

**Condensed Consolidated Interim
Financial Statements
For the period ended 30 June 2009**



Contents

Condensed consolidated interim financial statements For the period ended 30 June 2009

- 3** Board of Directors, professional advisers and registered office
- 5** Interim management statement
- 6** Condensed consolidated statement of comprehensive income
- 7** Condensed consolidated statement of financial position
- 8** Condensed consolidated statement of changes in equity
- 9** Condensed consolidated statement of cash flows
- 10** Notes to the condensed consolidated financial statements
- 23** Declaration of Directors and the company's officials responsible for the financial statements

Board of Directors, Professional Advisers and Registered Office

Board of Directors	Periklis Manglis (Chairman) Hermes Stephanou (Managing Director) Philippos Vatiliotis Nicos Ellinas Ioannis Tirkides Andreas Christodoulides
Secretary	A.A.A. Regent Consultants Limited
Independent Auditors	KPMG
Legal advisers	Chrysses Demetriades & Co Andreas Karides
Bankers	Bank of Cyprus Public Company Limited
Registered office	141 Omonias Ave., The Maritime Center, 3045 Limiassol
Registration number	139104

INTERIM MANAGEMENT STATEMENT

For the period ended 30 June 2009

The Board of Directors of Primetel Plc at their meeting held on 27th August 2009, examined and approved the consolidated financial results of the Group for the six month period ended 30th June 2009 which have not been audited by the Group's external auditors.

The summarized interim consolidated financial statements for the six-month period ended 30th June 2009 were prepared on the basis of the International Accounting Standard No. 34 – "Interim Financial Statements". The loss per share was calculated on the basis of the loss for the period attributable to the shareholders of the holding company and the average number of shares that were issued during the period.

A copy of the complete text of the summarized interim financial statements will be available to the public, without any charge, at the Company's offices, Omonia Avenue 141, The Maritime Centre, 3045 Limassol.

1. Financial Analysis of Results.

The results of Primetel PLC Group for the six-month period ended 30th June 2009, in relation to the respective period of 2008, present significant improvement on the operational level.

The Group Balance Sheet presents significant improvement since Total Assets have reached €58,0 million on 30 June 2009 compared to €51,9 million on 31 December 2008. Also the total of own funds on 30 June 2009 was €16,3 million compared to €17,8 million on 31 December 2008.

2. Comparative Analysis of Results.

Turnover for the six month period achieved a significant increase of 41% reaching €15,7 million compared to €13,4 million in the respective period of 2008.

Operating expenses, sales and administration expenses achieved a total increase of 36% reaching €13,4 million for this year's period compared to €9,8 million for the respective period of 2008.

The significant increase of turnover and the corresponding lower increase of expenses contributed to the significant increase of EBITDA reaching a profit of €2,4 million for this year's period compared to €1,4 million for the respective period of 2008.

Profit before non-repeated expenses reached €140.218 thousand for this year's period compared to a loss of €128.984 thousand for the respective period of 2008.

The Interim summarized schedule of total income includes non-repeated expenses of €1,7 million representing payment for the achievement of targets set according to the Management and Administration Agreement of 2007 that expired on 30 June 2009. The comprehensive details of the agreement are included in the notes of the audited accounts of year 2008 and of the prospectus of the Company of 22 May 2008.

The loss for the period after the non-repeated expenses and tax reached €1,6 million compared to €0,1 million for the respective period of 2008.

Prospects

The general steady increase shown in the operating results is considered promising for the future development of the Group. The Group's target is the maintenance high growth rates, the increase of market share and the achievement of profitability, as well as the continued improvement in the quality of services and of customer service.

Main risks and uncertainties

A description of the main risks and their management is presented on note 13 of the six-month financial reports.

Pericles Manglis
Chairman
Nicosia, 27 August 2009

Condensed consolidated statement of comprehensive income
For the period ended 30 June 2009

		1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
	Σημ.		
Turnover	4	15.726.007	11.177.862
Cost of sales		(8.365.831)	(6.269.373)
Gross profit		7.360.176	4.908.489
Other income from operations	5	83.290	90.073
Selling and distribution expenses		(1.135.516)	(742.021)
Administration expenses		(5.507.568)	(3.950.092)
Operating profit before financing Income/(expenses)		800.382	306.449
Finance income	6	6.859	85.351
Finance expenses	6	(667.023)	(520.784)
Net finance expenses		(660.164)	(435.433)
Profit/(loss) before non recurring expenses		140.218	(128.984)
Non recurring expenses	7	(1.700.000)	-
Loss before taxation	8	(1.559.782)	(128.984)
Taxation	9	-	11.995
Loss attributable to the shareholders		(1.559.782)	(116.989)
Other losses for the period			
Publication expenses		-	(20.691)
		-	(20.691)
Total Loss attributable to the shareholders		(1.559.782)	(137.680)
Basic and fully distributed loss per share(cents)	10	(0.82)	(0.08)

The notes on pages 10 to 22 form an integral part of these financial statements

Condensed consolidated statement of financial position
For the period ended 30 June 2009

	Σημ.	30.06.2009 €	31.12.2008 €
Assets			
Property ,plant and equipment	11	21.846.320	19.042.272
Intangible assets	12	24.043.264	20.262.554
Investment in associated company		267.109	267.109
Other Investments		15.631	15.631
Defered Taxation		1.267.831	1.267.831
Total of non current assets		47.440.155	40.855.397
Inventories		1.803.651	1.841.514
Trade and other receivables		7.500.383	7.047.053
Amounts due from related companies	13	748.256	603.002
Taxation refundable		5.726	1.102
Cash at hand and in bank		542.317	1.587.029
Total current assets		10.600.333	11.079.700
Total assets		58.040.488	51.935.097
Equity			
Share capital	14	32.507.371	32.304.584
Accumulated losses			
From ordinary operations		(6.724.941)	(5.165.159)
From acquisition of enterprises		(14.245.087)	(14.245.087)
Other reserves		4.767.609	4.767.609
Total equity attributable to shareholders of the Company		16.304.952	17.661.947
Minority interest		-	142.305
Total equity		16.304.952	17.804.252
Liabilities			
Long-term loans	15	26.544.345	21.518.541
Deferred tax liability		610.497	610.497
Deferred income			178
Trade and other payables		784.613	1.115.901
Total current liabilities		27.939.455	23.245.117
Bank overdrafts and			
Current portion of long term loans	15	1.880.656	1.135.214
Trade and other payables		10.019.853	9.385.283
Amount due to associated company	13	12.756	12.756
Amount due to related companies	13	1.879.768	352.475
Tax payable		3.048	-
Total current liabilities		13.796.081	10.885.728
Total liabilities		41.735.536	34.130.845
Total equity and liabilities		58.040.488	51.935.097

The condensed consolidated financial statements were approved by the board of directors on 27 August 2009.

Periglis Manglis
Director

Hermes Stephanou
Director

The notes on pages 10 to 22 form an integral part of these financial statements

Condensed consolidated statement of changes in equity
For the period ended 30 June 2009

	Share capital €	Reserve from issue of shares at a premium €	Reserve from conversion of share capital into Euro €	Accumulated losses €	Minority interest €	Total €
Balance at 1 January 2008	24.347.571	2.074.225	-	(19.660.719)	-	6.761.077
Exchange difference created from the conversion of share capital into euro	(122.571)	-	122.571	-	-	-
Profit for the year	-	-	-	250.473	-	250.473
Issue of share capital at premium	8.079.584	2.869.380	-	-	-	10.948.964
Expenses of issue of share capital and entering to the Cyprus Stock Exchange	-	(298.567)	-	-	-	(298.567)
Acquisition of subsidiary	-	-	-	-	142.305	142.305
Balance at 31 December 2008	32.304.584	4.645.038	122.571	(19.410.246)	142.305	17.804.252
Balance at 1 January 2009	32.304.584	4.645.038	122.571	(19.410.246)	142.305	17.804.252
Issue of share capital	202.787	-	-	-	-	202.787
Loss for the period	-	-	-	(1.559.782)	-	(1.559.782)
Acquisition of subsidiary	-	-	-	-	(142.305)	(142.305)
Balance at 30 June 2009	32.507.371	4.645.038	122.571	(20.970.028)	-	16.304.952

The notes on pages 10 to 22 form an integral part of these financial statements

Condensed consolidated statement of cash flows
For the period ended 30 June 2009

	Σημ.	1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
Cash flow from operating activities			
Profit/(loss) for the year		(1.559.782)	(128.984)
Adjustment for:			
Depreciation of property plant and equipment		1.352.957	889.380
Amortization of computer software		321.849	519.228
Amortizing of rights of use		376.965	-
Loss from the sale of property plant and equipment		155	-
Interest income		(6.859)	(7.114)
Interest paid		619.023	393.189
		1.104.308	1.665.699
Cash flows from operations before working capital changes			
Increase in inventories		(598.584)	(1.500.743)
Increase in trade other receivables		1.830.397	2.258.998
Increase in trade and other payables		2.373.984	1.690.940
		(1.576)	-
Cash flow from operations			
Tax paid			
		2.372.408	1.690.940
Net cash from operating activities			
Cash flows from investing activities			
Payment for purchase of intangible assets	12	(4.479.524)	(8.364.816)
Payment for purchase of property plant and equipment	11	(4.157.160)	(3.930.013)
Acquisition of a subsidiary company		(142.305)	(1.000)
Proceeds from disposal of property, plant and equipment		6.859	7.114
Interest received			
		(8.772.130)	(12.288.715)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of share capital		-	9.928.121
Increase of share capital		202.787	
Repayment of borrowings		(201.180)	-
Proceeds from new borrowings		5.714.535	8.281.490
Interest paid		(619.023)	(393.189)
Expenses for issue of capital and introduction in the Cyprus Stock Exchange		-	(20.691)
		5.097.119	17.795.731
Cash flows from financing activities			
		(1.302.603)	7.197.956
Net increase/(decrease) in cash and cash equivalent			
		1.496.361	(743.570)
Cash and cash equivalents at the beginning of the period			
		193.758	6.454.386
Cash and cash equivalents at the end of the period			

Notes to the condensed consolidated financial statements For the period ended 30 June 2009

1. Incorporation and principal activities

Primetel Co Limited (the "Company") was incorporated in Cyprus on 18 June 2003 as a private company with limited liability in accordance with the Cyprus Company Law Cap.113. It's registered office is at Omonias Avenue 141, The Maritime Center, 3045 Limassol. On 28 March 2006 by a special resolution it was renamed to Primetel Limited. On 4 June 2007 by a special resolution the Company become Public in accordance with the Companies Law Cap. 113 and renamed Primetel Public Company Limited. Then on 30 August 2007 it was renamed Primetel PLC. On 14 July 2008 the Company was entered in the Alternative Market of the Cyprus Stock Exchange.

The principal activities of the Company continue to be the services of Voice, Data and Video though autonomous fiber-optic network. The telephony, the broadband network and the Digital Television are some of the services provided by the Company to individuals, enterprises and other telecommunications carriers as well as to companies that provide network service in Cyprus.

On 27 December 2008 the Company acquired 95,86% of the share capital of Spidernet Services Public Limited. On 20 October 2008 Spidernet Services Public Limited acquired fully the issued share capital of D.S.P. Netway Limited. The principal activities of the subsidiary companies is the provision of services through the network such as the connectivity through the network, the email trading and the provision of information and education through the network.

2. Unaudited condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the period from 1st January 2009 to 30 June 2009 have not been audited by the external auditors

3. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International accounting Standard (IAS) No 34«Interim financial statements», the requirements of the Cyprus Companies Law Cap 113 and the Cyprus Stock Exchange Laws and Regulations. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These condensed consolidated interim financial statements were approved by the board of directors of the company on 27 August 2009.

(b) Basis of presentation

The condensed consolidated interim financial statements have been prepared under the historical cost conversion

(c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Euro(€) which is the functional currency and presentation of the group

(d) Significant accounting policies

The accounting policies and calculation methods applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2008.

Notes to the condensed consolidated financial statements

For the period ended 30 June 2009

3.) Basis of presentation (continued)

(e) Adoption of new and revised International Financial Reporting Standards

The Group have adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Group except as referred below.

IFRS 1 (Revised) "Presentation of financial statements". The revised standard do not allow the presentation of items of income and expenditure (changes in owners equity that have no impact to shareholders) in the statement of changes in equity and demands that all changes in equity that have no impact to the shareholders to be presented separately from changes that affect shareholders. All changes in equity that do not affect the shareholders should be presented in a statement of total income. The entities may choose to present either a statement of total income (statement of total income) or two statements (statement of profit and loss account and statement of total income). The group chose to present the statement of total income. The condensed consolidated interim financial statements were prepared according to the revised required presentation.

IFRS 8 "Operating segments". IFRS 8 replaces IAS 14 "Information by Geographical Segment". It requires "management approach" where the information of the operating segments should be presented with same basis used for internal purposes. The operating segments are presented with the same basis used for internal information to the management. The adoption of IFRS 8 has no significant impact on disclosure aspects.

4 Operating segments

The group has three basic operating segments:

1. Services provided to home customers
2. Services provided to business customers
3. Services provided to other providers of telecommunications

	Home Customers		Business customers		Providers of telecommunications		Total	
	1.1.09- 30.06.09 €	1.1.08- 30.06.08 €	1.1.09- 30.06.09 €	1.1.08- 30.06.08 €	1.1.09- 30.06.09 €	1.1.08- 30.06.08 €	1.1.09 30.06.09 €	1.1.08- 30.06.08 €
Turnover	8.297.949	5.960.265	3.881.577	2.634.828	3.546.481	2.582.769	15.726.007	11.177.862
Gross profit	3.883.654	2.617.307	1.816.678	1.157.021	1.659.844	1.134.161	7.360.176	4.908.489
Other operating income							83.290	90.073
Selling expenses							(1.135.516)	(742.021)
Administration expenses							(3.832.762)	(2.832.198)
Depreciation							(1.674.806)	(1.117.894)
Operating profit								
Before net financing expenses							800.382	306.449
Net financing Expenses							(660.164)	(435.433)
Profit/(loss) before taxation and non recurring items								
Non recurring items							140.218	(128.984)
Taxation							(1.700.000)	-
Loss attributable to The shareholders of The company							(1.559.782)	(116.989)
Assets	56.521.525	46.939.801	434.781	206.675	189.713	53.267	57.146.019	47.199.743
Assets not distributed							1.267.831	879.208
Total assets							58.413.850	48.078.951

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

5. Other operating income

	1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
Subsidies received from the E.U	83.290	90.073
	83.290	90.073

6. Finance income and expenses

	1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
Finance income		
Bank interest	87	7.114
Realized exchange gain	6.772	78.237
	6.859	85.351
Finance expenses		
Interest payable		
On loans	483.804	239.659
On overdrafts	36.412	153.530
Bank charge	98.807	2.950
Foreign exchange differences	-	94.645
Bad debts provision -general	48,000	30.000
	(667.023)	(520.784)
	(660.164)	(435.433)

7. Non-recurring expenses

	1.1.2009-30.06.2009 €	1.1.2008-30.06.2008 €
Payment for achieving operating targets	1.700.000	-

Non-recurring expenses represent payment for achieving operating targets that were set under the services and administration agreement in 2007 and expiration 30 June 2009, details of which are included in the notes of the audited financial statements of the year 2008 and the prospectus of the company dated 22 May 2008

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

8. Loss before taxation

	1.1.2009- 30.6.2009 €	1.1.2008- 30.6.2008 €
Loss before taxation is stated after charging the following amounts:		
Staff cost	2.694.690	1.767.106
Depreciation		
Plant, machinery and equipment	1.352.957	889.380
Intangible assets and rights of use	698.814	519.228
Rents payable	266.416	176.410
Non-recurring expenses	1.700.000	-

9. Taxation

	1.1.2009- 30.6.2009 €	1.1.2008- 30.6.2008 €
Deferred Taxation	-	11.995
Taxation as per statement of comprehensive income	-	11.995

The corporation tax rate is 10%

The group is not subject to taxation due to tax losses incurred in the current period and tax losses carried forward from previous years. Under the existing tax legislation losses are allowed to be offset against future profits

No provision was made for deferred taxation this period

10. Loss per share

	1.1.2009-30.06.2009 €	1.1.2008-30.06.2008 €
Loss attributable to the shareholders (€)	(1.559.782)	(116.989)
Weighted average number of ordinary shares issued during the year	190.521.245	142.500.000
Basic and fully diluted Loss per share (cent)	(0.82)	(0.08)

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

11. Property, plant and equipment

Year 2008

	Additions and improvement to Leasehold buildings €	Land and buildings under construction €	Fibre-optic network and telecommunicat ion equipment €	Motor Vehicles €	Machinery, plant, furniture and fittings and office equipment €	Computer and equipment €	Total €
Cost							
Balance 1 January 2008	977.523	-	3.916.246	379.957	2.313.718	5.509.691	13.097.135
Acquisition of subsidiary company	629,323	-	-	7.031	309.151	250.901	1.196.406
Additions	211.629	1.193.628	2.076.244	121.523	2.159.427	2.770.049	8.532.500
Disposals	-	-	-	(7.623)	-	(1.325)	(8.948)
Balance 31 December 2008	1.818.475	1.193.628	5.992.490	500.888	4.782.296	8.529.316	22.817.093
Depreciation							
Balance 1 January 2008	15.679	-	250.628	101.896	404.494	975.219	1.747.916
Charge for the year	44.582	-	223.246	89.157	520.719	1.153.067	2.030.771
Disposals	-	-	-	(3.811)	-	(55)	(3.866)
Balance 31 December 2008	60.261	-	473.874	187.242	925.213	2.128.231	3.774.821
Net book value							
Balance 31 December 2008	1.758.214	1.193.628	5.518.616	313.646	3.857.083	6.401.085	19.042.272

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

11. Property, plant and equipment

30.06.2009

	Additions and improvement to Leasehold buildings	Land and buildings under construction	Fibre-optic network and telecommunication equipment	Motor Vehicles	Machinery, plant, furniture and fittings and office equipment	Computer and equipment	Total
	€	€	€	€	€	€	€
Cost							
Balance 1 January 2009	1.818.475	1.193.628	5.992.490	500.888	4.782.296	8.529.316	22.817.093
Additions	15.617	526.063	1.716.492	15.180	710.387	1.173.421	4.157.160
Disposals	-	-	-	-	(202)	(2.165)	(2.367)
Balance 30 June 2009	1.834.092	1.719.691	7.708.982	516.068	5.492.481	9.700.572	26.971.886
Depreciation							
Balance 1 January 2009	60.261	-	473.874	187.242	925.213	2.128.231	3.774.821
Charge for the year	31.868	-	161.546	54.751	322.516	782.276	1.352.957
Disposals	-	-	-	-	(47)	(2.165)	(2.212)
Balance 30 June 2009	92.129	-	635.420	241.993	1.247.682	2.908.342	5.125.566
Net book value							
Balance 30 June 2009	1.741.963	1.719.691	7.073.562	274.075	4.244.799	6.792.230	21.846.320

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

12. Intangible assets

Year 2008

	Goodwill €	Development cost €	Computer software €	Internally developed software €	Rights of use €	Total €
Cost						
Balance 1 January 2008	-	-	2.869.502	-	5.160.098	8.029.600
Acquisition of subsidiary company	2.363.062	235.875	2.150	401.675	-	3.002.762
Additions	2.217.223	-	820.391	-	8.887.235	11.924.849
Balance 31 December 2008	4.580.285	235.875	3.692.043	401.675	14.047.333	22.957.211
Amortization						
Balance 1 January 2008	-	-	733.612	-	534.746	1.268.358
Charge for the year	-	-	464.610	-	961.689	1.426.299
Balance 31 December 2008	-	-	1.198.222	-	1.496.435	2.694.657
Net book value						
Balance 31 December 2008	4.580.285	235.875	2.493.821	401.675	12.550.898	20.262.554

30.06.2009

	Goodwill €	Development cost €	Computer software €	Internally developed software €	Rights of use €	Total €
Cost						
Balance 1 January 2009	4.580.285	235.875	3.692.043	401.675	14.047.333	22.957.211
Acquisition of subsidiary company	99.506	-	-	-	-	99.506
Additions	-	29.322	335.773	-	4.014.923	4.380.018
Transfers	-	(159.065)	-	159.065	-	-
Balance 30 June 2009	4.679.791	106.132	4.027.816	560.740	18.062.256	27.436.735
Amortization						
Balance 1 January 2009	-	-	1.198.222	-	1.496.435	2.694.657
Charge for the year (Note.8)	-	-	208.061	113.788	376.965	698.814
Balance 30 June 2009	-	-	1.406.823	113.788	1.873.400	3.393.471
Net book value						
Balance 30 June 2009	4.679.791	106.132	2.621.533	446.952	16.188.856	24.043.264

Notes to the condensed consolidated financial statements
For the period ended 30 June 2009

13. Related party transactions

α. Transactions

(i) Sales of services

	1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
With subsidiary companies		
Spidernet Services Public Limited	472.682	412.833
DSP Netway Limited	724.908	121.083
	1.197.590	533.916
With related parties		
Francoudi & Stephanou Limited	51.776	58.252
Aeolos Travel	47.028	54.983
Teledev East Limited	1.350	1.350
Aeolos (Cyprus) Travel Limited	1.658	6.002
Xerographic Systems Limited	12.634	16.479
Alpha Copy Limited	12.210	12.210
Aeolos Swiss (CapoBay) Limited	3.459	5.331
Teleset Network Public Company Limited	1.470	1.435
Francoudi & Stephanou Insurance Ltd	-	4.785
	131.585	160.827

The sales to the subsidiary and to the related companies were made on commercial terms and conditions.

(ii) Purchase of products and services

	Nature of transactions	1.1.2009- 30.06.2009 €	1.1.2008- 30.06.2008 €
With subsidiary companies			
Spidernet Services Public Limited	Services	38.643	91.615
DSP Netway Limited	Services	14.236	58.630
		52.879	150.245
With related parties			
Teledev East Limited	Rent and electricity	51.258	53.922
Thunderworx Ltd		-	2.217
Francoudi & Stephanou Insurance Limited	Insurance	151.556	57.684
Francoudi & Stephanou Limited	Services, common expenses	205.793	286.603
Logica Development Limited	Rents	148.280	77.820
Lametus Holdings Limited	Advisory services	51.258	51.258
Xerographic System Limited	Office equipment	18.009	45.733
Aeolos Cyprus Travel Limited	Tickets overseas	21.248	14.519
Aeolos Travel	Rent	789	5.289
Alpha Copy Limited	Purchases of phones	1.391	4.943
Federated Agencies Limited	Rents	6.665	-
		656.247	599.988

Notes to the condensed consolidated financial statements For the period ended 30 June 2009

β. Balances at 30 June 2009

(i) Amounts receivable from related companies

Όνομα	30.06.2009 €	31.12.2008 €
Aeolos Travel	85.570	63.652
Alpha Copy Limited	17.327	17.990
Aeolos Swiss (Capo Bay) Limited	12.830	8.852
Thundertel S.A.	7.021	3.094
HNS Limited	-	30.613
Teleset Network Public Company	572	-
Hollandia Aviation Limited	120	94
Thunderworx Limited	542.525	429.483
Ermis Research & Incubator Centre (Eric) Ltd	3.427	3.427
Photos Photiades Group Limited	-	79
Photos Photiades Limited	-	257
Photos Photiades Brewery Limited	-	8.349
Photos Photiades Distributors Limited	37.112	37.112
Teledev East Ltd	41.752	-
	748.256	603.002

(ii) Amount payable to associated company

	30.06.2009 €	31.12.2008 €
Spidernet Securities and Financial Services Ltd	12.756	12.756

(iii) Amounts payable to related companies

Όνομα	30.06.2009 €	31.12.2008 €
Francoudi & Stephanou Insurance Ltd	24.946	47.664
Francoudi & Stephanou Limited	66.812	232.743
Xerographic System Limited	9.944	8.768
Logica Development Limited	48.320	27.170
Lametus Holdings Limited	1.715.658	9.809
Aeolos Cyprus Travel Limited	12.985	9.733
Teledev East Limited	-	14.025
Telecet Limited	(24)	627
Federated Agencies Limited	1.127	1.025
Photos Photiades Distributors Limited	-	911
	1.879.768	352.475

The above amounts are payable within one year and were provided interest free.

14. Share Capital

	30.06.2009 Number of shares	30.06.2009 €	31.12.2008 Number of shares	31.12.2008 €
Authorised				
Ordinary shares of € 0,17 each	250.000.000	42.500.000	250.000.000	42.500.000
Issued and fully paid				
Balance 1 January	190.026.964	32.304.584	142.500.000	24.347.571
Difference from conversion of share capital into euro	-	-	-	(122.571)
Issue of shares	1.192.864	202.787	47.526.964	8.079.584
Balance 30 June 2009	191.219.828	32.507.37	190.026.964	32.304.584

Notes to the condensed consolidated financial statements

For the period ended 30 June 2009

14. Share Capital (continued)

At a meeting of the board of directors of the company held on 2 April 2009, within the framework of exercising the right of Squeeze Out of the remaining share capital held by the shareholders of Spidernet Services Public Ltd (Spidernet) who did not accept the Public Offer for the purchase of their shares by the company, approved the issue of 1.192.864 shares of the company and 199.235 share warrants of the company to the holders of 1.589.944 shares of Spidernet who accepted the Squeeze Out of the shares against the exchange of shares and also approved the payment of the amount €39.052,44 to the holders of 278.946 shares of Spidernet who exercised the right to alternative compensation in cash. With the issue of the shares and the payment in cash as mentioned above, the company acquired the 100% of Spidernet shares

15. Long Term Loans and bank overdraft accounts

	30.06.2009 €	31.12.2008 €
Non current liabilities		
(i) Long term loans		
(i) Loan repayable until 2013	2.016.486	2.002.035
(ii) Loans repayable until 2016	704.702	743.121
(iii) Loans repayable until 2017	7.703.852	8.062.909
(iv) Loans repayable until 2018	14.220.731	11.353.447
(v) Loans repayable until 2021	3.007.333	
(i) Loan repayable until 2013	417.126	424.445
	28.070.230	22.585.957
Less loan and mortgage expenses	-	(31.079)
	28.070.230	22.554.878
(ii) Finances		
Repayable until 2011	6.212	8.209
	28.076.442	22.563.087
Amount payable within one year	(1.532.097)	(1.044.546)
	26.544.345	21.518.541

The repayments of the long-term amounts of these loans are scheduled as follows:

	30.06.2009 €	31.12.2008 €
Between one and two years	2.831.373	2.138.247
Between two and five years	15.186.294	9.525.352
More than five years	8.526.678	9.854.942
	26.544.345	21.518.541
Current liabilities		
Bank current accounts	348.559	90.668
Current portion of long term loans	1.532.097	1.044.546
	1.880.656	1.135.214

Interest rates

- The bank loans and the bank overdrafts bear interest at the following rates:
 - For bank overdrafts: 3 months Euribor + 2,25, 6 months Euribor + 1,75 and the basic rate of the bank 5,25 + 1,75.
 - For bank loans: 6 months Euribor +3,5, 3months Euribor +3,25 , basic rate of the ECB. +3,5- 4 and the basic rate of the bank+2.75
- The lease finances bear fixed interest rate 3,9% and they are payable by monthly payments.

Notes to the condensed consolidated financial statements For the period ended 30 June 2009

15 . Long Term Loans and bank overdraft accounts (continued)

Securities

The loans and bank overdraft accounts are secured with:

- Personal guarantees of Mr. Periklis Manglis on guarantee documents for a total amount of €9.200.000.
- Personal guarantees of Mr. Hermes Stephanou on guarantee documents for a total amount of €9.200.000.
- Personal guarantees of Mr. Hermes Stephanou as well as of Good Hope Investments Limited on guarantee documents for the amount of €6.925.804.
- Personal guarantee of Mr. Periklis Manglis as well as of Ayios Andronikos Development Co. Limited on guarantee documents for the amount of €6.925.804.
- Written guarantee of Messrs. Hermes Stephanou and Periklis Manglis that they will support financially the Company if necessary.
- Negative pledge that the Company will not commit its assets for the benefit of third persons without first informing the Bank.
- First mortgage no. 45465/08 for the amount of €750.000 on the Company's immovable property.

The loans of subsidiary company are secured as follows:

- Guarantees of the Executive Director Mr. Hermes Stephanou as well as of HNS Limited on guarantee documents on the loan agreement for the amount of €683.440.
- Floating Charge for €170.860.
- Guarantees of the Executive Director Mr. Hermes Stephanou as well as of HNS Limited on guarantee documents for the amount of €1.025.160.
- The Company's obligations include finance leases, which are secured by the lessors' titles to the leased assets.

Interest

The bank interest on loans for the period amounted to €483.804 (30.6.2008 € 239.659).

16. Financial Management Risk

(a) Financial risk factors

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market price risk
- Compliance risk
- Reputation risk
- Operating risk
- Legislation risk
- Other risks

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The policies did not changed significantly since year-end.

Notes to the condensed consolidated financial statements

For the period ended 30 June 2009

17. Capital/contingent liabilities

The Group had capital/contingent liabilities as at 30 June 2009 as follows:

- Legal and arbitration procedures

The Company and the Electricity Authority of Cyprus (EAC) have mutually resolved to a committed arbitration for the resolution of the difference which concerns the obligation if any, for the payment of rents amounting to €270.173 (ΛΚ158.125). The litigation arose from different interpretation of the provisions of the agreement between the two parties. The Company has given bank guarantee to EAC for covering of the amount in dispute. The Board of Directors of the Company is of the opinion that the two parties have equal chances to win the case. The liability of the Company will probably after compromise, to be about half of the original amount. No provision of the probable amount of dispute has been made.

On 31 December 2008, there were pending claims against the subsidiary company of the Group Spidernet Services Public Limited in relation to its operations. Based on legal advice the Directors believe that adequate defence exist against any claim and does not expect that the Group will suffer any loss. Accordingly no provision has been made in the financial statements of the subsidiary in respect of these matters.

- Capital commitments

At 30 June 2009, the Company had capital commitments to Sigma Radio TV., Apollo Podosfero (Public) Limited, Lumiere TV, etc., for a total amount of €12.061.199 out of which €2.935.842 (2007: €2.833.557) are covered by bank guarantees.

Further to the above in accordance with the existing agreement between the Company and EAC, the Company will pay to EAC 3% of its net profits.

- Operating lease commitments

The Group has committed on various contracts under non-cancelable operating leases for renting of offices and shops. These leases can be cancelled only with the consent of both parties.

The total commitments of the Group as at 30 June 2009 are analyzed as follows:

	30.06.2009	31.12.2008
	€	€
Payable within one year	137.170	165.942
Payable between one and five years	19.136	75.855
	156.306	241.797

- Capital commitments

Capital commitments contracted as at the balance sheet date but not yet incurred are as follows:

	30.06.2009	31.12.2008
	€	€
Capital commitments	12.061.199	10.436.560

Notes to the condensed consolidated financial statements For the period ended 30 June 2009

18. Shareholder holding more than 5% of the share capital

Under the article 60 (4) of the Cyprus Stock Exchange rules and regulations the shareholders holding directly or indirectly more than 5% of the share capital of the company at 30 June 2009, 30 June 2008 and 31 December 2008 were as follow:

	30.6.2009		31.12.2008		30.6.2008	
	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %
Teledev East Limited	9.299.996	4.86	9.299.996	4.86	9.299.996	6.53
Thunderworx Limited	76.944.444	40.24	76.944.444	40.24	76.944.444	54.00
Manglis (Holdings) Limited	27.395.378	14.33	27.395.378	14.33	27.395.378	19.22
HNS Ltd	12.913.596	6.75	12.913.596	6.75	-	-
Celltech Limited	26.262.378	13.73	26.262.378	13.73	26.262.378	18.43
	152.815.792	79.91	152.815.792	79.91	139.902.196	98.18

19. Post balance sheet events

There are no material post balance sheet events.

Declaration of Directors and the Company Officials responsible for the Financial Statements

In accordance with article 10 of the Transparency Requirement Law of 2007 , we the members of the board and other officials of the company Primetel on the basis of our knowledge decalare that

- (α) The condensed consolidated interim financial statements, which are presented on pages 6 to 22
 - (i) have been prepared in accordance with the International Accounting Standard 34 and the provisions of section(4),
 - (ii) provide a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Group which are included in the condensed consolidated interim financial statements
- (β) The interim management statement presented on page 5 provides a fair view of the information required under section(6)

The members of the board of directors

Non executive

.....
Periglis Manglis
President

.....
Hermes Stephanou
Managing Director

.....
Philippos Vatiliotis

.....
Nicos Ellinas

.....
Ioannis Tirkides

.....
Andreas Christodoulides

Person responsible for the preparation of the financial statement

.....
Loucas Hadjiloucas
Financial Controller

Limassol 27 August 2009