

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

# Altec



**ALTEC ABEE**  
**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED ON 31 DECEMBER 2007 PURSUANT TO**  
**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

It is hereby attested that the annual Financial Statements attached hereto are those approved by the Board of Directors of ALTEC ABEE on 11<sup>th</sup> March 2008 and have been published in the press and uploaded on the Internet, on [www.altec.gr](http://www.altec.gr). Note that the concise financial figures published in the press aim to provide readers with certain general financial figures but do not offer a thorough idea about the financial position and results of the Company and the Group pursuant to International Financial Reporting Standards (International Accounting Standards). It is also stressed that for the purpose of simplification the concise financial data published in the press have been abridged and items have been reclassified.

***Athanassios Athanassoulis***  
***President of the BoD.***  
***ALTEC A.B.E.E..***

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b>CONTENTS</b>	<b>Page</b>
Audit Report of the ICAA .....	3-4
Management Report.....	5-6.
Detailed Report .....	6-9
Income Statement .....	10
Balance Sheet .....	11
Statement of Changes in Equity .....	12-13
Cash Flow Statement .....	14-15
<b>Notes on Financial Statements .....</b>	<b>16-61</b>
Group Description .....	16
1. Presentation Basis of Financial Statements .....	16
2. New Standards, Interpretations and Amendments .....	18
3. Group Structure.....	22
4. Financial risk management.....	32
5. Important accounting estimates & management judgments .....	36
6. Segmentation of Group activities .....	37
7. Other operating income .....	38
8. Administration Expenses .....	40
9. R&D Expenses.....	41
10. Selling & Distribution expenses.....	42
11. Other operating expenses .....	43
12. Financing Cost (Net).....	44
13. Investment Income/Expenses .....	44
14. Income Taxes .....	45
15. Earnings perShare (EPS ).....	47
16. Tangible Assets .....	48
17. Intangible Assets .....	49
18. Participations in affiliated companies .....	50
19. Available-for-sale investments .....	50
20. Property Investments .....	51
21. Long-Term Claims .....	51
22. Inventories .....	52
23. Trade Receivables & other claims .....	52
24. Fair value investments through income statement .....	53
25. Cash & Cash Equivalents .....	53
26. Share capital & Share premium reserve .....	53
27. Capital Reserves .....	54
28. Dividends .....	54
29. Loans.....	54
30. Staff compensation .....	57
31. Provisions for potential risks and contingent liabilities .....	58
32. Other Long Term Liabilities.....	58
33. Trade Creditors & other liabilities .....	58
34. Transactions & Balances with Affiliates .....	59
35. Contingent Liabilities .....	61
36. Events after the Balance Sheet Date .....	61

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**AUDIT REPORT OF THE INDEPENDENT CHARTERED ACCOUNTANT- AUDITOR**

To the Shareholders of:  
ALTEC ABEE IT & TELECOMMUNICATIONS SYSTEMS

**Report on the Financial Statements**

We have audited the attached Company and Consolidated Financial Statements of ALTEC ABEE IT & TELECOMMUNICATIONS SYSTEMS that are comprised of the balance sheet of 31 December 2007 and the income, changes in equity and cash flows statements, of the year ended on that date as well as a summary of important accounting policies and other explanatory notes.

**Management Responsibility on Financial Statements**

Company management bears the responsibility for the preparation and fair presentation of the financial statements according to IFRS as adopted by the E.U. The responsibility includes the planning, application and maintenance of an internal audit process relevant to the preparation and fair presentation of financial statements, relieved from material inaccuracies, due to mistake or fraud. The responsibility also includes the choice and application of appropriate accounting policies and accounting estimates that are reasonable for the occasions.

**Auditor's Responsibility**

Our responsibility is to express opinion on the attached financial statements based on our audit. We have performed our audit based on the Greek Auditing Standards that are adapted to International Auditing Standards. The standards require our compliance with ethical standards and the planning and conduct of our audit to assure in a fair manner that financial statements are relieved from material inaccuracies.

The audit includes the application of processes for the collection of audit evidence relevant to the amounts and information included in the financial statements. The processes are chosen at the discretion of the auditor and include the assessment of risk for material inaccuracies of the financial statements due to mistake or fraud. For the risk assessment the auditor takes into consideration the internal audit system regarding the preparation and fair presentation of the financial statements, in order to plan audit processes for the occasions and not to express opinion on the effectiveness of the internal audit system of the company. The audit also includes the evaluation of the suitability of the accounting policies applied and the fairness of estimates from management, as well as the appraisal of the general presentation of the financial statements.

We believe that the audit evidence we collected is sufficient and appropriate to base our opinion.

**Opinion**

In our opinion, the financial statements attached hereto, present the fair, in every material way, financial position of the Company on 31 December 2007, the financial performance and the cash flows for the year ended on that date, according to IFRS, as adopted by the E.U.

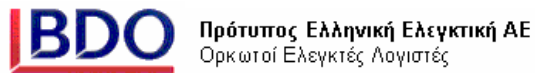
**Report on other Legal and Statutory matters**

The content of the management report of the board of directors is consistent with the financial statements attached hereto.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

Athens, 18 March 2008  
The Chartered Accountant – Auditor

**ANDREAS D. TSAMAKIS**  
**Register No in College of Chartered Accountants – Auditors 17101**



**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS  
TO THE SHAREHOLDERS OF ALTEC ABEE FOR THE YEAR 1.1.2007 – 31.12.2007**

*To the Shareholders of ALTEC ABEE*

Company management expresses its satisfaction for the progress during 2007 and the vindication of choices and decisions.

The annual financial results highlight the emphasis put on the improvement of financial ratios and qualitative performance indicators that formulate the main strategic choice during the last years.

Therefore we note the following:

**The Company**

	<u>2007</u>	<u>2006</u>	<u>% Diff.</u>
Sales	122,572,221	112,144,128	9.30%
Gross Profit	38,161,558	31,843,993	19.84%
Profits pre Taxes Interest Depreciation (EBITDA)	20,636,032	14,767,982	39.73%
Profits pre Taxes Interest (EBIT)	17,738,441	12,248,729	44.82%
Profits before Taxes (EBT)	8,577,175	4,466,724	92.02%
Profits after Taxes (EAT)	4,228,051	3,458,320	22.26%

All the above reveal that ALTEC is progressing on a well planned and targeted strategy focusing on services and products of high added value and return, and the continuous improvement of all qualitative financial indicators.

The Management of the company will insist in this direction as it considers that the current conditions of market, impose the selected enterprising strategic as the only advisable for the guarantee of her unhindered ascendant course.

**The Group**

The main enterprising data that took place at the use of 2007 were the following:

- The promotion in the market of new products with higher added value.
- The important extension of cliental base and provided services, mainly in the sector of telecommunications. That was realised through dynamic policies of invitation of clientele and with the undertaking of corresponding cost, in order that ALTEC TELECOMS - with the completion of its investment program of acquisition of same telecommunications infrastructures - develops an institution of big growth and profitability for the Group.
- The approval by the Ministry of Development, in ALTEC TELECOMS, investment of sum 33 millions of Euros, with subsidy of sum 10 millions of Euros, for the growth of privately-owned telecommunications infrastructures (LLU). The development has already began from the end 2007.
- The creation and operation of big number of new Franchise shops of MICROLAND.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

- With the programmed extension number of shops MICROLAND with the method Franchise, network MICROLAND is forecasted to be one of the more important networks of disposal of products and services of her sector.

The Group results are portrayed below.

	<u>2007</u>	<u>2006</u>	<u>% Diff.</u>
Sales	228,512,256	195,119,992	17.11%
Gross Profit	64,375,273	56,763,858	13.41%
Profits pre Taxes Interest Depreciation (EBITDA)	19,266,615	22,227,368	-13.32%
Profits pre Taxes Interest (EBIT)	9,711,682	13,893,304	-30.10%
Profits before Taxes (EBT)	-984,650	4,911,598	-120.05%
Profits after Taxes (EAT)	-7,315,425	2,724,249	-368.53%

On the basis of the above mentioned facts, the audit report of the certified auditor – accountant and the consolidated financial statements of 31 December 2007, we bring to your attention, dear Shareholders, all the necessary information for you to commence with the approval of the consolidated financial statements of the year ended on 31 December 2007 and the excuse of the Board of Directors and auditors from every responsibility.

The President & Managing Director  
*Athanassios X. Athanassoulis*

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**DETAILED REPORT FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF**  
**ALTEC ABEE ARTICLE 11A N.3371/2005**

The present detailed report of the Board of Directors for the Annual General Meeting of Shareholders includes detailed information based on the topics of paragraph, 1 of article 11a, of N. 3371/2005.

**A. Share Capital Structure**

Company share capital consists of forty four million one hundred fifty five thousand three hundred twenty euro (€ 44.155.320) which is divided in one hundred million three hundred fifty three thousands euro ordinary shares with voting right (100.353.000 shares), of nominal value (€ 0,44) each.

The Company Shares are listed in the Athens Stock Exchange (Category: Big Capitalization). The rights of the Company's Shareholders that derive from the shares depend on the percentage of the capital, in which corresponds the value of the share. Every share provides all the rights that the law and the memorandum of association enforces, and specially:

- The right on the dividend from annual or the at the liquidation profits of Company.
- The right of undertaking of the contribution at the liquidation or, respectively, the damping of capital that corresponds in the action, provided that this is decided by the General Assembly.
- The right of preference in each increase of participial capital of Company with cash and the undertaking of new action.
- The right of reception of copy of economic situations and reports of sworn controllers and Administrative Council of Company.
- The right of attendance in the General Assembly, which is specialised in the following individual rights: legalisation, presence, attendance in the discussions, submission of proposals on issues the daily provision, registration of opinions in the proceeding of also vote.
- The General Assembly of shareholders of Company maintains all her rights at the duration of liquidation.

The responsibility of the Shareholders is restricted to the nominal value of the shares they hold.

**B. Limits in the transfer of the Company Shares**

The transfer of the Company Shares follows the procedure that the Law defines. The statute does not limit the transmission of the shares, given that it refers to intangible shares which are listed in the ASE.

**C. Important direct or indirect participations according to the N.3556**

On the 28.02.2008 the shareholders that held more than 5% of the total of the voting rights of the Company, were the following:

- Athanassios X. Athanassoulis 38,97%

**D. Shares with Special Controlling Rights**

There are not any Company Shares which give to the Shareholders Special Controlling Rights.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**E. Limits in the voting right**

There are not providing any limits in the memorandum of association of the Company about the voting right.

**F. Shareholders Agreements**

It has not devolved to knowledge of company existence of agreements between her shareholders, what they involve restrictions in the transfer of her action or in the exercise of rights of vote that arises from her action.

**G. Rules of nomination and replacement of BOD members and modification of statute**

The rules that forecast memorandum of association the Company for the nomination and the replacement of members of her Administrative Council and the modification of his provisions are not differentiated by forecasted in the K.N. 2190/1920.

**H. BOD's Responsibility for the circulation new or for the purchase of own shares**

According the the article 6 of the Company's of statute, after the desicion of the General Meeting, decision which is under the publicity of article 7v of K.N. 2190/1920 as it is in effect, can be ceded in the Administrative Council the right, with his decision that will be taken with majority of two third (2/3) at least total of his members, to increase the participial chapter certain or totally with the publication of new action, up to the sum of chapter that is overwhelmed at the date that was granted in the Administrative Council the power in question.

**I. Important agreements that are placed in force, are modified or they expire in case of change of control then public proposal**

They do not suffer agreements, what they are placed in force, they are modified or expire in case of change in the control of Company then public proposal.

**J. Agreements among the members of the Board or the Company staff**

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

There are not raised any Agreements among the members of the Board or the Company staff, which they specifically forecast the payment of compensation in case of resignation or redundancy without well-founded reason or finish of military service or their employment because of public proposal.

The President of Board of Directors  
Athanasios X. Athanassoulis

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

	Note	GROUP		COMPANY	
		1/1-31/12/2007	1/1-31/12/2006	1/1-31/12/2007	1/1-31/12/2006
<b>INCOME STATEMENT</b>					
Sales	6	228.512.256	195.119.992	122.572.221	112.144.128
Cost of Sales		-164.136.984	-138.356.134	-84.410.663	-80.300.135
Gross Profit		64.375.273	56.763.858	38.161.558	31.843.993
Other operating income	7	2.589.031	3.237.132	1.936.262	2.259.383
		66.964.303	60.000.990	40.097.820	34.103.376
Administration expenses	8	-9.586.074	-9.130.873	-2.177.118	-2.409.653
Selling & Distribution expenses	10	-39.835.722	-30.387.301	-13.693.215	-13.609.059
R&D expenses	9	-6.028.379	-5.247.997	-5.916.301	-5.171.674
Other operating expenses	11	-1.802.447	-1.341.515	-572.744	-664.261
Operating Profit		9.711.682	13.893.304	17.738.441	12.248.729
Financial expenses	12	-10.509.513	-8.569.073	-8.736.857	-7.505.945
Profit from ordinary activities		-797.831	5.324.231	9.001.584	4.742.783
Income/Expense from investments	13	-186.819	-412.634	-424.409	-276.059
Profit before tax		-984.650	4.911.598	8.577.175	4.466.724
Income tax	14	-6.330.774	-2.187.348	-4.349.124	-1.008.404
<b>Net Profit</b>		<b>-7.315.425</b>	<b>2.724.249</b>	<b>4.228.051</b>	<b>3.458.320</b>
Minority interests		3.295.393	-183.893	0	0
<b>Net profit attributable to the Group</b>		<b><u>-4.020.032</u></b>	<b><u>2.540.357</u></b>	<b><u>4.228.051</u></b>	<b><u>3.458.320</u></b>
<b>EPS (€ / share)</b>					
Basic	15	(0,04)	0,03	0,04	0,03

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**BALANCE SHEET**

	Note	Group		COMPANY	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Tangible non-current assets	16	46.461.375	34.701.567	32.981.263	21.134.627
Intangible non-current assets	17	30.966.896	18.283.774	3.208.586	3.936.347
Investments in subsidiaries		0	0	33.454.235	28.844.770
Investments in affiliated	18	16.499	0	0	0
Investments available-for-sale	19	245.398	2.022.828	244.398	2.022.828
Investment property	20	5.046.524	5.046.524	5.046.524	5.046.524
Long-term claims	21	318.776	304.608	82.505	70.201
Deferred tax claims	14	3.200.019	3.580.926	3.192.487	3.568.582
<b>Total Non-Current Assets</b>		<b><u>86.255.488</u></b>	<b><u>63.940.227</u></b>	<b><u>78.209.998</u></b>	<b><u>64.623.880</u></b>
<b>Current Assets</b>					
Inventories	22	55.800.326	60.600.750	48.855.769	52.257.764
Trade & other receivables	23	149.787.924	140.611.244	145.078.222	123.175.435
Investments at fair value through income statement	24	842	700.131	0	479.288
Cash & cash equivalents	25	14.380.978	21.536.122	6.891.399	14.586.768
<b>Total Current Assets</b>		<b><u>219.970.071</u></b>	<b><u>223.448.247</u></b>	<b><u>200.825.390</u></b>	<b><u>190.499.256</u></b>
<b>TOTAL Assets</b>		<b><u>306.225.558</u></b>	<b><u>287.388.474</u></b>	<b><u>279.035.388</u></b>	<b><u>255.123.136</u></b>
<b>OWNERS EQUITY &amp; LIABILITIES</b>					
<b>EQUITY</b>					
Share Capital	26	44.155.320	44.155.320	44.155.320	44.155.320
Share Premium		85.390.652	85.390.652	85.390.652	85.390.652
Capital Reserves	27	7.086.235	3.607.342	30.982.217	27.769.217
Retained earnings (losses)		-67.007.263	-59.444.187	-57.400.381	-58.415.432
<b>Total Equity of Group Shareholders</b>		<b><u>69.624.944</u></b>	<b><u>73.709.126</u></b>	<b><u>103.127.808</u></b>	<b><u>98.899.757</u></b>
Minority interests		3.128.040	4.361.343	0	
<b>Total Equity</b>		<b><u>72.752.984</u></b>	<b><u>78.070.469</u></b>	<b><u>103.127.808</u></b>	<b><u>98.899.757</u></b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Loans	29	67.385.000	45.053.538	67.385.000	45.053.538
Employee benefits	30	2.153.325	2.070.022	1.720.153	1.682.394
Deferred tax liabilities	14	1.674.474	924.617	0	0
Future income of government owned subsidies		27.023	0	0	0
Provisions	31	3.718.731	1.290.188	3.097.500	1.097.500
Other L/T liabilities	32	20.103	20.103	20.103	20.103
<b>Total Short-term Liabilities</b>		<b><u>74.978.656</u></b>	<b><u>49.358.469</u></b>	<b><u>72.222.756</u></b>	<b><u>47.853.535</u></b>
<b>Short-term liabilities</b>					
Trade & other payables	33	88.851.324	90.543.092	38.887.746	44.370.339
Loans	29	63.951.343	66.151.568	60.222.276	61.882.312
Short-term tax liabilities		5.691.253	3.264.877	4.574.802	2.117.193
<b>Total short-term liabilities</b>		<b><u>158.493.919</u></b>	<b><u>159.959.536</u></b>	<b><u>103.684.825</u></b>	<b><u>108.369.844</u></b>
<b>Total Liabilities</b>		<b><u>233.472.575</u></b>	<b><u>209.318.005</u></b>	<b><u>175.907.580</u></b>	<b><u>156.223.379</u></b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>306.225.558</u></b>	<b><u>287.388.474</u></b>	<b><u>279.035.388</u></b>	<b><u>255.123.136</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**STATEMENT OF CHANGES IN EQUITY - GROUP**

	Share Capital	Share Premium Reserve	Differences of readjustment of value of attendances and securities	Regular & Other Reserve	Retained Profit/Loss	Minority Interests	Total
<b>Equity</b> <b>On 31/12/2005</b>	<b>44.155.320</b>	<b>85.390.652</b>	<b>-5.162.362</b>	<b>4.796.610</b>	<b>-57.536.455</b>	<b>4.277.267</b>	<b>75.921.032</b>
Income for period after tax	0	0	0	315.755	2.224.602	183.893	<b>2.724.249</b>
Dividends Payable	0	0	0	0	0	0	<b>0</b>
Share Capital Increase	0	0	0	0	0	0	<b>0</b>
Arrangement of reserve funds	0	0	5.162.362	-1.512.685	-3.649.677	0	<b>0</b>
Investment Revaluation	0	0	0	0	0	0	<b>0</b>
Other transactions	0	0	0	7.663	-482.658	-99.817	<b>-574.812</b>
Change in % participation in subsidiaries	0	0	0	0	0	0	<b>0</b>
<b>Equity</b> <b>On 31/12/2006</b>	<b>44.155.320</b>	<b>85.390.652</b>	<b>0</b>	<b>3.607.342</b>	<b>-59.444.187</b>	<b>4.361.343</b>	<b>78.070.470</b>
<b>Equity</b> <b>On 31/12/2006</b>	<b><u>44.155.320</u></b>	<b><u>85.390.652</u></b>	<b><u>0</u></b>	<b><u>3.607.342</u></b>	<b><u>-59.444.187</u></b>	<b><u>4.361.343</u></b>	<b><u>78.070.470</u></b>
Income for period after tax	0	0	0	37.749	-4.057.781	-3.295.393	<b>-7.315.425</b>
Dividends Payable	0	0	0	0	-117.629	-41.204	<b>-158.833</b>
Share Capital Increase	0	0	0	-2.748	-82.567	2.100.000	<b>2.014.686</b>
Arrangement of reserve funds	0	0	0	3.213.000	-3.213.000	0	<b>0</b>
Investment Revaluation	0	0	0	-61.285	0	0	<b>-61.285</b>
Other transactions	0	0	0	-28.002	-32.676	0	<b>-60.678</b>
Change in % participation in subsidiaries	0	0	0	320.178	-59.424	3.294	<b>264.048</b>
<b>Equity</b> <b>On 31/12/2007</b>	<b><u>44.155.320</u></b>	<b><u>85.390.652</u></b>	<b><u>0</u></b>	<b><u>7.086.235</u></b>	<b><u>-67.007.263</u></b>	<b><u>3.128.040</u></b>	<b><u>72.752.984</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**STATEMENT OF CHANGES IN EQUITY - COMPANY**

		Share Capital	Share Premium Reserve	Differences of readjustment of value of attendances and securities	Reserve fund of readjustment of value constant in legitimate values	Regular Reserve	Other Reserves	Retained Profit/Loss	Total
<b>Equity</b>	<b>On 31/12/2005</b>	<b>44.155.320</b>	<b>85.390.652</b>	<b>-5.162.362</b>	<b>11.278.222</b>	<b>3.975.993</b>	<b>8.931.906</b>	<b>-52.796.383</b>	<b>95.773.348</b>
Income for period after tax		0	0	0	0	0	0	3.458.320	<b>3.458.320</b>
Arrangement of reserve funds		0	0	5.162.362	-35.068	0	0	-5.127.293	<b>0</b>
Other transactions		0	0	0	0	0	3.618.165	-3.950.076	<b>-331.911</b>
<b>Equity</b>	<b>On 31/12/2006</b>	<b>44.155.320</b>	<b>85.390.652</b>	<b>0</b>	<b>11.243.153</b>	<b>3.975.993</b>	<b>12.550.071</b>	<b>-58.415.432</b>	<b>98.899.757</b>
<b>Equity</b>	<b>On 31/12/2006</b>	<b>44.155.320</b>	<b>85.390.652</b>	<b>0</b>	<b>11.243.153</b>	<b>3.975.993</b>	<b>12.550.071</b>	<b>-58.415.432</b>	<b>98.899.757</b>
Income for period after tax		0	0	0	0	0	0	4.228.051	<b>4.228.051</b>
Arrangement of reserve funds		0	0	0	0	0	3.213.000	-3.213.000	<b>0</b>
<b>Equity</b>	<b>On 31/12/2007</b>	<b><u>44.155.320</u></b>	<b><u>85.390.652</u></b>	<b><u>0</u></b>	<b><u>11.243.153</u></b>	<b><u>3.975.993</u></b>	<b><u>15.763.071</u></b>	<b><u>-57.400.381</u></b>	<b><u>103.127.808</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**CASH FLOW STATEMENT**

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>
<b>Cash flows from operating activities:</b>				
Profit before tax	-984,650	4,911,598	8,577,175	4,466,724
<b>Plus / (Minus) adjustments for:</b>				
Depreciation	9,554,933	8,334,064	2,897,592	2,519,254
Depreciation of subsidies of investments of fixed assets	-8,007	0	0	0
Provision	153,605	383,821	62,759	203,045
Loss (Profit) from sale of fixed assets	-49,785	-33,328	-57,261	-82
Loss / (Profit) from revaluations/impairments of balance sheet items	-1,418	0	10,158	0
Results from investment activities	-7,470	-55,249	316,659	-191,823
Forex differences	176,482	0	-210,332	0
Interest & related expenses	10,697,083	8,569,073	8,868,881	7,505,945
	<u>19,530,774</u>	<u>22,109,979</u>	<u>20,465,630</u>	<u>14,503,063</u>
Plus / minus adjustments for changes in working capital accounts or related to operating activities:				
Decrease / (Increase) in Inventories	-12,315,433	-15,976,258	3,391,838	-14,076,747
Decrease / (Increase) in Receivables	-9,201,270	2,917,894	-21,940,091	19,420,595
(Decrease) / Increase in liabilities (other than bank)	-1,951,858	25,148,668	-5,272,261	8,344,914
(Minus):				
Interest charges and related expenses paid	-10,697,083	-8,692,055	-8,868,881	-7,610,012
Taxes paid	-183,635	-202,639	484,580	-128,002
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>-14,818,505</b>	<b>25,305,588</b>	<b>-11,739,185</b>	<b>20,453,811</b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries, affiliates, joint ventures & other investments	-39,500	7,382,638	-4,938,500	7,491,638
Own share purchase	0	0	0	0
Acquisition of tangible & intangible fixed assets	-4,438,509	-6,176,193	-1,444,920	-3,360,657
Proceeds from of subsidies of investments of fixed assets	0	0	0	0
Proceeds from sale of tangible & intangible fixed assets	175,257	7,233,420	170,715	6,633,035
Proceeds from sale of participations and treasury investments	2,288,627	0	2,068,627	0
Interest received	187,570	48,393	132,024	104,066
Dividends received	0	0	69,445	0
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>-1,826,556</b>	<b>8,488,258</b>	<b>-3,942,610</b>	<b>10,868,082</b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b><u>Cash flows from financing activities:</u></b>				
Proceeds from share capital increase	0	0	0	0
Minority interests from increase in Subsidiary Share Capital	2,100,000	0	0	0
Proceeds (Payments) from/of Loans	7,446,237	-29,528,632	7,986,426	-26,499,046
Liabilities Proceeds (Payments) from financial rents	0	0	0	0
Dividends Payable	-48,184	-59,410	0	-751
BOD Salaries	0	0	0	0
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>9,498,053</b>	<b>-29,588,042</b>	<b>7,986,426</b>	<b>-26,499,797</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents of the period(a)+(b)+(c)</b>	<b><u>-7,147,008</u></b>	<b><u>4,205,804</u></b>	<b><u>-7,695,369</u></b>	<b><u>4,822,095</u></b>
<b>Cash &amp; cash equivalents at the start of the period</b>	<b>21,527,987</b>	<b>17,330,318</b>	<b>14,586,768</b>	<b>9,764,673</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b><u>14,380,978</u></b>	<b><u>21,536,122</u></b>	<b><u>6,891,399</u></b>	<b><u>14,586,768</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**ALTEC GROUP PROFILE**

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

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

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

**1. PRESENTATION BASIS OF FINANCIAL STATEMENTS**

**1.1 General**

The individual-entity and consolidated financial statements of the Group and the Company of the year 1/1 – 31/12/2007 attached hereto (hereinafter referred to as “financial statements”) have been prepared pursuant to the historical cost principle except for some categories of tangible fixed assets which are assessed at fair value, on the date of transition (1/1/2004) to IFRS, which is used from then as the historic cost. Also, the financial statements have been prepared on the basis of the “going concern” rule.

The interim financial statements for the period 1/1 – 31/12/2007 have been compiled under IFRS that are published by IASB (International Accounting Standards Board) and the amendments published by IFRIC.

**1.2 First-time adoption of IFRS**

The financial statements of the Company were published, until the year ended on 31 December 2004, according to Law 2190/1920 and the Accounting Standards predetermined by the Greek Legislation up until that date. On the basis of Greek Law 3229/2004 (as

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

amended by Law 3301/2004), Greek companies listed on any stock exchange (Greek or international) are obliged to prepare their statutory financial statements (individual entity and consolidated) pursuant to IFRSs as of the year starting on 1 January 2005 and thereafter. Therefore the Company and the Group applied IFRS 1 “First-time Adoption of IFRSs” to the preparation of the financial statements with transition date 1 January 2004. The first financial statements prepared according to IFRSs were that of the year ended on 31 December 2005.

The accounting principles that are stated on the financial statements attached hereto have been applied consistently on all years and on all companies included in them.

### **1.3 Statutory Financial Statements**

Company and its subsidiaries keep their accounting on the basis of Greek Commercial Law 2190/1920 and applicable tax laws. As of 1 January 2005 and thereafter, the subsidiaries included in the consolidated financial statements are obliged by applicable laws to prepare their statutory financial statements pursuant to International Financial Reporting Standards that have been adopted by the European Union. Therefore, as regards the attached consolidated financial statements, they are based on the financial statements of subsidiaries prepared in accordance to applicable tax laws, on which have been applied all appropriate off-balance-sheet entries so as to comply with IFRSs.

### **1.4 Use of estimates**

For financial statements to be prepared pursuant to IFRSs, the Management should proceed to estimates and assumptions affecting the amounts of assets, liabilities and the income statement, and also the disclosure of contingent liabilities and assets on the date of financial statements. These estimates and assumptions are based on experience and other factors that are presumed as fair and are amended on regular time intervals. The effect of the reviews and the adopted estimates and assumptions is recognised during the year in which they take place or during subsequent years if the review affect not only the current but also subsequent years.

### **1.5 Approval of Annual Financial Statements**

The interim financial statements for the period ended on 31 December 2007 (1/1-31/12/2007) are approved for publication by the Board of Directors on 11 March 2008.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**1.6 New Standards, Interpretations and Amendments**

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued a series of new accounting standards and interpretations whose application is obligatory for the accounting periods beginning on 1 January 2006 and thereafter (unless otherwise indicated). The Company management estimates the impact of these new standards and interpretations as follows:

***IAS 19 (amendment) Employee Benefits (in power from 1 January 2006)***

The amendment allows companies to choose one among alternative methods of recognition of actuarial profits and losses. It is possible to impose new requirements for recognition in cases there are multi-employer pension plans, for which there is no sufficient information for the implication of the accounting method. It also adds new disclosure requirements. It does not apply to the Group.

***IAS 39 (amendment) Cash Flow Hedges of Forecast Intragroup Transactions (in power from 1 January 2006)***

Permits the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge in consolidated financial statements – provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect consolidated financial statements. The amendment also specifies that if the hedge of a forecast intragroup transaction qualifies for hedge accounting, any gain or loss that is recognised directly in equity in accordance with the hedge accounting rules in IAS 39 must be reclassified into profit or loss in the same period or periods during which the foreign currency risk of the hedged transaction affects consolidated profit or loss. The amendment does not apply to the Group.

***IAS 39 (amendment) Fair Value Option (in power from 1 January 2006)***

The amendment restricts the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss (the 'fair value option'). Limits the use of the option to those financial instruments that meet certain conditions. The Group does not expect the amendment will have significant effects to the enlistment of its financial instruments, because of the fact that the Group has not rated other financial instruments, except from the one which are used for business reasons.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

***IAS 39 and IFRS 4 (amendment) Financial Guarantee Contracts (in power from 1 January 2006)***

This amendment requires that the existing financial Guarantee Contracts, apart from the ones that are Insurance Contracts, have to be primarily recognised as rational value and after to be rated as bigger values between: (a) the non depreciated balance of the relevant payments which have been collected and postponed and (b) the expense that is required in order to adjust the commitment at the day of the balance sheet. The Management has ended up to the conclusion that this amendment is not relevant to the Group's activities.

***IFRS 1 (amendment) First-Time Adoption of IFRS & IFRS 6, Exploration & Evaluation of Mineral Assets (in power from January 2006)***

The amendments are not relevant to the Group's activities.

***IFRS 6 Exploration & Evaluation of Mineral Assets (in power from January 2006)***

The amendment does not apply to the Group and will not affect its financial statements.

***IFRS 7 Financial instruments: Disclosures and complementary adoption to IAS 1 Financial Statements Presentation, Capital disclosures (in power from January 2007)***

Adds certain new disclosures about financial instruments to those currently required by IAS 32. Replaces the disclosures now required by IAS 30 and puts all of those financial instruments disclosures together in a new standard on Financial Instruments: Disclosures. The remaining parts of IAS 32 deal only with financial instruments presentation matters. The Group has estimated the effect of the IFRS 7 and the IAS 1 and has come up to that the rest disclosures which are required are the sensitivity analysis that has to do with the market risk and the capital disclosures. The Group applies IFRS 7 and the amendment of IAS 1 from 1 January 2007.

***IFRS 8 Operating Segments (in power from 1 January 2009)***

The application of IFRS 8 will not affect significantly the way of segment presentation in the base of IAS 14 "Segmental Information".

***IFRIC 3 Emission rights***

This interpretation was subsequently withdrawn by the Interpretations Committee. It does not

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

apply to the Group and will not affect its financial statements.

***IFRIC 4 Determining whether an arrangement contains a lease***

The Interpretation specifies that an arrangement that meets the following criteria is, or contains, a lease that should be accounted for in accordance with IAS 17 Leases. (a) Fulfilment of the arrangement depends upon a specific asset. (b) The arrangement conveys a right to control the use of the underlying asset. It is not expected that the application of IFRIC 4 will change the accounting treatment of any applicable contracts of the Group.

***IFRIC 5 Rights to interests from decommissioning, restoration and environmental rehabilitation funds***

It does not apply to the Group and will not affect its financial statements.

***IFRIC 6 Liabilities arising from participating in a specific market – Waste Electrical and Electronic Equipment***

It does not apply to the Group and will not affect its financial statements.

***IFRIC 7 Applying the restatement approach under IAS 29***

It does not apply to the Group.

***IFRIC 8 Scope of IFRS 2***

It does not apply to the Group.

***IFRIC 9 Reassessment of Embedded Derivatives (in power from January 2006)***

It does not apply to the Group.

***IFRIC 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)***

The Interpretation addresses an apparent conflict between the requirements of IAS 34 Interim Financial Reporting and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 concludes that: (a) An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. (b) An entity shall not extend this consensus by analogy to other areas of potential conflict between IAS 34 and other standards. The interpretation is not yet adopted by the E.U.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

***IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)***

Provides guidance on applying IFRS 2 in the following circumstances: (a) Share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation. (b) A subsidiary grants rights to equity instruments of its parent to its employees. Does not apply to the Group. It is not yet adopted by the E.U.

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

Provides the way in which the must apply the existing **IFRIC** in order to register the obligations that undertake the rights that are granted to them in the relative conventions of concession. It will not be supposed they recognize the relative infrastructure as corporal constant elements, but they recognize a financing active element or a bodiless asset. The **IFRIC 12** question does not have application in the Group. **IFRIC 12** still has not been adopted by the E.E..

**1.7 Fund Categorization**

Certain funds of previous use were categorized in order to be rendered similar and comparable with those of closed use. The relative sums of realignments in question are not important.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**2. Group Structure**

The consolidated financial statements of the Company for the year ended 31 December 2006 include the Company and the subsidiaries (ALTEC GROUP).

Subsidiaries are all companies managed and controlled, directly or indirectly, by the parent company ALTEC ABEE, through the possession of the majority of shares or the substantial control of the activities of the company in which the investment was made. The financial statements of the subsidiaries are included in the consolidated from the date the control was acquired until the date this control is terminated.

Affiliated companies are the companies on which the Group exercises significant influence but cannot be characterized as subsidiaries. The consolidated financial statements of the Group include the proportion of the Group on the profits and losses of the affiliated companies, on the basis of the corresponding accounting principles, from the date the Group acquires the significant influence up until the date the influence is terminated. When the proportion of the Group on the losses of the affiliated company exceeds the accounting value of the investment, the accounting value of the investment is downsized to zero and the subsequent recognition of losses is ended, except from the case when the Group has undertaken more liabilities or contingent liabilities of the affiliated company than the ones that emerge from the share capital participation.

The intragroup balances and the intragroup transactions, and the Group's profits, which have come from intragroup transactions and have not realized yet, are not included in the aggregate financial statements.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**ALTEC** Group consists of the following companies:

Company	Location	Participation %	Main Activity
ALTEC ABEE <i>I. Subsidiaries</i>	Greece	Parent	Εμπορία Η/Υ-Τηλεπικοινωνιακού εξοπλισμού και συναφών ειδών
MICROLAND COMPUTERS AEBE	Greece	48,08%	Retail chain of IT & Telecoms products
MICROLAND CYPRUS LTD	Cyprus	48,08%	Import & retail trading of electric, electronic, IT and related systems & equipment
MICROLAND ROMANIA SRL	Romania	48,08%	Import/Export & trading of PCs, production of PCs, provision of technical services, development & trading of IT systems
UNISOFT ROMANIA SA	Romania	99,60%	Production & trading of software
ALTEC TELECOMS AE	Greece	70,00%	Internet & Telecoms products & services
DATAMED AE	Greece	70,00%	Integrated IT systems & solution for the healthcare sector
SYCHRONES EKPEDEYTIKES IPIRESIES SA	Greece	100,00%	Training services on It, Finance & management. It is a certified training center (K.E.K.).
OPOΣHMΟ ΠΛIPOFORIKI AE	Greece	51,00%	Production & Software services
OTS AE	Greece	60,00%	Production & Software services
SYSWARE BULGARIA AD	Bulgaria	99,00%	Integrated IT solutions
SYSWARE ROMANIA SRL	Romania	100,00%	Integrated solutions for IT & Telecoms
UNISOFT BULGARIA AD	Bulgaria	96,50%	Production & trading of software
<b>II. Affiliated</b>			
Joint Venture ALTEC-BYTE	Greece	50,00%	Assembly of IBM PCs under contract between the joint venture and IBM Hellas SA
Joint Venture ALTEC-INFOQUEST- INTRAKOM SERVICES-PC SYSTEMS	Greece	25,00%	Integrated It Solution

During the preparation of the 2007 consolidated financial statements, the Joint Venture of PC Systems was consolidated with the Net Position Method.

During the current year (2007) the subsidiary Company HEMS ΕΠΕ was settled down and was not consolidated with the Group's results as it occurred in 2006.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**3. Accounting Principles**

**3.1 Tangible Fixed Assets**

Tangible fixed assets, except from land and buildings, are illustrated in values of acquisition. Buildings and land used for own purposes are valued at fair value. The positive revaluation is entered in special revaluation reserve in Owners Equity and the negative is entered in the Income Statement, except when a revaluation reserve exists, so it decreases it. On the buildings used for own purposes, depreciation is applied according to expected useful life.

Investment land and buildings are valued at fair value and the revaluation difference is entered to the Income Statement. No depreciation is applied. On the 1 January 2004 the land and property of the Group used for own purposes were valued at fair value based on a study from certified surveyors. The values are reduced by accumulated depreciation and physical depreciation of assets.

The initial acquisition cost of any tangible asset consists of the purchase price plus import taxes and non-refundable purchase taxes, as well as any necessary cost to bring the asset in full operating condition.

The subsequent expenses, relevant to tangible fixed assets, are capitalised only if they increase future economic benefits from the asset. All other maintenance, etc. expenses are registered in the expenses of the year in which they occur.

At the time sale or withdrawal of an asset, the relevant cost and the accumulated depreciation are written-off from the accounts at the period of sale or withdrawal and the relevant profits or losses are recognised in the Income Statement.

Depreciation is charged in the Income Statement of the year, on the straight-line method, during the estimated useful life of the assets. Land is not depreciated. The estimated useful of main asset categories is as follows:

Buildings	14-50 years
Machinery & equipment	10-15 years
Transportation means	5-20 years
Furniture & other equipment	5-15 years

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

Equipment in third party buildings are depreciated according to the length of the underline lease contract. The scrap value and the useful life of tangible fixed assets are under review in every annual financial statement. When the accounting value of tangible fixed assets are above their resale value, the differences are recorded as expenditures in the income statement.

### **3.2 Intangible Fixed Assets**

#### **3.2.1 Software Programs**

Software programs concern the cost of acquisition or the cost of in-house production like, payroll, materials, services and any other expense relevant to software development so it is ready to operate. The expenses that enhance or extend the capabilities of the software beyond the initial ones, are recognized as a capital expenditure and are added to the initial cost of the software.

The amortization of software programs is charged in the income statement, based on the straight-line method, during the useful life. The estimated useful life is as follows:

Software programs	5-12 years
-------------------	------------

### **3.3 Goodwill**

Goodwill represents the difference between the acquisition cost and fair value of the participation of the Group on the net assets of subsidiaries on the date of acquisition. goodwill is included in intangible fixed assets. At the end of every year, the Group evaluates if there is a reduction of Goodwill. If there is, an analysis takes place for the evaluation of the recovery of the accounting value of goodwill. In case the accounting value is greater than the recovery value, a provision is made.

The profit or loss from the sale of a subsidiary includes the accounting value of the goodwill of that subsidiary.

### **3.4 Impairment of assets**

The tangible and intangible fixed assets and other non-current assets are examined for any possible impairment loss and therefore an evaluation may show that the accounting value can't be recovered. Whenever the book value of an assets is exceeds the recovery value, an

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

impairment loss is entered in the income statement. The recovery value of an asset is the larger amount between the estimated net resale price and the value of usage. Net resale price is the attainable income from the sale of an asset in the framework of a reciprocal transaction in which the transacting parties have full knowledge and act at their own will, after the abstraction of any additional direct cost for the disposition of the asset. Usage value is the present value of the expected future cash flows from the use of the asset from its acquisition to the end of the estimated useful life. If the recovery value of an asset that there is a sign of impairment in its value can't be estimated, then we calculate the recovery value of the unit that creates the cash flows in which the asset belongs.

Estimation of damage of fall of value of assets that was acquainted in previous years, becomes only when exist capable clues that this fall does not exist more or has been decreased. In this cases the above estimation is recognized as income.

### **3.5 Investments in subsidiaries**

The investments of the Group in subsidiaries are accounted for with the total method. Subsidiaries are companies in which the Group exercises control. Control of a subsidiary takes place when the parent company defines the relevant business and financial decisions in order to benefit. The financial statements of the subsidiaries in order to be included in the consolidated financial statements of the Group, are prepared in the same day under the same accounting principles with the parent company. Every intragroup transactions, intragroup profits and losses and the intragroup account balances are cancelled out in the consolidated financial statements. The subsidiaries are consolidated from the date the control is acquired from the Group and stop to be consolidated from the date the control is transferred outside the Group.

### **3.6 Investments in affiliates**

The investment of the Group in affiliated companies are accounted for with the equity method. Affiliated companies are the ones in which the Group exercises substantial influence but they are not subsidiaries neither joint ventures. The investments in affiliated companies are entered in the balance sheet at cost of acquisition and evaluations take place according to any impairments in their value. The income statement includes the participation of the Group to the financial results of the affiliated companies.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**3.7 Available-for-sale investments**

The investments available-for-sale are the ones that are expected to last for an undefined time period but can be sold directly in cases of liquidity needs or alterations in interest rates. These investments are included in fixed assets.

The relevant transactions are registered at acquisition cost at the date of the transaction, that is, the date at which the Group has the commitment to buy or sell the asset. The cost of acquisition includes the transaction costs. The investments available-for-sale are valued at fair value. The non incurred profits (losses) from the transactions at fair value are recognized in equity. The fair value of these investments is based on the price of offer or the amounts produced by cash flow models. Fair values for stocks of not listed companies are calculated by using the price-to-profits or price-to-cash flows ratios adjusted to the conditions of the issuer.

**3.8 Investments in property**

The property investments are acquisitioned for the expected benefits from rent income and the appreciation of their market values. The rest privately owned property is used for the operating needs of the Group and for administration.

The property investments are long-term investments and are valued at fair value, which is the current market value estimated by certified property surveyors. Any changes in fair value are entered in the income statement.

**3.9 Inventories**

Inventories are measured at the lower of cost and net realizable value. Net realizable value of finished and semi-finished goods is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials is equal to the estimated replacement cost in the ordinary course of business. A provision for slow turnover rate or obsolete inventories is set up wherever deemed necessary.

**3.10 Trade and other receivables**

Short-term receivable accounts are presented at their nominal value following provisions for any non-collectable balances while long-term receivable accounts (balances not included in standard credit terms) are valued at unamortized cost. The Company has established criteria

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

regarding the provision of credit to customers, which are in general based on the size of each customer's activity while assessing the respective financial information. The balance of the specific provision for doubtful debts is adjusted accordingly on each closing date of the balance sheet so as to reflect the estimated relevant risks. Each deletion of customers' balances is charged to the existing provision for doubtful debts.

### **3.11 Cash**

Cash also includes the cash equivalents like deposits and short-term time deposits. Bank overdrafts payable at first request are included in cash management of the Group and for cash flow statement preparation reasons are included in cash balances.

### **3.12 Foreign currency transactions**

The transactions in foreign currency are converted in Euro at the exchange rate at the date of the transaction. On the date of the balance sheet, the currency assets and liabilities that are expressed in foreign currency are converted to Euro at the exchange rate at that date. The differences from the conversion are entered in the income statement.

### **3.13 Share capital**

Ordinary shares are characterized as share capital. The added external cost directly allocated to the issuance of new shares is presented to share capital reducing the received amount.

During share buy-backs, the paid amount, including all relevant costs, is presented reducing the shareholders' own funds.

### **3.14 Loans**

All loans are initially entered at cost that is the fair value of the loaned amount reduced by the cost of the loan. Loans are subsequently valued at the amortised initial cost using the method of the discounted rate. Any difference between the initial value and the repayment value is recognized during the loan period.

### **3.15 Leases**

Finance leases are those in which all the risks and rewards incident to the leased property

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

are substantially transferred to the Company. These are capitalized at inception of the lease and they are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and reduction of the outstanding liability so as to attain a constant periodic rate of interest on the outstanding liability. The finance charge is imputed to results. The capitalized leased assets are depreciated over the shorter of the lease term and the asset's useful life.

### **3.16 Income Tax (current & deferred)**

The running and postponed tax of income are calculated according to the relative economic situations, and the tax laws that are in effect in Greece. The running tax of income concerns, tax on the taxable profits of Group as they were reformed according to the requirements of tax law, and were calculated with the tax rate being in effect.

The postponed taxation is calculated using the method of obligation (liability method) in all the provisional tax differences at the date of balance-sheet between the tax base and the accountant value of assets and obligations.

The expected tax repercussions from the provisional tax differences are determined and are presented or as future (postponed) tax obligations, or as postponed tax requirements.

The registered postponed tax requirements for all the postponed provisional differences and the transported tax damage at the extent that is speculated that will exist available taxable profit against which the postponed provisional difference can be developed.

The accountant value of postponed tax requirements is revised in each date of balance-sheet and it is decreased to the extend it is not speculated that will exist enough taxable profits against which is used part or the total of postponed tax requirements.

The tax requirements and obligations for running and the previous uses are valued in the sum that is expected to be paid in the tax beginnings (or it is recovered by them), with the use of tax rates of (and tax laws) that they have been established, or substantially are established, up to the date of Balance-sheet.

### **3.17 Dividends**

The dividends payable are presented as liability at the time of their approval from the Shareholders' General Meeting.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**3.18 Staff compensation**

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

**3.19 State insurance schemes**

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

**3.20 Provisions**

Provisions are made when the Group has legal or imputed liability, as an effect of a past event, and it is probable that a cash outflow will take place for the settlement of the liability, and there is a reasonable estimate about it.

Provisions are re-examined at the end of each year so they present the best possible estimates and when necessary they are discounted with a pre-tax discount rate. The prospective liabilities are not entered in the financial statements but are disclosed, except

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

when the possibility of a cash outflow is minimal. The prospective receivables are not entered in the financial statements except when the possibility of a benefit is material.

**3.21 Government subsidies**

The government subsidies are initially recognized at nominal value when there is a reasonable assurance that the subsidy will be received and the Group will abide to the regulations.

The government owned subsidies with regard to running expenses are recognized in the situation of results at the duration of that period that needs in order to match that expenses that are intended to compensate.

The subsidies relevant to the acquisition of tangible fixed assets are included in the long-term liabilities as income of subsequent periods and are recognized as income and entered in the income statement for the useful life of the assets bought with the subsidy.

**3.22 Financial tools**

The basic financial tools of the Group are cash, bank deposits and short-term receivables and liabilities. Given the short-term nature of these tools, the Group's management believes that their fair value is equal to their book value on the Group's accounts. Additionally, management believes that interest rates on loans are equal to the current market interest rates and therefore there are no reasons for any adjustments in the values these liabilities are presented. The Group does not use financial derivative products.

**3.23 Income recognition**

Income from the sale of products and services is recognized when risks and benefits stemming from possession are transferred to the buyer. Income from the sale of services are based on the percentage of completion method.

Interest income is recognized on the basis of time analogy, taking into account the rest of the initial amount and the prevailing rate of the period up to the end, when it is defined that such income is payable to the Group.

The income from dividends is recognized as income at the date of approval of their distribution.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**3.24 Expenditures**

**3.24.1 Operating leases**

The payments of operating leases are entered in the income statement as expenditures at the period of rent usage.

**3.24.2 Financial leases**

Financial leases are treated as loan contracts, and therefore the leased assets are presented as Group assets (and depreciated), and the relevant financial liability is recognized to the leaser. The financing cost is entered in the income statement as an expense at the period it becomes accrued.

**3.24.3 Financing cost**

The net financing cost includes accrued interest on loans undertaken, that are calculated with the method of real interest rate.

**3.25 Earnings per share**

Basic EPS are calculated by dividing the net profits of the period with the weighted average outstanding ordinary shares during the period, by excluding the average ordinary shares of the parent company that were acquired by the companies of the Group as own shares.

**3.26 Segmentation of Group activities**

Segment or sector of Group activities is every distinctive business activity with unique characteristics in nature and risk (business segment). An analogy segmentation is done on the basis of the business environment in which the sector operates (business segment).

**4. Financial risk management**

The Group is exposed to several financial risks. Main risks are the unanticipated interest rate volatility, credit risk and liquidity risk. Risk management policies of the Group target the minimization of the negative effects of the risks on the financial position and return of the Group.

As it was mentioned before in paragraph 3.22, the main financing tools of Group are cash,

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

banking deposits, commercial and remaining requirements and obligations and the loans of banks. Group management examines and reviews the relevant policies and processes in frequent time intervals. The financial risks are the following:

- **Credit Risk:** The danger of damage of Group that arises from not achievement of conventional obligations of customer or third party in transaction of financing means. It is mainly related with the requirements by customers and investments on securities. The Group has explicit credit policy which is applied consequently. The Group has large number of customers and consequently the wide dissemination of his cliental base contributes in the existence of low credit danger concerning this requirements. The Administration of Group watches permanently the financing situation of customers, the size and the limits of provided credits. In the end of use the Administration considered that does not exist no important credit danger that would not be covered by some guarantee or by sufficient forecast of precarious requirement. The biggest report in credit danger is reflected by the height of each element of asset. The financing active elements that includes credit danger are portrayed below:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2007</b>	<b>31/12/2006</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Financial Tools available for sale	246.241	2.722.959	244.398	2.502.117
Customers	68.076.266	79.531.582	85.723.195	74.207.546
Cash & Cash Equivalent	14.380.978	21.536.122	6.891.399	14.586.768
<b>TOTAL</b>	<b>82.703.485</b>	<b>103.790.663</b>	<b>92.858.992</b>	<b>91.596.431</b>

- **Fair value:** The amounts presented in the attached balance sheets for cash, receivables and short-term liabilities, are close to the respective fair values due to their short-term maturity.
- **Interest rate risk:** The danger of fluctuation of interest-rates emanates mainly from long-term and short-term lending obligations. The lending structure of Group is based on loans of oscillating interest-rate associated with the EURIBOR. Accordingly, potential change of EURIBOR influences also respectively the financing expenses at extension the results of Group.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b>GROUP</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Liabilities in Financial Tools	131.336.343	111.205.106

<b>COMPANY</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
Liabilities in Financial Tools	127.607.276	106.935.850

**Foreign exchange risk** :The exposure of Group in exchange dangers is limited because the transactions are mainly in euro. The transactions in foreign currency are not important and the sales in countries with various currencies are paid off in short time interval and the exposure of Group in the exchange danger it is minimised.

<b><u>GROUP</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Customers – Trade receivables</b>	<b>149.787.924</b>	<b>140.611.244</b>
<b>Loan</b>	<b>(131.336.106)</b>	<b>(111.205.106)</b>
<b>Trade &amp; other Creditors</b>	<b>(94.542.576)</b>	<b>(93.807.969)</b>
<b>Disposables</b>	<b>14.380.978</b>	<b>21.536.122</b>
<b>TOTAL RISK</b>	<b>(61.709.780)</b>	<b>(42.865.709)</b>

<b><u>COMPANY</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Customers – Trade receivables</b>	<b>145.078.222</b>	<b>123.175.435</b>
<b>Loan</b>	<b>(127.607.276)</b>	<b>(106.935.850)</b>
<b>Trade &amp; other Creditors</b>	<b>(43.462.549)</b>	<b>(46.487.532)</b>
<b>Disposables</b>	<b>6.891.399</b>	<b>14.586.768</b>
<b>TOTAL RISK</b>	<b>(19.100.204)</b>	<b>(15.661.179)</b>

- **Liquidity risk**: Liquidity risk arises from the potential danger of the Group to not come up with its financial liabilities. In order to achieve that it must guarantee sufficient financier available and credit limits with collaborating banks so that is ensured the achievement of

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

obligations at their expiry so much under usual what under difficult conditions without it suffers not acceptable damage or is jeopardized his fame.

The analysis of financial obligations with based on their expiry are portrayed below.

<u>GROUP</u>	<u>31/12/2006</u>	<u>&lt; 1 year</u>	<u>1 – 2 years</u>	<u>2 + years</u>	<u>Total</u>
<b>Bank Loan</b>	111.205.106	66.151.568	45.053.538		111.205.106
<b>Suppliers</b>	90.543.092	90.543.092			90.543.092
<b>Other Liabilities</b>	3.264.877	3.264.877			3.264.877
<b>Total</b>	<b>205.013.075</b>	<b>158.959.537</b>	<b>45.053.538</b>	<b>0</b>	<b>205.013.075</b>

<u>GROUP</u>	<u>31/12/2007</u>	<u>&lt; 1 year</u>	<u>1 – 2 years</u>	<u>2 + years</u>	<u>Total</u>
<b>Bank Loan</b>	131.336.343	63.951.343	7.690.000	59.695.000	131.336.343
<b>Suppliers</b>	88.851.324	88.851.324			88.851.324
<b>Other Liabilities</b>	5.691.253	5.691.253			5.691.253
<b>Total</b>	<b>225.878.920</b>	<b>158.493.920</b>	<b>7.690.000</b>	<b>59.695.000</b>	<b>225.878.920</b>

<u>COMPANY</u>	<u>31/12/2006</u>	<u>&lt; 1 year</u>	<u>1 – 2 years</u>	<u>2 + years</u>	<u>Total</u>
<b>Bank Loan</b>	106.935.850	61.882.312	45.053.538		106.935.850
<b>Suppliers</b>	44.370.339	44.370.339			44.370.339
<b>Other Liabilities</b>	2.117.193	2.117.193			2.117.193
<b>Total</b>	<b>153.423.382</b>	<b>108.369.844</b>	<b>45.053.538</b>		<b>153.423.382</b>

<u>COMPANY</u>	<u>31/12/2007</u>	<u>&lt; 1 year</u>	<u>1 – 2 years</u>	<u>2 + years</u>	<u>Total</u>
<b>Bank Loan</b>	127.607.276	60.222.276	7.690.000	59.695.000	127.607.276
<b>Suppliers</b>	38.887.746	38.887.746			38.887.746
<b>Other Liabilities</b>	4.574.802	4.574.802			4.574.802
<b>Total</b>	<b>171.069.824</b>	<b>103.684.824</b>	<b>7.690.000</b>	<b>59.695.000</b>	<b>171.069.824</b>

On 18/10/2007 the company proceeded in the contracting of common non convertible bond loan of 62,000,000 Euros. The contracting of bond loan became essential for the refinancing of existing bond loan and short-term banking lending. The duration of this loan is six years and its settlement will become in semi-annual payments.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**5. Important accounting estimates & management judgments**

Group management makes estimates, assumptions and judgments in order to choose the most appropriate accounting principles and rules relevant to future events and current transactions. The above mentioned assumptions are reviewed periodically in order to respond to current facts and to represent current risks. These are based on management experiences in relation to the nature and the magnitude of the relevant events and transactions.

The estimates and judgments which refer to situations that might influence the financial statements' accounts for the next twelve months are:

***Controls of fall of surplus value***

The Group holds the forecasted from the provisions of IFRIC control of fall of value of surplus that has resulted from the repurchase or merge of companies which it has at least acquired the control of or essential influence at least in annual base. Part of process of determination of recovering sum of each investment constitutes the calculation of value of use of units of creation of cash flows in which has been distributed the relative surplus value. The calculation of value requires the realisation of estimates of forecasted (future) cash flows of each unit of creation of cash flows as well as the choice of suitable factor of discount of these in present..

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**6. Segmentation of Group activities**

As it was mentioned before the total of Group companies are active in communications and information technology.

**l) Segmentation according to activity**

**Data for the Period 1/1-31/12/2007**

	Information Technology	Telecoms	Integrated Solutions	Software	Other	Cancel-out of intragroup transactions	Total
Sales to third parties	44.768.179	136.160.804	76.300.203	31.136.685	2.823.969	-62.677.583	228.512.257
Cost of Sales	-31.628.597	-118.529.513	-54.789.527	-20.619.398	-1.247.533	62.677.583	-164.136.984
<b>Gross profit (loss)</b>	13.139.582	17.631.292	21.510.676	10.517.287	1.576.436		<b>64.375.273</b>
Other operating revenue	636.677	181.462	1.384.427	468.666	131.447	-213.648	2.589.031
Administration expenses	-831.811	-4.629.659	-2.614.859	-1.248.513	-334.625	73.392	-9.586.074
Selling & Distribution expenses	-4.841.969	-23.104.738	-7.556.917	-3.705.760	-797.587	171.249	-39.835.722
R&D expenses	-1.923.392	0	-2.835.024	-1.269.963	0	0	-6.028.379
Other operating expenses	-206.682	-456.707	-909.812	-166.625	-62.621	0	-1.802.447
Operating profit (loss)	5.972.405	-10.378.350	8.978.492	4.595.092	513.050		9.711.682
Financing expenses						0	-10.509.513
Income from ordinary activities							-797.831
Income/Expense from investment activity						0	-186.819
<b>Income before taxes</b>							<b>-984.650</b>
Income tax							-6.330.774
<b>Net Income</b>							<b><u>-7.315.425</u></b>
<b>Other info on Income Statement</b>							
Depreciation	1.042.125	6.218.973	1.515.323	650.771	127.742	0	9.554.933

**Data for the Period 1/1-31/12/2006**

	Information Technology	Telecoms	Integrated Solutions	Software	Other	Cancel-out of intragroup transactions	Total
Sales to third parties	42.976.407	116.358.145	63.737.436	24.518.158	1.508.933	-53.979.086	195.119.992
Cost of Sales	-36.570.566	-97.380.472	-45.866.906	-11.913.326	-603.950	53.979.086	-138.356.134
<b>Gross profit (loss)</b>	6.405.841	18.977.673	17.870.530	12.604.832	904.983	0	<b>56.763.858</b>
Other operating revenue	437.286	195.577	1.892.629	732.088	219.679	-240.127	3.237.132
Administration expenses	-749.253	-4.356.322	-2.867.372	-970.008	-259.956	72.038	-9.130.873
Selling & Distribution expenses	-2.887.425	-14.344.900	-8.188.285	-4.523.529	-611.252	168.089	-30.387.301
R&D expenses	-903.791	0	-2.689.270	-1.654.936	0	0	-5.247.997
Other operating expenses	-162.902	-459.063	-358.265	-240.411	-120.874	0	-1.341.515
Operating profit (loss)	2.139.756	12.965	5.659.967	5.948.037	132.580	0	13.893.304
Financing expenses						0	-8.569.073
Income from ordinary activities						0	5.324.231
Income/Expense from investment activity							-412.634
<b>Income before taxes</b>						<b>0</b>	<b>4.911.598</b>
Income tax						0	-2.187.348

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b>Net Income</b>							0	<u><b>2.724.249</b></u>
<b>Other info on Income Statement</b>								
Depreciation	488.456	5.557.173	1.412.122	852.876	23.436	0	0	8.334.064

**II) Other Balance Sheet Information**

**On 31/12/2007**

	Information Technology	Telecoms	Integrated Solutions	Software	Other	Cancel-out of intragroup transactions	Total
Intangible fixed assets	1.295.866	27.187.453	1.741.892	684.432	57.254	0	30.966.896
Tangible fixed assets	11.041.373	12.281.811	16.003.279	6.847.453	287.459	0	46.461.375
Goodwill	0	0	0	0	0	0	0
Participations & other investments	10.914.356	0	16.149.000	6.636.277	842	-33.437.736	262.739
Other assets	69.418.130	44.621.565	139.758.108	46.533.094	2.160.046	-73.956.395	228.534.548
Total Liabilities	58.511.149	85.931.028	123.164.778	38.399.811	1.728.055	-74.262.245	233.472.575
Total Shareholders Equity	34.158.576	-1.840.199	50.487.502	22.301.444	777.546	-33.131.886	72.752.984

**On 31/12/2006**

	Information Technology	Telecoms	Integrated Solutions	Software	Other	Total
Intangible fixed assets	3.154.451	8.540.642	4.678.303	1.799.623	110.755	18.283.774
Tangible fixed assets	5.986.970	16.209.654	8.879.153	3.415.583	210.207	34.701.567
Goodwill	0	0	0	0	0	0
Participations & other investments	469.785	1.271.937	696.728	268.014	16.494	2.722.959
Other assets	39.971.169	108.221.497	59.280.429	22.803.662	1.403.417	231.680.174
Total Liabilities	36.113.083	97.775.772	53.558.580	20.602.613	1.267.957	209.318.005
Total Shareholders Equity	13.469.292	36.467.959	19.976.034	7.684.268	472.917	78.070.469

**7. Other operating income**

Other operating income is analyzed as follows::

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
SUBSIDIES INCOME	1.079.483	1.015.088	870.165	1.015.088
THIRD PARTY SERVICES INCOME	78.592	44.930	0	0
RENTS	227.784	264.674	394.059	414.674

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

RECEIVABLE MISSION OF GOODS EXPENSES	1.465	3.497	0	0
RECEIVABLE ADVERTISING EXPENSES	105.261	0	20.043	0
NON OPERATING INCOME	145.293	126.998	141.329	120.253
FOREIGN EXCHANGE DIFFERENCES	398.004	341.844	225.179	278.065
OTHER INCOME	330.147	1.291.368	119.099	422.961
PROFITS FROM CLEARANCE OF REAL ESTATES	69.223	3.605	69.223	3.605
PROFITS FROM CLEARANCE OF FURNITURES AND OTHER EQUIPMENT	3.958	136.415	694	416
OTHER EXTRAORDINARY INCOME	24	0	24	0
INCOME FROM PREVIOUS USES INCOME	111.758	8.713	96.446	4.321
INCOME FROM PREVIOUS YEARS PROVISIONS	38.039	0	0	0
<b>Balance</b>	<b><u>2.589.031</u></b>	<b><u>3.237.132</u></b>	<b><u>1.936.262</u></b>	<b><u>2.259.383</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**8. Administration expenses**

Administration expenses are analyzed as follows:

DESCRIPTION	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
SALARIES	2.481.672	2.202.209	296.401	443.802
APPRENTICES REWARDS	4.458	2.235	0	0
BENEFITS AND STAFF EXPENSES	63.519	36.282	6.282	9.453
IKA	648.160	567.819	66.109	97.303
CONTRIBUTIONS AND TAXES FROM STAFF SALARIES	15.359	7.422	0	0
COMPENSATIONS OF REDUNDANCY & EXPEL FROM THE SERVICE	26.233	19.532	5.897	7.110
REMUNERATION & EXPENSES OF FREE LANCER	589.495	268.874	215.335	21.495
REMUNERATION & EXPENSES OF NON FREE LANCER	261.793	383.611	30.000	150.000
THIRD PARTY SUPPLIES	10.147	2.711	0	0
THIRD PARTY PROCESSING	83.837	78.628	0	0
NON INCOME TAX THIRD PARTY SALARIES	103.980	340.377	78.577	315.500
THIRRD PARTY FREE LANCER EXPENSES	6.548	1.202	0	0
TECHNICAL WORK EXPENSES	0	381	0	0
THIRD PARTY OTHER INCOME	483.504	299.040	217.163	80.023
TELECOMUNICATIONS	448.892	250.395	123.359	106.384
RENTS	546.100	503.397	184.575	70.610
INSURANCES	46.153	31.307	29.794	17.470
STORAGE COSTS	4.641	596	4.641	457
MAINTENANCE & REPAIRS	105.363	49.897	22.957	7.021
OTHER THIRD PARTY EXPENSES	132.021	125.488	83.018	40.051
LOAN & OTHER TRANSACTION FEES	30.642	54.609	28.854	54.609
VEHICLES TAXES	1.078	1.163	678	904
MUNICIPALITY TAXES	33.036	42.538	25.336	34.819
OTHER TAXES	648.704	441.430	314.440	106.396
TRANSPORTATION COSTS	54.434	47.780	0	0
TRAVEL COSTS	142.098	48.762	20.100	0
ADVERTISING EXPENSES	382.951	942.358	136.000	122.300
EXHIBITION EXPENSES	84.237	14.143	1.383	0
SUBSCRIPTIONS	53.425	95.085	29.151	82.262
DONATIONS	46.636	78.203	32.667	139.977
PRINTS & STATIONARY	133.914	82.151	14.624	12.385
EXPENDABLE SUPPLIES	57.229	84.043	34.299	21.385
PUBLICITY EXPENSES	51.625	20.631	6.399	7.660
COMPETITION EXPENSES	85	119	0	0
OTHER EXPENSES	36.387	102.324	12.869	33.910
ASSET & INTANGIBLE DEPRECIATION	1.736.472	1.541.093	144.880	125.963
COMPENSATION PROVISION DUE TO STAFF PENSION	31.247	363.037	11.328	300.405
<b>Balance</b>	<b><u>9.586.074</u></b>	<b><u>9.130.873</u></b>	<b><u>2.177.118</u></b>	<b><u>2.409.653</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**9. Research & Development Expenses**

Research and development expenses are analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Salaries	2.288.123	2.566.137	2.223.009	2.514.877
BENEFITS AND STAFF EXPENSES	48.096	54.001	47.113	53.570
IKA	512.404	564.288	495.815	551.384
COMPENSATIONS OF REDUNDANCY & EXPEL FROM THE SERVICE	44.475	40.289	44.228	40.289
REMUNERATION & EXPENSES OF FREE LANCER	323.003	14.000	323.003	14.000
REMUNERATION & EXPENSES OF NON FREE LANCER	45.000	0	45.000	0
NON INCOME TAX THIRD PARTY SALARIES	117.865	90.128	117.865	90.128
THIRD PARTY FREE EXPENSES	358.427	257.329	358.427	257.329
TELECOMMUNICATIONS	184.494	242.296	183.099	240.024
RENTS	279.671	178.469	276.862	176.526
INSURANCES	45.663	44.375	44.691	43.676
STORAGE COSTS	6.961	1.221	6.961	1.221
MAINTENANCE & REPAIRS	37.305	14.983	34.436	13.609
OTHER THIRD PARTY EXPENSES	125.013	100.592	124.527	100.127
TRAVEL COSTS	169.600	134.511	169.600	134.511
ADVERTISING EXPENSES	308.061	57.764	289.600	54.900
EXHIBITION EXPENSES	2.767	422	2.767	0
PROMOTION OF EXPORTS	0	6	0	0
SUBSCRIPTIONS	58.512	65.536	58.303	65.500
DONATIONS	65.335	0	65.335	0
PRINTS & STATIONARY	29.248	29.146	29.248	29.100
EXPENDABLE SUPPLIES	68.598	11.830	68.598	11.830
PUBLICITY EXPENSES	12.799	3.500	12.799	3.500
OTHER EXPENSES	25.768	19.798	25.738	19.798
ASSET & INTANGIBLE DEPRECIATION	871.191	757.376	869.277	755.776
	<b><u>6.028.379</u></b>	<b><u>5.247.997</u></b>	<b><u>5.916.301</u></b>	<b><u>5.171.674</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**10. Selling expenses**

Selling expenses are analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
SALARIES	10.698.909	10.584.359	5.187.020	5.917.357
APPRENTICES REWARDS	47	22	0	0
BENEFITS AND STAFF EXPENSES	194.357	174.138	109.931	126.046
IKA	2.587.759	2.529.712	1.156.902	1.297.373
CONTRIBUTIONS AND TAXES FROM STAFF SALARIES	31.681	15.927	0	0
COMPENSATIONS OF REDUNDANCY & EXPEL FROM THE SERVICE	206.200	150.655	103.198	94.798
REMUNERATION & EXPENSES OF FREE LANCER	1.230.859	780.610	538.339	159.760
REMUNERATION & EXPENSES OF NON FREE LANCER	333.633	232.388	75.000	3.121
THIRD PARTY SUPPLIES	8.781	26.552	0	0
THIRD PARTY PROCESSING	70.217	130.141	0	0
NON INCOME TAX THIRD PARTY SALARIES	258.789	79.195	196.442	0
THIRD PARTY FREE LANCER EXPENSES	1.542	2.806	0	0
TECHNICAL WORK EXPENSES	0	190	0	0
THIRD PARTY OTHER INCOME	1.547.895	1.093.227	542.908	322.094
TELECOMMUNICATIONS	1.332.862	1.238.214	329.377	708.690
RENTS	1.238.938	1.567.364	461.437	687.396
INSURANCES	124.042	145.594	74.485	113.557
STORAGE COSTS	36.870	3.109	11.602	2.970
MAINTENANCE & REPAIRS	280.220	149.950	57.394	49.581
OTHER THIRD PARTY EXPENSES	365.295	498.479	207.545	260.330
LOAN & OTHER TRANSACTION FEES	71.495	81.913	67.327	81.913
VEHICLES TAXES	2.375	2.086	1.581	1.355
MUNICIPALITY TAXES	80.216	75.051	59.118	52.228
OTHER TAXES	1.500.508	804.126	733.694	172.265
TRANSPORTATION COSTS	723.929	593.414	582.826	515.832
TRAVEL COSTS	500.442	440.269	243.920	263.735
EXHIBITION EXPENSES	10.550.929	3.650.939	1.674.797	1.600.257
SUBSCRIPTIONS	30.905	37.726	2.767	7.415
PROMOTION OF EXPORTS	37.042	32.064	37.042	32.064
SUBSCRIPTIONS	132.298	73.542	116.136	50.794
DONATIONS	80.964	1.117	65.335	0
PRINTS & STATIONARY	354.223	224.479	29.248	53.773
EXPENDABLE SUPPLIES	132.139	212.940	68.598	107.433
PUBLICITY EXPENSES	46.562	39.990	12.799	4.037
COMPETITION EXPENSES	137	194	0	0
OTHER EXPENSES	82.434	104.578	25.738	41.145
ASSET & INTANGIBLE DEPRECIATION	4.849.513	4.610.240	869.277	881.739
DOUBTFUL DEBT PROVISION	51.614	0	25.000	0
COMPENSATION PROVISION DUE TO STAFF PENSION	59.102	0	26.431	0

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b>Balance</b>	<u><b>39.835.722</b></u>	<u><b>30.387.301</b></u>	<u><b>13.693.215</b></u>	<u><b>13.609.059</b></u>
----------------	--------------------------	--------------------------	--------------------------	--------------------------

**11. Other operating expenses**

Other operating expenses are analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Tax & other fines & superadditions	36.955	12.699	2.216	2.472
INCREASES OF CONTRIBUTIONS OF ACTUARIAL FUNDS	8.335	54	269	0
COLLAPSES OF GUARANTEES OF - PENAL CLAUSES	12.330	33.528	12.330	13.791
Forex differences	687.777	165.613	62.160	144.480
Other unscheduled Expenses	238.194	400.503	192.488	93.625
COLLAPSES OF GUARANTEES	0	1.990	0	1.990
COMPENSATION FROM SOLUTION OF lease	1.800	2.390	0	0
Losses from sale of fixed assets	485	0	485	0
Losses from sale of vehicles	12.150	0	11.960	0
Losses from sale of furniture & other equipment	10.760	26.317	210	334
Losses from inappropriate storage	115.857	132.672	10.158	91.057
Unscheduled Losses	0	0	0	0
Taxes	237.767	1.557	229	1.557
INCREASES OF CONTRIBUTIONS OF ACTUARIAL FUNDS	59.436	27.668	6.461	3.404
Tax & other fines of previous years	18.916	955	18.916	0
Other expenses of previous years	247.203	481.310	191.191	303.551
Un-recognition of installation costs	114.480	54.258	63.672	8.000
<b>Balance</b>	<u><b>1.802.447</b></u>	<u><b>1.341.515</b></u>	<u><b>572.744</b></u>	<u><b>664.261</b></u>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**12. Financial expenses (net)**

The financial expenses (income) are analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Interest expense on bank liabilities	8.595.846	7.356.041	8.281.343	6.454.764
Other financing expenses	2.101.237	1.336.014	587.538	1.155.247
<b>Total financing expenses</b>	<b>10.697.083</b>	<b>8.692.055</b>	<b>8.868.881</b>	<b>7.610.012</b>
Interest & other financing income	187.570	122.982	132.024	104.066
<b>Net financing income (expense)</b>	<b><u>-10.509.513</u></b>	<b><u>-8.569.073</u></b>	<b><u>-8.736.857</u></b>	<b><u>-7.505.945</u></b>

**13. Investment income**

Investment income is analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Income from participations & treasury investments	0	40.973	69.445	115.562
Income from investments in affiliated companies	16.499	0	0	0
Profits from sale & valuation of investments	75.246	632.474	75.246	632.474
<b>Total investment income</b>	<b>91.744</b>	<b>673.446</b>	<b>144.690</b>	<b>748.035</b>
Provision for impairment of investments' value	26.018	1.086.080	26.018	1.024.095
Expenses & losses from investments	252.545	0	543.081	0
Losses from investments in affiliated companies	0	0	0	0
<b>Total investment expenses</b>	<b>278.563</b>	<b>1.086.080</b>	<b>569.099</b>	<b>1.024.095</b>
<b>Net investment income (expense)</b>	<b><u>-186.819</u></b>	<b><u>-412.634</u></b>	<b><u>-424.409</u></b>	<b><u>-276.059</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**14. Income tax**

The tax expense on income was determined as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Income Tax	2.529.766	985.709	1.973.029	673.001
Other non operating cost taxes	0	0	0	0
Deffered Tax	1.130.763	681.737	376.095	-184.499
Tax differences	80.245	519.902	0	519.902
Provision for tax differences	2.590.000	0	2.000.000	0
<b>Total taxes in the Income Statement</b>	<b><u>6.330.774</u></b>	<b><u>2.187.348</u></b>	<b><u>4.349.124</u></b>	<b><u>1.008.404</u></b>

The fact that in some cases the income and expense accounting recognition takes place in different period than the one in which the income is taxed or the expense deducted, for taxable income specification, creates the need for accounting recognition of deferred tax assets or deferred tax liabilities. The Group deferred tax is analyzed as follows:

GROUP		
	On 31/12/2007	On 31/12/2006
Deferred tax claims	3.200.019	3.580.926
Deferred tax liabilities	-1.674.473	-924.617
<b>Total deferred tax in</b>	<b><u>1.525.545</u></b>	<b><u>2.656.309</u></b>

	On 31/03/2007	On 31/12/2006
Beginning balance	2.656.309	3.338.046
Tax on Income Statement	-1.130.763	-681.737
Tax on Equity	0	0
<b>Ending Balance</b>	<b><u>1.525.545</u></b>	<b><u>2.656.309</u></b>

On 31/12/2006	Credit (Debit) in Income Statement	Credit (Debit) in Equity	On 31/12/2007
------------------	--	--------------------------------	------------------

**Deferred tax liabilities**

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

Fixed assets value adjustments	0	0	0	0
Re-rental of tangible fixed assets	0	0	0	0
Economic depreciation of fixed assets	-2.146.085	11.257	0	-2.134.828
Un-recognition of intangible assets	-3.571.836	-260.187	0	-3.832.023
Adjustment of accounts receivable	4.281.922	0	0	4.281.922
Adjustment of investments value	0	0	0	0
Provision for staff compensation due to retirement	517.506	20.826	0	538.331
Tax loses to be recognized in subsequent years	2.747.935	-788.608	0	1.959.327
Subsidies for fixed asset investmetns	0	0	0	0
Profits from Re-rental of tangible fixed assets	826.867	-114.051	0	712.817
<b>Net deferred tax claims on Balance Sheet</b>	<b>2.656.309</b>	<b>-1.130.763</b>	<b>0</b>	<b>1.525.545</b>

<b>COMPANY</b>		
	<b>On 31/12/2007</b>	<b>On 31/12/2006</b>
Deferred tax claims	3.192.487	3.568.582
Deferred tax liabilities	0	0
<b>Total deferred tax in</b>	<b><u>3.192.487</u></b>	<b><u>3.568.582</u></b>

	<b>On 31/12/2007</b>	<b>On 31/12/2006</b>
Beginning balance	3.568.582	3.384.083
Tax on Income Statement	-376.095	184.499
Tax on Equity	0	0
<b>Ending Balance</b>	<b><u>3.192.487</u></b>	<b><u>3.568.582</u></b>

<b>On 31/12/2006</b>	<b>Credit (Debit) in Income Statement</b>	<b>Credit (Debit) in Equity</b>	<b>On 31/12/2007</b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

<b>Deferred tax liabilities</b>				
Fixed assets value adjustments	0	0	0	0
Re-rental of tangible fixed assets	0	0	0	0
Economic depreciation of fixed assets	-1.256.924	99.576	0	-1.157.348
Un-recognition of intangible assets	-171.960	-371.060	0	-543.020
Adjustment of accounts receivable	3.750.000	0	0	3.750.000
Adjustment of investments value	0	0	0	0
Provision for staff compensation due to retirement	420.598	9.440	0	430.038
Tax loses to be recognized in subsequent years	0	0	0	0
Subsidies for fixed asset investmetns	0	0	0	0
Profits from Re-rental of tangible fixed assets	826.867	-114.051	0	712.817
<b>Net deferred tax claims on Balance Sheet</b>	<b>3.568.582</b>	<b>-376.095</b>	<b>0</b>	<b>3.192.487</b>

**15. Earnings per Share**

The basic EPS is calculated as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Net profits attributable to ordinary shareholdres	-4.020.032	2.540.357	4.228.051	3.458.320
Weighted average number of outstanding shares	100.353.000	100.353.000	100.353.000	100.353.000
<b>Minus:</b> Weighted average number of own shares	0	0	0	0
Total Weighted average number of outstanding shares	100.353.000	100.353.000	100.353.000	100.353.000
<b>Basic Profits (Losses) Per Share (In €)</b>	<b>(0,04)</b>	<b>0,03</b>	<b>0,04</b>	<b>0,03</b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**16. Tangible Fixed Assets**

The tangible fixed assets of the Group are analyzed as follows:

	GROUP						
	Land & Fields	Buildings & Facilities	Mashines & Equipment	Transportation Means	Furniture & Equipment	Fixed Assets under construction or Installation	TOTAL
<b>Acquisition or Valuation cost</b>							
On 31/12/2006	11.069.174	22.324.038	1.988.234	428.453	33.533.008	0	69.342.907
Additions	9.421.570	688.838	553.876	54.362	2.656.551	2.685.000	16.060.196
Sales	0	69.013	61.319	60.419	127.131	0	317.882
On 31/12/2007	<b>20.490.744</b>	<b>22.943.862</b>	<b>2.480.790</b>	<b>422.397</b>	<b>36.062.427</b>	<b>2.685.000</b>	<b>85.085.221</b>
<b>Accumulated depreciation</b>							
On 31/12/2006	0	6.352.336	1.832.621	194.819	26.261.564	0	34.641.340
Additions	0	1.152.594	92.555	33.760	2.895.809	0	4.174.717
Sales	0	7.731	61.085	9.459	113.937	0	192.212
On 31/12/2007	<b>0</b>	<b>7.497.199</b>	<b>1.864.091</b>	<b>219.120</b>	<b>29.043.435</b>	<b>0</b>	<b>38.623.846</b>
<b>Net value</b>							
On 31/12/2006	<b>11.069.174</b>	<b>15.971.702</b>	<b>155.612</b>	<b>233.634</b>	<b>7.271.444</b>	<b>0</b>	<b>34.701.567</b>
On 31/12/2007	<b>20.490.744</b>	<b>15.446.664</b>	<b>616.699</b>	<b>203.276</b>	<b>7.018.992</b>	<b>2.685.000</b>	<b>46.461.375</b>

The depreciation of period corporal and bodiless immobilisations overloaded the Results of use as follows:

	GROUP	COMPANY
Cost of Sales	2.097.757	1.014.157
Administration expenses	1.736.472	144.880
R&D expenses	871.191	869.277
Selling & Distribution expenses	4.849.513	869.277
Μη ενσωματωμένες στο λειτ. κόστος	0	0
	<b>9.554.933</b>	<b>2.897.592</b>

On the grounds and buildings of Group at the 31/12/2007 they have registered notes for guarantee of banking loans summing 62,000,000.

On 31 December 2007 & 2006, ALTEC had no contractual obligations regarding the purchase of tangible assets.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**17. Intangible fixed assets**

Group intangible fixed assets are analyzed as follows:

	<b>GROUP</b>
	<b>Intangible Fixed Assets</b>
<b><u>Acquisition or Valuation cost</u></b>	
On 31/12/2006	44.434.410
Additions	18.063.313
Sales	-11.999
On 31/12/2007	<b>62.509.722</b>
<b><u>Accumulated depreciation</u></b>	
On 31/12/2006	26.150.635
Additions	5.380.216
Sales	-11.974
On 31/12/2007	<b>31.542.826</b>
<b>Net value</b>	
On 31/12/2006	<b>18.283.774</b>
On 31/12/2007	<b>30.966.896</b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**18. Participations in affiliated companies**

Investments in affiliated companies concern a participation of 50% in the ALTEC-BYTE joint venture that was established without share capital. Investments in affiliated companies are entered in the Balance Sheet at acquisition cost and are adjusted afterwards according to the participation of the Group to the equity. Income statement presents the participation of the Group to the affiliates profits. The analysis of the investments in affiliated companies is as follows:

Affiliated companies	Participation %	Book Balance	Total Equity	Country of Establishment
Joint-Venture ALTEC-BYTE	50,00%	0	-61.986	Greece
Joint-Venture ALTEC-INFOQUEST-INTRAKOM SERVICES-PC SYSTEMS	25,00%	16.499	65.994	Greece

**19. Available-for-sale investments**

Available-for-sale investments concern participations in the following companies:

COMPANIES	GROUP			
	On 31/12/2007		On 31/12/2006	
	Book Value	Participation %	Book Value	Participation %
SHARES OF ETHNIKI ANAPTIXIAKI BORIOU ELLADOS	0	0,00%	1.778.430	20,00%
SHARES OF INA (INΣΤ.ΕΡ.)	139.398	10,55%	139.398	10,55%
SHARES OF I.S.I. LTD	0	45,00%	0	45,00%
PARTICIPATION IN TECHNOPSIS "AKROPOLIS"	45.000	0,65%	45.000	0,65%
PARTICIPATION IN JOINT VENTURE OF OLYMPIC PROJECT ON I.T.	60.000	25,00%	60.000	25,00%
A.L.T.E.A.E.	0	3.642.701 shares	0	3.642.701 shares
OTHER	1.000		0	
<b>Balance</b>	<b><u>245.398</u></b>		<b><u>2.022.828</u></b>	

COMPANIES	COMPANY			
	On 31/12/2007		On 31/12/2006	
	Book Value	Participation %	Book Value	Participation %
SHARES OF ETHNIKI ANAPTIXIAKI BORIOU ELLADOS	0	0,00%	1.778.430	20,00%

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

SHARES OF INA (INΣΤ.ΕΡ.)	139.398	10,55%	139.398	10,55%
SHARES OF I.S.I. LTD	0	45,00%	0	45,00%
PARTICIPATION IN TECHNOPOLIS "AKROPOLIS"	45.000	0,65%	45.000	0,65%
PARTICIPATION IN JOINT VENTURE OF OLYMPIC PROJECT ON I.T.	60.000	25,00%	60.000	25,00%
A.L.T.E A.E.	0	3.642.701 shares	0	
OTHER	0		0	
<b>Balance</b>	<b><u>244.398</u></b>		<b><u>2.022.828</u></b>	

The available-for-sale investments for which there is an active market in which they participate are presented at fair value. The rest are presented at acquisition cost reduced, to the extent there are certain conditions, with the expense entered in the income statement of the period in which the reduction has taken place.

## **20. Property Investments**

The value of property investments on 31/12/2007 was € 5,046,524 and concerns the current value of land and building rented to third party.

Buildings valuation at fair value: The Group hired certified surveyors to value the buildings on 1 January 2004 (date of transition to IFRS). The estimates were based on the appropriate valuation methods according to nature and use of the buildings under valuation.

Property investments concern a privately owned of the parent company on 40 Ag. Paraskevis Str. Peristeri, Attika. The property investments are accounted for as long-term investments and are valued at fair value that is equal to the current market value estimated by certified surveyors.

Rent income from the above mentioned building during the period 1/1-31/12/2007 amount to € 124.313,70.

## **21. Long-term claims**

Long-term claims on 31 December 2007 represent given guarantees amounting to € 318.776.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**22. Inventories**

Company and Group inventories are analyzed as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Merchandise	11.999.307	10.869.258	6.304.608	4.167.421
Inventory of finished & semi-finished products	641.884	169.062	626.760	169.062
Works-in-process	39.344.514	46.560.187	39.344.514	46.560.187
Materials	2.594.008	1.373.919	2.579.887	1.361.095
Advances for inventory purchases	1.220.612	1.628.325	0	0
<b>TOTAL</b>	<b><u>55.800.326</u></b>	<b><u>60.600.750</u></b>	<b><u>48.855.769</u></b>	<b><u>52.257.764</u></b>

**23. Trade and other receivables**

Total receivables of Group and Company are analyzed as follows::

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Customers	116.666.346	128.020.829	133.278.065	121.737.416
Notes receivable in portfolio	0	10.313	0	0
Notes receivable at bank for guarantee	0	1.356	0	0
Notes overdue	0	63.132	0	0
Cheques at portfolio	14.925.544	21.059.340	10.395.468	20.439.632
Cheques receivable at bank	14.805.650	907.657	13.519.615	0
Cheques overdue	6.716.644	6.645.614	6.401.330	6.333.300
Receivable Capital in next use	0	0	0	0
Short	0	0	1.204.084	786.173
Short	0	0	166.165	165.014
Liabilities at administration	0	0	0	0
Committed bank deposits	15.422	15.422	15.422	15.422
Long-term claims receivable during next year	0	0	0	0
Doubtful - Litigious customers & debtors	61.629	61.629	61.629	61.629
Other debtors	37.108.995	31.924.649	32.617.859	29.141.128
Advancements accounts	250.536	260.990	217.001	235.262
Subsequent period expenses	11.690.242	3.214.951	3.209.415	247.791
Current year income receivable	5.889.613	6.666.026	0	0
Other asset interim accounts	26.159	24.358	4.502	0
	<b><u>208.156.779</u></b>	<b><u>198.876.266</u></b>	<b><u>201.090.554</u></b>	<b><u>179.162.767</u></b>
<b>Minus: Provisions</b>	-58.368.854	-58.265.022	-56.012.332	-55.987.332
<b>Balance</b>	<b><u>149.787.924</u></b>	<b><u>140.611.244</u></b>	<b><u>145.078.222</u></b>	<b><u>123.175.435</u></b>

All receivables are short-term and there is no need for discounting at the date of balance sheet. There is no grouping of credit risk in relation to receivables from customers since risk is dispersed among a great number of Group customers.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**24. Fair value investments through income statement**

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Shares	842	254.113	0	253.270
Bonds	0	226.018	0	226.018
Other	0	220.000	0	0
Own Shares	0	0	0	0
<b>Balance</b>	<b><u>842</u></b>	<b><u>700.131</u></b>	<b><u>0</u></b>	<b><u>479.288</u></b>

**25. Cash and cash equivalents**

These are Group cash at hand and bank deposits available at request.

**26. Share capital & Share premium reserve**

Company share capital consists of 100.353.000 ordinary shares of nominal value €0,44 each.

The share capital of the company remains unchanged from 1 January 2007 until the date of the annual financial statements approval.

According to the Shareholders registry, on 31/12/2007, shareholders with shares above 2.0% of the paid share capital are as follows:

SHAREHOLDER	SHARES IN POSSESSION	PARTICIPATION % On 31/12/2007
ATHANASSOULIS ATHANASSIOS	39.106.669	39,0%
BEAR STEARNS SECURITIES CORPORATION	2.635.000	2,6%
ALEVROMAGIRAS THEODOROS	3.377.540	3,4%
OTHER (PERCENTAGE < 2%)	55.233.791	55,0%
<b>Total</b>	<b><u>100.353.000</u></b>	<b><u>100,00%</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

	31/12/2007	31/12/2006
Shares	100.353.000	100.353.000
Nominal Value	0,44	0,44
<b>Share Capital</b>	<b>44.155.320</b>	<b>44.155.320</b>

## **27. Capital reserves**

According to Greek commercial law, the creation of “regular reserve” with the 5% of the annual after tax profits, is compulsory until the reserve reaches the 1/3 of share capital. The “regular reserve” can be distributed only at company termination but it can be used to compensate accumulated losses.

The rest reserves were created according to tax laws that allow the transfer of taxation of certain incomes at the time these incomes are distributed to shareholders, or they allow for tax reductions as an incentive for investments. The tax obligation, that will result in case of distribution of this reserve funds, calculated, at 31 December 2007 in 2,700,000 and it will be recognized when the distribution takes place.

## **28. Dividends**

Pursuant to the provisions of Greek commercial laws, each year companies are obliged to distribute a dividend corresponding at least to 35% of post-tax earnings and after the establishment of the statutory reserve required.

On 11<sup>th</sup> March 2008, the Board of Directors proposed not to distribute dividend due to accumulated losses.

## **29. Loans**

Group loans are granted by Greek banks and are nominated in Euro. The amounts payable within one year from the date of the balance sheet are characterized as short-term and

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

amounts payable in a subsequent stage are characterized as long-term loans. Group loans are analyzed by main financier as follows:

BANK	GROUP				Time of quittance of long term liabilities	Interest Rate
	On 31/12/2007		On 31/12/2006			
	Short Term Liabilities	Long Term Liabilities	Short Term Liabilities	Long Term Liabilities		
NATIONAL BANK	6.666.844	11.910.484	2.933.626		2013	Euribor+1,50%
PIRAEUS BANK	12.724.107	10.145.968	2.613.965		2013	Euribor+1,50%
EUROBANK	25.252.871	10.587.097	14.227.714		2013	Euribor+1,50%
ATTICA BANK	2.491.643	1.323.387	3.672.424		2013	Euribor+1,50%
EMPORIKI BANK	3.636.556	3.087.903	5.942.673		2013	Euribor+1,50%
GENIKI BANK	0	0	1.556.529	96.738		Euribor+1,50%
SOCIETE GENERALE BANK	1.437.419	8.822.581	17.501.600	44.956.800	2013	Euribor+1,50%
BNP	1.599.930	0	1.797.000			
MARFIN BANK	6.317.249	0	9.704.569			
EPENDITIKI BANK OF GREECE	2.647.305	0	6.201.467			
AGROTIKI BANK	1.177.419	8.822.581			2013	Euribor+1,50%
Liabilities from fiancial leases	0	12.685.000	0	0	2028	Euribor+2,10%
<b>Total Loan Liabilities</b>	<b><u>63.951.343</u></b>	<b><u>67.385.000</u></b>	<b><u>66.151.568</u></b>	<b><u>45.053.538</u></b>		

On 18/10/2007 the company advanced in the contracting of public of not convertible bond loan of 62,000,000 Euros. The contracting of bond loan became aiming at the refinancing of existing compulsory loan and short-term banking lending. The duration of this loan is six years and his settlement will become in semi-annual payments.

On the fixed and other assets of Group they exist notes of total sum 62.000.000 to guarantee the above long-term banking obligations.

**Long-term Loans**

In regard to the long-term loans is mentioned below the table of future settlements:

	<b>31/12/2007</b>
Up to 1 year	0
2 - 5 years	30.182.738
More than 5 years	37.202.262
	<u>67.385.000</u>

**Obligations of financing leases**

In regard to the obligations of financing leases is mentioned below the table of future

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

settlements:

	<b>31/12/2007</b>
Up to 1 year	0
2 - 5 years	982.738
More than 5 years	<u>11.702.262</u>
	12.685.000

ALTEC ABEE as it has announced it has worked out two conventions of financing leases with the ATE Leasing AE with the method sale and lease back. Object of this conventions is two lands and the under manufacture buildings (immobilisations under implementation) that existed in them. The ATE Leasing AE will manufacture buildings in the two lands and afterwards the completion and delivery of this buildings in ALTEC ABEE and with base their total cost of manufacture will begin the payment of sinking funds.

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**30. Staff compensation**

The liability of the Group and the Company to people working in Greece for payment of future benefits depending on years of service, is calculated and presented on the basis of the expected accrued right of each employee to be paid on balance sheet date, discounted to present value. The accrued benefits of each period are charged on the income statement by increasing the relevant retirement liability. Payments to employees retiring exiting due to retirement reduce the retirement liability.

People:	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Employees	1.088	1.088	528	575
Wage-earners	0	0	0	0
<b>Σύνολο</b>	<b><u>1.088</u></b>	<b><u>1.088</u></b>	<b><u>528</u></b>	<b><u>575</u></b>
<b>Payroll cost analysis:</b>				
Payroll expenses	30.798.366	28.537.250	18.439.579	18.351.941
Redundancy expenses	425.961	305.517	294.853	236.994
<b>Total Cost</b>	<b><u>31.224.326</u></b>	<b><u>28.842.767</u></b>	<b><u>18.734.431</u></b>	<b><u>18.588.935</u></b>

The changes in the net retirement liability is as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
<b>Net liability at the beggining</b>	2.070.022	1.914.635	1.682.394	1.476.787
Expenses recognized in the Income Statement	83.302	155.387	37.759	205.607
<b>Net liability at the end of period</b>	<b><u>2.153.325</u></b>	<b><u>2.070.022</u></b>	<b><u>1.720.153</u></b>	<b><u>1.682.394</u></b>

The Company liability to retiring employees was determined by an independent actuarial study. The basic financial figures and assumptions of the actuarial study on 31η December 2007 are as follows:

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**Basic assumptions of actuarial study**

Average yearly inflation rate	2,00%
Average yearly long-term increase of GNP	3,00%
Average yearly maturity of payroll - Law.2112	6,10%

The cost of extra benefits is mainly related to benefits paid to employees dismissed. The major part of these benefits was not in the framework of the current retirement program and thus the payments were accounted for as an extra retirement liability.

**31. Provisions for potential risks and contingent liabilities**

These provisions relate to the coverage of future expenditures and costs that may arise at forfeiture of guarantees that the Group has granted for bank liabilities of subsidiaries.

**32. Other long-term liabilities**

The other long-term liabilities of Group and Company are € 20.103 and it refers to rental guarantees.

**33. Ventors and other liabilities**

Total liabilities of Group and Company to ventors and other parties are as follows:

	GROUP		COMPANY	
	On 31/12/2007	On 31/12/2006	On 31/12/2007	On 31/12/2006
Ventors	38.322.588	49.648.712	22.378.318	19.927.294
Cheques payable	26.620.165	18.218.823	5.913.593	9.562.530
Customer advances	15.360.982	12.269.611	2.476.286	5.130.592
Insurance organisations	1.320.082	1.267.218	743.282	745.570
Dividends payable	829.188	829.188	829.188	829.188
Other creditors	187.105	1.983.547	424.338	2.045.478
Subsequent years income	6.109.114	6.110.642	6.064.267	6.064.267
Accrued expenses	23.556	132.270	4.502	4.502
Other liabilities interim accounts	69.545	64.578	53.973	60.918
Subsidies on fixed asset investments	9.000	18.503	0	0
<b>Balance</b>	<b><u>88.851.324</u></b>	<b><u>90.543.092</u></b>	<b><u>38.887.746</u></b>	<b><u>44.370.339</u></b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**34. Transactions & Balances with Affiliates**

The company refers as affiliates to the members of the Board of Directors (**inclusive** of the affiliate persons), as well as to the shareholders who hold more than 5 % of its share capital. The transactions and balances of the Company and the Group, for the period 1/1-31/12/2007 and the 31<sup>st</sup> December 2007, are shown on the table:

AFFILIATES	COMPANY				GROUP			
	On 1/1-31/12/2007		On 31/12/2007		On 1/1-31/12/2007		On 31/12/2007	
	Sales to Affiliates	Purchases from Affiliates	Claims from Affiliates	Liabilities to Affiliates	Sales to Affiliates	Purchases from Affiliates	Claims from Affiliates	Liabilities to Affiliates
<b>A. AFFILIATES</b>								
ALTEC ABEE								
MICROLAND COMPUTERS AEBE	1.438.146	16.619.987	9.549.041	0				
Joint Venture ALTEC BYTE	0	0	530.653	0				
OROSIMO PLIROFORIKI AE	342.501	199.190	116.897	33.320				
SYGXRONES EKPEDEYTIKES YPIRESIES AE	25.096	108.459	161.692	158.671				
DATAMED AE	41.394	1.875	889.978	1.035.116				
ALTEC TELECOMS AE	33.016.317	4.898.596	24.904.821	45.894				
OTS AE	687.804	1.414.888	0	1.949.264				
UNISOFT ROMANIA SA	49.135	0	43.935	0				
UNISOFT BULGARIA AD	0	0	13.139	0				
SYSWARE ROMANIA SRL	29.487	64.814	30.429.662	36.992				
SYSWARE BULGARIA AD	300	0	388.057	0				
Joint Venture IT Solutions	69.398	0	96.240	0				
<b>B Management executives – members of administration</b>								
	1.736	0	4.458	0	1.736	0	4.458	0
<b>Total</b>	<b>35.701.315</b>	<b>23.307.808</b>	<b>67.128.572</b>	<b>3.259.257</b>	<b>1.736</b>	<b>0</b>	<b>4.458</b>	<b>0</b>

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*

**35. Contingent liabilities**

**35.1 Court cases**

Company on 31/12/2007 is involved (in the capacity of both defendant and plaintiff) in various court cases and arbitration procedures in the framework of its regular operation of € 6.250.000. The Management and the legal advisers estimate that the pending affairs will be settled without important negative impact on the Company's consolidated financial position or the results of its operation.

**35.2 Other contingent liabilities**

Companies of the Group not yet tax-audited are the following:

COMPANY	Yrs
ALTEC ABEE	2001-2007
MICROLAND COMPUTERS AEBE	2006-2007
MICROLAND CYPRUS LTD	1999-2007
MICROLAND ROMANIA SRL	1999-2007
UNISOFT ROMANIA SA	1996-2007
ALTEC TELECOMS AE	2003-2007
DATAMED AE	2007-2007
SYGXRONES EKPEDEYTIKES YPIRESIES AE	2007-2007
OROSIMO PLIROFORIKI AE	2003-2007
OTS AE	2003-2007
SYSWARE BULGARIA AD	2000-2007
SYSWARE ROMANIA SRL	1999-2007
UNISOFT BULGARIA AD	2000-2007
Joint Venture ALTEC-BYTE	2002-2007
Joint Venture ALTEC-INFOQUEST-INTRAKOM SERVICES-PC SYSTEMS	2007-2007

**36. Events after the Balance Sheet Date**

There are no other events after the balance sheet date (31 December 2007) relevant to the Group that need to be referred under the International Financial Reporting Standards – IFRS.

The President & Managing Director of BoD  
 Athanassios X. Athanassoulis  
 A..T. AB 297408

The Vice President of BoD  
 Athanassios I. Avraam  
 A...T. X 053059

The Financial Director  
 Efstratios X. Kordoulas  
 A...T. Σ 558997

The Chief Accountant  
 Apostolos E. Saltas  
 A...T. AB 013979

**ALTEC A.B.E.E. IT & TELECOMS SYSTEMS**  
**Annual Financial Statements**  
**For the period from 1 January 2007 to 31 December 2007**  
*(figures in €)*