition of a Company	0	0	0	0
Profit/Loss from associates	1.679.522	1.874.446	0	0
<b>Earnings before tax</b>	<b>31.795.225</b>	<b>13.534.726</b>	<b>34.475.726</b>	<b>11.827.768</b>
Income tax	(6.296.248)	(3.464.282)	(4.834.251)	(2.824.823)
<b>Earnings after tax</b>	<b>25.498.976</b>	<b>10.070.444</b>	<b>29.641.475</b>	<b>9.002.945</b>
Discontinued operations				
Earnings for the period from discontinued operations	0	0	0	0
Net earnings for the period	0	0	0	0
<b>Allocated to:</b>				
<i>The shareholders of the Parent</i>	25.521.722	10.094.212		
<i>Minority interest</i>	(22.746)	(23.768)		
<i>Basic Earnings per Share</i>	<i>0,31</i>	<i>0,12</i>	<i>0,36</i>	<i>0,11</i>
<b>Summary results for the period</b>				
Results Before Tax, Financing and Investment Results and Depreciation	22.062.052	19.344.606	20.065.932	18.173.621
Results Before Tax, Financing and Investment Results	16.266.070	13.257.855	15.665.690	13.092.630
Earnings before tax	31.795.225	13.534.726	34.475.726	11.827.768
Earnings after tax	25.498.976	10.070.444	29.641.475	9.002.945

From January 1<sup>st</sup> to March 31<sup>st</sup> 2006

### 3. Consolidated statement of changes in equity

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium Account	Attributable to the shareholders of the parent			Profit Carried Forward	Total	Minority Interest	Total
			Fair value Reserves	Other reserves	Balance Sheet Conversion Reserve				
<b>Balance as at January 1st 2005, according to the IFRS</b>	<b>12.956.000</b>	<b>206.502.877</b>	<b>0</b>	<b>81.965.269</b>	<b>0</b>	<b>(26.366.302)</b>	<b>275.057.844</b>	<b>2.159.397</b>	<b>277.217.241</b>
<i>Change in Equity for the period 01/01 - 31/03/2005</i>									
Minority interest from changes in subsidiaries							0	444.603	444.603
Other changes in equity				(10.284.844)			(10.284.844)		(10.284.844)
Net results for the period 01/01-31/3/2005						10.094.000	10.094.000	(23.000)	10.071.000
<b>Total Recognised Profit / Loss for the Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10.094.000</b>	<b>(190.844)</b>	<b>421.603</b>	<b>230.759</b>
<b>Equity balance as at the 31st of March 2005</b>	<b>12.956.000</b>	<b>206.502.877</b>	<b>0</b>	<b>81.965.269</b>	<b>0</b>	<b>(16.272.302)</b>	<b>274.867.000</b>	<b>2.581.000</b>	<b>277.448.000</b>
<b>Balance as at January 1st 2006, according to the IFRS</b>	<b>26.104.160</b>	<b>198.701.542</b>	<b>0</b>	<b>84.665.165</b>	<b>836.692</b>	<b>19.902.330</b>	<b>330.209.890</b>	<b>1.119.589</b>	<b>331.329.479</b>
<i>Change in Equity for the period 01/01 - 31/03/2006</i>									
Increase in the share capital of the parent							0		0
Reserve of granted stock options				646.621			646.621		646.621
Balance Sheet conversion reserve					(387.536)		(387.536)	(17.169)	(404.705)
Net Profit/Loss Recognized directly to equity				193.750		(125)	193.625	3.926	197.551
Net Profit/Loss Recognized directly to equity							0		0
Effect of acquisition of a company						22.018	(175.073)		(175.073)
Minority interest from change of percentage							0	102.979	102.979
Net Results for the Period 01/01-31/3/2006						25.521.722	25.521.722	(22.746)	25.498.976
<b>Total Recognized Profit/loss for the Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>840.372</b>	<b>(365.519)</b>	<b>25.324.506</b>	<b>25.799.360</b>	<b>66.990</b>	<b>25.866.349</b>
<b>Equity balance as at the 31st of March 2006</b>	<b>26.104.160</b>	<b>198.701.542</b>	<b>0</b>	<b>85.505.537</b>	<b>471.173</b>	<b>45.226.837</b>	<b>356.009.249</b>	<b>1.186.579</b>	<b>357.195.828</b>

## 4. Statement of changes in equity of the Parent Company

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium Account	Attributable to the shareholders of the parent			Total
			Fair value Reserves	Other reserves	Profit Carried Forward	
<b>Balance as at January 1st 2005, according to the IFRS</b>	<b>12.956.000</b>	<b>206.502.877</b>	<b>54.524.591</b>	<b>81.833.800</b>	<b>32.112.623</b>	<b>387.929.891</b>
<i>Change in Equity for the period 01/01 - 31/03/2005</i>						
Net results for the period 01/01-31/3/2005					9.003.000	9.003.000
Share capital increase						0
Profit/loss transferred directly to equity from valuation of assets available for sale			(14.503.891)			(14.503.891)
Payment of Dividends (Parent)						0
<b>Total Recognised Profit / Loss for the Period</b>	<b>0</b>	<b>0</b>	<b>(14.503.891)</b>	<b>0</b>	<b>9.003.000</b>	<b>(5.500.891)</b>
<b>Equity balance as at the 31st of March 2005</b>	<b>12.956.000</b>	<b>206.502.877</b>	<b>40.020.700</b>	<b>81.833.800</b>	<b>41.115.623</b>	<b>382.429.000</b>
<b>Balance as at January 1st 2006, according to the IFRS</b>	<b>26.104.160</b>	<b>198.701.542</b>	<b>51.218.032</b>	<b>84.674.141</b>	<b>64.369.709</b>	<b>425.067.584</b>
<i>Change in Equity for the period 01/01 - 31/03/2006</i>						
Net Results for the Period 01/01-31/3/2006					29.641.475	29.641.475
Profit/loss transferred directly to equity from valuation of assets available for sale			10.705.976			10.705.976
Share capital increase						0
Reserve of granted stock options				646.621		646.621
Payment of Dividends (Parent)						0
<b>Total Recognized Profit/loss for the Period</b>	<b>0</b>	<b>0</b>	<b>10.705.976</b>	<b>646.621</b>	<b>29.641.475</b>	<b>40.994.073</b>
<b>Equity balance as at the 31st of March 2006</b>	<b>26.104.160</b>	<b>198.701.542</b>	<b>61.924.008</b>	<b>85.320.762</b>	<b>94.011.184</b>	<b>466.061.657</b>

## 5. Cash flow statement

	GROUP		COMPANY	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
<b><u>Cash flows from operating activities</u></b>				
Cash flows from operating activities	(11.916.413)	2.537.644	(11.450.983)	6.765.814
Interest paid	(2.069.945)	(767.355)	(1.414.035)	(392.400)
Income tax paid	(1.919.722)	0	(1.709.217)	0
<b>Net cash flows from operating activities</b>	<b>(15.906.080)</b>	<b>1.770.289</b>	<b>(14.574.235)</b>	<b>6.373.414</b>
<b><u>Cash flows from investment activities</u></b>				
Purchases of tangible fixed assets	(1.593.430)	(5.554.552)	(936.077)	(4.701.025)
Purchases of intangible assets	(1.235.447)	556.477	(589.504)	0
Sales of tangible fixed assets	299.488	0	0	0
Dividends received	219.224	0	219.224	0
Loans granted to related parties	0	0	0	0
Purchase of financial assets available for sale	0	0	0	0
Purchase of financial assets at fair value through the profit or loss	(2.644.395)	0	(2.644.395)	0
Acquisition of associates	33.405.712	0	33.405.712	0
Acquisition / sale of subsidiaries	(1.369.068)	0	(4.302.312)	0
Payments received from associates	0	0	0	0
Sale of financial assets available for sale	0	0	0	0
Sale of financial assets at fair value through the profit or loss	2.572.376	0	2.572.376	0
Interest received	223.463	0	187.426	0
Payments received with respect to loans granted to affiliated parties	0	0	0	0
Other	0	0	0	0
<b>Net cash flows from investment activities</b>	<b>29.877.922</b>	<b>(4.998.075)</b>	<b>27.912.450</b>	<b>(4.701.025)</b>
<b><u>Cash flows from financing activities</u></b>				
Proceeds from the increase in the capital of subsidiaries	0	1.904.257	0	0
Acquisition of own-shares	0	0	0	0
Dividends paid to the shareholders of the parent	0	(17.830)	0	0
Loans received	5.231.065	0	0	0
Loans repaid	(23.602.888)	(340.390)	(15.233.043)	(970.955)
Principal payments relating to finance leases	(319.549)	0	0	0
<b>Net Cash flows from financing activities</b>	<b>(18.691.372)</b>	<b>1.546.037</b>	<b>(15.233.043)</b>	<b>(970.955)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(4.719.530)</b>	<b>(1.681.749)</b>	<b>(1.894.828)</b>	<b>701.434</b>
Opening cash and cash equivalents	14.941.025	12.583.967	8.720.537	7.229.898
Foreign exchange differences in cash and cash equivalents	0	0	0	0
<b>Closing cash and cash equivalents</b>	<b>10.221.496</b>	<b>10.902.218</b>	<b>6.825.709</b>	<b>7.931.332</b>
<b>Balance of Current Bank Accounts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance of Liquid Assets</b>	<b>10.221.495</b>	<b>10.902.218</b>	<b>6.825.709</b>	<b>7.931.332</b>
<b>Cash and Cash Equivalents</b>	<b>10.221.495</b>	<b>10.902.218</b>	<b>6.825.709</b>	<b>7.931.332</b>

## 6. Financial information by sector

### Primary reporting sector – Geographic Segments

The Group's domicile and the main country it operates in is Greece. The activity areas of the company are Greece, the Euro Area countries and third countries.

The Group is active in seven geographic segments.

The results of the Group by sector are analyzed as follows:

The results for each segment for fiscal year 2005 were the following:

1/1 - 31/03/2005

	GREECE	POLAND	ROMANIA	BULGARIA	FYROM	UKRAINE	CYPRUS	Other	Total
Total gross sales per segment	150.677.789	21.906.585	16.550.317	9.645.994	2.167.936	614.673	-	-	201.563.294
Internal sales								(6.436.698)	(6.436.698)
<b>Net sales</b>	<b>150.677.789</b>	<b>21.906.585</b>	<b>16.550.317</b>	<b>9.645.994</b>	<b>2.167.936</b>	<b>614.673</b>	<b>-</b>	<b>(6.436.698)</b>	<b>195.126.596</b>
Operating Results	17.080.661	451.680	1.541.113	1.155.340	97.172	(335.089)	-	(646.271)	19.344.606
Financial Results	148.017	(665.245)	(954.602)	(12.227)	(51.021)	(62.497)	-	0	(1.597.575)
Depreciations	(5.413.718)	(206.546)	(335.455)	(82.451)	(28.188)	(20.393)	-	0	(6.086.751)
Share in associate companies' results	-	-	-	-	-	-	-	1.874.446	1.874.446
<b>Earnings before taxes</b>	<b>11.814.960</b>	<b>(420.111)</b>	<b>251.056</b>	<b>1.060.662</b>	<b>17.963</b>	<b>(417.979)</b>	<b>-</b>	<b>1.228.175</b>	<b>13.534.726</b>
Income tax	(2.824.823)	0	0	0	-	0	-	(639.459)	(3.464.282)
<b>Net earnings</b>	<b>8.990.137</b>	<b>(420.111)</b>	<b>251.056</b>	<b>1.060.662</b>	<b>17.963</b>	<b>(417.979)</b>	<b>-</b>	<b>588.716</b>	<b>10.070.444</b>

The results for each segment for fiscal year 2006 were the following:

1/1 - 31/03/2006

	GREECE	POLAND	ROMANIA	BULGARIA	FYROM	UKRAINE	CYPRUS	Other	Total
Total gross sales per segment	178.634.461	29.711.082	24.344.437	14.589.414	2.654.605	6.967.385	3.139.893	299.799	260.341.076
Internal sales								(13.293.715)	(13.293.715)
<b>Net sales</b>	<b>178.634.461</b>	<b>29.711.082</b>	<b>24.344.437</b>	<b>14.589.414</b>	<b>2.654.605</b>	<b>6.967.385</b>	<b>3.139.893</b>	<b>(12.993.916)</b>	<b>247.047.361</b>
Operating Results	20.483.001	1.001.936	551.851	1.243.821	(129.112)	(971.714)	(117.043)	(688)	22.062.052
Financial Results	18.785.391	(86.326)	(392.177)	(13.265)	(44.191)	(145.678)	(42.275)	(4.211.846)	13.849.633
Depreciations	(4.672.922)	(212.134)	(517.495)	(125.184)	(50.224)	(151.844)	(64.195)	(1.984)	(5.795.982)
Share of results from associate companies	-	-	-	-	-	-	-	1.679.522	1.679.522
Earnings before taxes	-	-	-	-	-	-	-	0	0
<b>Earnings before taxes</b>	<b>34.595.470</b>	<b>703.476</b>	<b>(357.821)</b>	<b>1.105.372</b>	<b>(223.527)</b>	<b>(1.269.236)</b>	<b>(223.513)</b>	<b>(2.534.996)</b>	<b>31.795.225</b>
Income tax	(4.834.251)	45.049	(367.688)	(165.806)	(3.336)	237.780	0	(1.207.997)	(6.296.249)
<b>Net earnings</b>	<b>29.761.219</b>	<b>748.525</b>	<b>(725.509)</b>	<b>939.566</b>	<b>(226.863)</b>	<b>(1.031.456)</b>	<b>(223.513)</b>	<b>(3.742.993)</b>	<b>25.498.976</b>

### Secondary reporting sector – Business Segments

The group is active in three business segments, Retail Trade, Wholesale Trade and Energy.

The Group's sales by Business segment and item are analyzed as follows:

	1/1 - 31/3/2006	1/1 - 31/3/2005	% CHANGE
<b>Mobile and Fixed Line Telephony</b>	<b>119,9</b>	<b>106,7</b>	<b>12,4%</b>
Air Time Postpaid	16,1	11,6	38,8%
Air Time Prepaid	2,6	2,4	8,3%
Air Time Fixed Line	0,4	0,6	-33,3%
<b>Total Air Time</b>	<b>19,1</b>	<b>14,6</b>	<b>30,8%</b>
Connection Fees Postpaid	40,2	37,2	8,1%
Connection Fees Prepaid	21,2	19,9	6,5%
<b>Total Connection Fees</b>	<b>61,4</b>	<b>57,1</b>	<b>7,5%</b>
Target Bonus Postpaid	6,2	5,8	6,9%
Target Bonus Prepaid	2,3	2,2	4,5%
<b>Total Target Bonus</b>	<b>8,5</b>	<b>8</b>	<b>6,3%</b>
<b>Handset Revenues</b>	<b>26,3</b>	<b>22,4</b>	<b>17,4%</b>
<b>Accessories</b>	<b>3,4</b>	<b>3,4</b>	<b>0,0%</b>
<b>Service</b>	<b>1,2</b>	<b>1,2</b>	<b>0,0%</b>
<b>Products</b>	<b>15,7</b>	<b>11,4</b>	<b>37,7%</b>
Electronic Goods - Internet	14,5	10,1	43,6%
Retail Batteries	1,2	1,3	-7,7%
<b>TOTAL RETAIL SALES</b>	<b>135,6</b>	<b>118,1</b>	<b>14,8%</b>
<b>TOTAL INDUSTRIAL SALES</b>	<b>16,7</b>	<b>10,1</b>	<b>65,3%</b>
Batteries Wholesale	6,3	5,5	14,5%
Prepaid cards Wholesale	86,5	60,2	43,7%
<b>TOTAL SALES OF DISTRIBUTION NETWORK</b>	<b>92,8</b>	<b>65,7</b>	<b>41,2%</b>
<b>TOTAL SALES CORE</b>	<b>245,1</b>	<b>193,9</b>	<b>26,4%</b>
<b>OTHER SALES</b>	<b>1,9</b>	<b>1,2</b>	<b>58,3%</b>
E-Value S.A.	1,9	1,2	58,3%
<b>TOTAL CONSOLIDATED SALES</b>	<b>247,0</b>	<b>195,1</b>	<b>26,6%</b>

## 7. Additional information and explanations

### 7.1 Framework for the compilation of the financial statements and accounting principles

The consolidated financial statements of **Germanos S.A.** for the first quarter of 2006, which cover the period from January 1<sup>st</sup> to March 31<sup>st</sup> 2006, have been compiled based on the historic cost principle as this is amended by the readjustment of specific asset and liability items into market values, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) and, in particular, IAS 34 on interim financial statements.

The Group has adopted all the standards issued by the IASB, which are applicable during the reporting periods:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Net Profit or Loss, Basic Error and Changes in Accounting Estimates
IAS 10	Events After the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Tangible Fixed Assets
IAS 17	Leases
IAS 18	Income
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Affiliated Party Disclosures
IAS 26	Accounting and Reporting of Retirement Benefit Plans
IAS 27	Consolidated Financial Statements and accounting of investments in subsidiaries
IAS 28	Accounting of Investments in Associate Companies
IAS 29	Financial Statements in hyper-inflationary economies
IAS 30	Disclosures with financial statements of banks and similar financial institutions
IAS 31	Financial presentation of rights in joint-ventures
IAS 32	Financial Instruments: Disclosures and Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Statements
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Valuation
IAS 40	Investments in Property
IAS 41	Agriculture
IFRS 1	First-Time adoption of International Financial Reporting Standards

IFRS 2	Payments with net worth items
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non current assets available for sale and Discontinued Activities
IFRS 6:	Exploration for and Evaluation of Mineral Resources

IFRS was applied for periods commencing from 1/1/2006. The Group has chosen as a policy of capitalizing the mineral resources exploration and evaluation costs and of amortizing them in full during the period in which they result.

The adoption of IFRIC 3 & 4 did not affect the financial statements of the Group.

The compilation of financial statements according to the IFRS requires the use of estimates and judgment during the application of the Company's accounting principles. Important assumptions made by the management for the application of the company's accounting methods have been appropriately highlighted whenever this has been deemed necessary.

The accounting principles based on which the financial statements have been compiled, are consistent with those used for the compilation of the annual financial statements for the 2005 financial year and have been consistently applied throughout the periods reported.

## 7.2 New accounting principles and interpretations of IFRIC

The International Accounting Standards Board and the Interpretations Committee have issued a series of new accounting standards and interpretations. The IFRS and IFRIC are mandatory for the accounting periods beginning from January 1<sup>st</sup> 2007. The Group's assessment regarding the effect of the aforementioned new standards and interpretations, is as follows:

### ***-IFRS 7. Disclosures of Financial Instruments***

The group will apply IFRS 7 from 1/1/2007.

### ***-IFRIC 7 Application of the restatement procedure under IAS 29 "Financial statements in hyperinflationary economies"***

No effect is expected on the financial statements of the Group.

### ***-IFRIC 8 " Purpose of IFRS 2"***

No effect is expected on the financial statements of the Group.

### 7.3 Structure of the Group and consolidation method

The companies of the Group that are included in the consolidated financial statements are as follows:

COMPANY NAME	DOMICILE - COUNTRY	PARTICIPATING INTEREST	RELATION WITH THE PARENT
<b>Full consolidation method</b>			
GERMANOS S.A.	GREECE	Parent	Parent
E-VALUE S.A.	GREECE	70,00%	Direct
GERMANOS TELECOM SKOPJE SA	FYROM	99,00%	Direct
GERMANOS TELECOM ROMANIA SA	ROMANIA	98,42%	Direct
SUNLIGHT ROMANIA S.L.R/FILIALA (Subsidiary of GERMANOS TELECOM ROMANIA S.A.)	ROMANIA	98,42%	Indirect
GERMANOS TELECOM BULGARIA AD	BULGARIA	100,00%	Direct
SUNLIGHT UKRAINE	UKRAINE	98,00%	Direct
GERMANOS TELECOM UKRAINE CJSC	UKRAINE	95,00%	Direct
GERMANOS POLSKA Sp.Zo.o	POLAND	100,00%	Direct
GTI POLSKA Sp.Zo.o	POLAND	100,00%	Direct
T.C.M. Sp. Zo.o (Subsidiary of GERMANOS POLSKA Sp.Zo.o)	POLAND	100,00%	Direct
GERMANOS CYPRUS L.T.D.	CYPRUS	94,24%	Direct
INFOTEL L.T.D.(Subsidiary of GERMANOS CYPRUS L.T.D.)	CYPRUS	46,18%	Indirect
SUNLIGHT TRADING D.O.O. BEOGRAD	SERBIA	100,00%	Direct
SUNLIGHT BATTERIES GMBH	GERMANY	100,00%	Direct
<b>Equity Method</b>			
HELLENIC DUTY FREE SHOPS S.A.	GREECE	24,67%	Direct
SILKWAY HOLDING B.V.	NETHERLANDS	20%	Direct
UNITEL L.L.C. (Subsidiary of SILKWAY HOLDING B.V.)	UZBEKISTAN	20%	Indirect

During the reporting period and more specifically on 9/2/2006, the company GERMANOS SA proceeded in selling its entire participating interest in SILKWAY HOLDING B.V. to acquiring company Vimpel-Communications, for a total consideration of \$40 million.

### 7.4 Charges on Assets

There are no mortgages and prenotations or any other charges on the fixed assets of the company resulting from loans obtained.

### 7.5 Commitments

The Group's letters of guarantee as of 31/3/2006 are set out below:

<b>TYPE OF LETTER OF GUARANTEE</b>	<b>Long-Term</b>	<b>Short-Term</b>	<b>Total</b>
GOOD EXECUTION	24.930.053,07	8.953.307,91	33.883.360,98
LEASE OF SHOP PREMISES	0,00	35.108,25	35.108,25
PAYMENTS AND DUTIES	631.746,77	28.000,00	659.746,77
PREPAYMENTS	3.000.621,52	2.867.357,37	5.867.978,89
PROCUREMENT OF BATTERIES	4.149,67	0,00	4.149,67
PARTICIPATION IN TENDER	671.168,10	294.651,96	965.820,06
<b>Total</b>	<b>29.237.739,13</b>	<b>12.178.425,49</b>	<b>41.416.164,62</b>

## 7.6 Pending affairs under litigation or arbitration

The action filed by GERMANOS SA on the 12.11.1996 (number 9646/96) before the Athens Court of First Instance against MOBITEL SA was allowed as consistent and sustained on its grounds, since judgment no 9739/21.11.1997 of the Athens Court of First Instance giving the order for testimonial evidence was issued. After the completion of the above-mentioned procedure, the hearing date for the case was on the 16.10.2003, however it was adjourned for the 5.2.2004, on which date the case was actually heard. The decision of the Company was to wave the first part of the action and to file a new one against MOBITEL SA before the Athens Court of First Instance seeking for the amount of a) 1,340,572,713 drachmas or 3,934,182.57 € as liquated damages and b) 309,979,200 drachmas or 909,629.85 € as damages to be paid on four trances, a) the amount of 63,209,799 drachmas on the 30.6.2002, b) the amount of 101,133,072 drachmas on the 30.6.2003, c) the amount of 80,909,076 drachmas on the 30.6.2004 and d) the amount of 64,727,253 drachmas. The hearing date for the new action was arranged for the 16.10.2003, so that this would be heard with the first action, however the hearing was adjourned. According to Mrs Aggeliki Tori, solicitor, the action is very likely to be allowed. On the 5.7.2004, Athens Court of First Instance issued judgment no 4558/2004 on the action dated 12.11.1996 condemning the defendant company MOBITEL SA to pay to Germanos SA the amount of 134,171.97€ interest bearing since the day of servicing the action until the payment day. Also, it acknowledged that MOBITEL SA is obliged to pay to GERMANOS SA on the 30th of April, 31st of July, 31st of October and the 31st of January of each year its fees of 7% of the discounted bills for using the airtime since the 1st of July 1996 and then as to all of the connection of its clients registered in STET HELLAS (TIM) network that had activated their contract for the period that this activation was valid.

MOBITEL SA filed an appeal before Athens Court of Appeal against the above-mentioned judgment, which was heard on the 26.5.2005. The judgment on the appeal has not been issued yet.

It should be noted that lawyers Mr Oikonomidis and Mr Koulouris that were responsible for the case until recently filed an action (no 151428/2003) against GERMANOS SA before Athens Court of First Instance which issued judgment no 142/30.5.2005 allowing a small part of the action and

condemning GERMANOS SA to pay to the above mentioned plaintiff lawyers the amount of 16,100.63 € interest bearing since 20.2.2002, as well as the percentage of 12% on the interests of the above amount (i.e. 16,100.63€).

It should be taken into account that with the action it was asked a) to be acknowledged that the Company had breached its obligations towards the plaintiffs deriving from an agreement with them, b) to oblige the Company into giving report, c) to pay an amount equal to 12% on any amount over the total of (4,834,879.42 + 260,464.73) euro. An appeal has been filed against the judgment of the Court of First Instance and the hearing date is on 26.9.2006.

There are no other claims under litigation or arbitration having an important impact on the Company's financial situation or on the operation of the Group.

## 7.7 Tax un-audited fiscal years

The tax un-audited fiscal years of the companies in the Group are as follows:

COMPANY NAME	TAX UN-AUDITED FISCAL YEARS
<b>Full consolidation method</b>	
GERMANOS S.A.	2004-2005
E-VALUE S.A.	2003-2005
GERMANOS TELECOM SKOPJE SA	2003-2005
GERMANOS TELECOM ROMANIA SA	2003-2005
SUNLIGHT ROMANIA S.L.R./FILIALA (Subsidiary of GERMANOS TELECOM ROMANIA S.A.)	2001-2005
GERMANOS TELECOM BULGARIA AD	2005
SUNLIGHT UKRAINE	2001-2005
GERMANOS TELECOM UKRAINE CJSC	2004-2005
GERMANOS POLSKA Sp.Zo.o	2001-2005
GTI POLSKA Sp.Zo.o	2004-2005
T.C.M. Sp. Zo.o (Subsidiary of GERMANOS POLSKA Sp.Zo.o)	2002-2005
GERMANOS CYPRUS L.T.D.	1999-2005
INFOTEL L.T.D.(Subsidiary of GERMANOS CYPRUS L.T.D.)	2000-2005
SUNLIGHT TRADING D.O.O. BEOGRAND	2005
SUNLIGHT BATTERIES GMBH	2005
<b>Equity Method</b>	
HELLENIC DUTY FREE SHOPS S.A.	2005
SILKWAY HOLDING B.V.	2004-2005
UNITEL L.L.C. (Subsidiary of SILKWAY HOLDING B.V.)	2005

It is possible that additional taxes and penalties be levied with respect to the tax un-audited fiscal years reported in the table above, at the time when they will be examined and finalized. The Group undertakes an annual evaluation of the contingent liabilities that are expected to arise from the audit of previous fiscal years and recognizes the relevant provisions whenever this is deemed to be necessary.

## 7.8 Other contingent liabilities and contingent assets

Besides the contingent assets and liabilities mentioned above (judicial cases and tax un-audited fiscal years) the company does not have any other contingent assets and liabilities.

## 7.9 Number of employees

The number of employees for the first quarter of 2006 and 2005, for the Group and the company is as follows:

	THE GROUP		THE COMPANY	
	1/1-31/3/2006	1/1-31/3/2005	1/1-31/3/2006	1/1-31/3/2005
Salary earners	3.691	2.701	901	851
Wage earners	254	239	253	239
<b>Total</b>	<b>3.945</b>	<b>2.940</b>	<b>1.154</b>	<b>1.090</b>

## 7.10 Earnings per share

The weighted average of the total number of (common) shares was used to determine earnings per share

	GROUP		COMPANY	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
<b>Basic earnings per share</b>				
Earnings that correspond to the parent's shareholders	25.521.722	10.094.212	29.641.475	9.002.945
Weighted average number of outstanding shares	81.575.500	80.975.000	81.575.500	80.975.000
Basic earnings per share (Euro per share)	0,31	0,12	0,36	0,11

	GROUP		COMPANY	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
<b>Dilluted earnings per share</b>				
Earnings that correspond to the parent's shareholders	25.521.722	10.094.212	29.641.475	9.002.945
Weighted average number of outstanding shares	81.702.888		81.702.888	
Basic earnings per share (Euro per share)	0,31		0,36	

## 7.11 Management emoluments

The Management emoluments at the Group and Parent Company levels are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1/1-31/3/2006</b>	<b>1/1-31/3/2005</b>	<b>1/1-31/3/2006</b>	<b>1/1-31/3/2005</b>
<b>Board of Directors</b>				
BoD Remuneration for services as employees	229.851	219.115	151.176	144.115
Remuneration of BoD members	64.754	65.294	64.754	65.294
Remuneration for short-term services	18.000		18.000	
Stock Options Granted				
<b>Senior Executives</b>				
Remuneration of Senior Executives for services as employees	710.106	676.936	460.189	438.693
Stock Options Granted				
<b>Total</b>	<b>1.022.711</b>	<b>961.345</b>	<b>694.119</b>	<b>648.102</b>

No loans have been granted to members of the B.o.D. or other senior executives of the Group (and their families).

## 7.12 Cash flows from operating activities

	GROUP		COMPANY	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
<b>Cash flows from operating activities</b>				
<b>Earnings for the Period</b>	25.498.976	10.070.444	29.641.475	9.002.945
<b>Adjustements for:</b>				
Tax	6.296.248	3.464.282	4.834.251	2.824.823
Depreciation of tangible and intangible fixed assets	5.795.982	6.086.751	4.400.242	5.080.991
Provisions	(1.786.877)	0	0	0
Profit/(loss) from sale of tangible fixed assets	58.146	0	0	0
Fair value gains/losses of other financial items at fair value through the profit or loss	(58.305)	0	(58.305)	0
Gains from the sale of subsidiary and associated companies	(16.628.512)	0	(20.839.112)	0
Earnings from the sale of financial assets	(298.404)	0	(298.404)	0
Interest income	(223.888)	0	(187.426)	0
Interest expenses	2.074.211	767.355	1.414.035	392.400
Dividend income	(219.224)	0	(219.224)	0
Share of profits from associates	(1.679.522)	(1.874.446)	0	0
Foreign exchange gains / (losses)	(553.000)	0	0	0
Other	646.621	0	646.621	0
	<b>18.922.452</b>	<b>18.514.386</b>	<b>19.334.154</b>	<b>17.301.159</b>
<b>Changes in Working capital</b>				
Decrease/increase in inventories	(9.287.732)	(12.469.721)	(7.604.520)	(10.252.514)
Decrease/increase in receivables	20.324.670	5.449.440	21.362.327	8.180.289
Decrease/increase in other current asset accounts	(21.519.882)	0	(21.438.163)	0
Increase/decrease in liabilities	(20.355.921)	(8.956.462)	(23.104.780)	(8.463.120)
Outflow of provisions	0	0	0	0
Outflow of liability for employee benefits for retirement	0	0	0	0
	<b>(30.838.865)</b>	<b>(15.976.742)</b>	<b>(30.785.136)</b>	<b>(10.535.345)</b>
<b>Cash flows from operating activities</b>	<b>(11.916.413)</b>	<b>2.537.644</b>	<b>(11.450.983)</b>	<b>6.765.814</b>

### **7.13 events after the balance sheet**

- The parent Company GERMANOS S.A., in execution of the decision of the Board of Director dates May 5<sup>th</sup> 2006, proceeded in transferring at the same date a total of twelve million nine hundred ninety nine thousand shares (12,999,000) in the company "HELLENIC DUTY FREE SHOPS SA", which constituted the Group's entire participating interest in this Company, i.e. a percentage of 24.67% of its share capital. This transfer took place in the context of focusing in the company's main activities.

GERMANOS S.A. transferred the aforementioned shares to the company FOLLI FOLLIE, for a consideration of € 15.6 per share.

The proceeds from the sale (approximately € 202,000,000) –in accordance with the contractual obligations of the company towards the banks that hold the corporate bonds it has issued - will be used to repay this corporate bond.

The Company does not intend to make an additional or extraordinary dividend payment but maintains the dividend policy it has announced, according to which it will propose to the General Meeting, which will be held in June, a dividend of € 0.26 per share.

- On the 9<sup>th</sup> of May 2006, the main shareholder and founder of the Company, Mr. Panos Germanos, notified the Board of Directors of the Company that the company COSMOTE MOBILE TELECOMMUNICATIONS S.A. has agreed with him to acquire a 42% share in the capital of GERMANOS SA (this relates to the percentage held by Mr. P. Germanos and other shareholders) at a price of € 19 per share. The conclusion of the agreement is subject to the relevant approvals by the competent bodies and authorities

Based on the notification of the Board of Directors by Mr. P. Germanos, it is noted that following the acquisition of the 42% share in GERMANOS S.A., COSMOTE MOBILE TELECOMMUNICATIONS S.A. intends to make a public offer in order to acquire up to 100% of the Company. Mr. P. Germanos will remain in his position as Chairman of the Board of Directors of GERMANOS S.A. and will reinvest in a 10% share of the capital of GERMANOS SA – following the completion of the aforementioned public offer that will be made by COSMOTE MOBILE TELECOMMUNICATIONS S.A. – while at the same time he will acquire the activities of the Group in the industrial sector SUNLIGHT (in all the countries in which it is active) as well as the activities in the markets of Poland, the Ukraine and Cyprus.

#### **7.14 Transactions with related parties**

The following transactions and balances are the transactions of the Group with parties related to it. The transactions between companies included in the consolidated Financial Statements of the Group are cancelled out.

**INTERCOMPANY RECEIVABLES - LIABILITIES 31/3/2006**  
**LIABILITY**

	GERMANOS P. GERMANOS		G.T.I POLAND	GERMANOS POLSKA	T.C.M.	SUNLIGHT FILIALA	G.TELECOM ROMANIA	G.TELECOM SKOPIA	GT /UKRAINE	SUNLIGHT UKRAINE	GERMANOS		SUNLIGHT BEOGRAD		
	SA	SA									E-VALUE S.A.	CYPRUS LTD/INFOTEL			G.TELECOM BULGARIA
<b>GERMANOS SA</b>				2.478.689	1.181.149	23.743	3.228.956	471.258	26.024	974.392	1.395.002	1.864.182	44.332	<b>11.687.727</b>	
<b>P. GERMANOS SA</b>														<b>0</b>	
<b>E-VALUE S.A.</b>	312.276													<b>312.276</b>	
<b>GTI POLAND</b>					37.681									<b>37.681</b>	
<b>GERMANOS POLSKA</b>	5.340		246.999		2.143.444							4.049		<b>2.399.832</b>	
<b>T.C.M.</b>												443.250		<b>443.250</b>	
<b>SUNLIGHT FILIALA</b>							574.613							<b>574.613</b>	
<b>G.TELECOM ROMANIA</b>	777					1.956.020		960				24.100		<b>1.981.857</b>	
<b>G.TELECOM SKOPIA</b>												2.409		<b>2.409</b>	
<b>GT /UKRAINE</b>										40.867				<b>40.867</b>	
<b>SUNLIGHT UKRAINE</b>									60.945					<b>60.945</b>	
<b>SUNLIGHT UKRAINE</b>														<b>0</b>	
<b>SUNLIGHT UKRAINE</b>														<b>0</b>	
<b>GERMANOS CYPRUS LTD/INFOTEL</b>														<b>0</b>	
<b>G.TELECOM BULGARIA</b>	11.220			3.496			4.006	1.208						<b>19.930</b>	
<b>SUNLIGHT BEOGRAD</b>														<b>0</b>	
<b>SUNLIGHT BATTERIES GMBH</b>														<b>0</b>	
<b>TOTAL</b>	<b>329.613</b>	<b>0</b>	<b>0</b>	<b>246.999</b>	<b>2.482.185</b>	<b>3.362.274</b>	<b>1.979.763</b>	<b>3.807.575</b>	<b>473.426</b>	<b>86.969</b>	<b>1.015.259</b>	<b>1.395.002</b>	<b>2.337.990</b>	<b>44.332</b>	<b>17.561.387</b>

**INTERCOMPANY SALES PURCHASES 1/1 - 31/3/2006**  
**PURCHASER**

	GERMANOS P. GERMANOS		G.T.I POLAND	GERMANOS POLSKA	T.C.M.	SUNLIGHT FILIALA	G.TELECOM ROMANIA	G.TELECOM SKOPIA	GT /UKRAINE	SUNLIGHT UKRAINE	GERMANOS		SUNLIGHT BEOGRAD	TOTAL	
	SA	SA									E-VALUE S.A.	CYPRUS LTD/INFOTEL			G.TELECOM BULGARIA
<b>GERMANOS SA</b>			10.362	145.550	129.835	23.743	1.538.164	299.223	25.924	285.905	545.002	707.238		<b>3.710.946</b>	
<b>P. GERMANOS SA</b>														<b>0</b>	
<b>E-VALUE S.A.</b>														<b>0</b>	
<b>GTI POLAND</b>				18.645	707.070									<b>725.715</b>	
<b>GERMANOS POLSKA</b>				116.126	4.541.106		998							<b>4.658.230</b>	
<b>T.C.M.</b>					12.018									<b>12.018</b>	
<b>SUNLIGHT FILIALA</b>							574.613							<b>574.613</b>	
<b>G.TELECOM ROMANIA</b>						1.529.373								<b>1.529.373</b>	
<b>G.TELECOM SKOPIA</b>														<b>0</b>	
<b>GT /UKRAINE</b>										1.809.809				<b>1.809.809</b>	
<b>SUNLIGHT UKRAINE</b>									269.633					<b>269.633</b>	
<b>GERMANOS CYPRUS LTD/INFOTEL</b>														<b>0</b>	
<b>G.TELECOM BULGARIA</b>							3.398							<b>3.398</b>	
<b>SUNLIGHT BEOGRAD</b>														<b>0</b>	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>10.362</b>	<b>116.126</b>	<b>176.213</b>	<b>5.378.011</b>	<b>1.553.116</b>	<b>2.117.173</b>	<b>299.223</b>	<b>295.557</b>	<b>2.095.714</b>	<b>545.002</b>	<b>707.238</b>	<b>0</b>	<b>13.293.735</b>