INTRACOM S.A. TELECOM SOLUTIONS

Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU

31 December 2010

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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<u>REPORT</u>
OF THE BOARD OF DIRECTORS OF THE S.A. COMPANY NAMED "INTRACOM S.A. TELECOM SOLUTIONS", TRADING NAME: "INTRACOM TELECOM", ADDRESSED TO THE SHAREHOLDERS' ORDINARY GENERAL MEETING CONCERNING THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED 2010

1. Corporate information

INTRACOM S.A. TELECOM SOLUTIONS (hereinafter referred to as the "Company" or "Intracom Telecom") a subsidiary of JSC Sitronics (Russia) the largest high-tech company operating in Eastern Europe is the only Greek Company that designs manufactures and promotes to the international market, competitive telecommunications systems operating in Middle East and Africa, Eastern Europe, Asia, Russia and the CIS.
By acknowledging the future trends in the telecommunications market, the Company has been reorganised since the beginning of the year investing in:

- Wireless Network Systems and Telco Software designing and implementing in:
  i. Competitive wireless solutions that meet the needs of rapid growing marketfor the broadband IP aiming to play a leading international role as a manufacturer of broadcast solutions and access (WiMAX).
  ii. Software products providing new sources of revenue for telecom operators and improve the services enjoyed by the end customers, aiming at increasing market share and establishing the Company among the leading manufacturers.

- Services to turn key IT projects and networks in countries with significant presence, expertise and customer base (Greece and Balkans) aiming to gain a position among the three top key players in the area.

Despite the economic downturn, the Company maintained its market share both domestically and abroad, based on competing products which are at the core of the fastest growing market segments of the market such as:

OmniBAS™ is best fit for cellular mobile operators, fixed license operators and utility companies. Enabling an evolved approach toward smooth all-IP migration, OmniBAS™ delivers new compelling services and expands customer base without additional expenditures.

INTRALINK comprises of Digital Radio Relay Systems designed to offer cost-effective solutions for long/short haul links in various applications such as mobile telephony networks, public fixed networks, corporate networks, Access networks.

OmniMAX provides broadband wireless services to different types of end-users (fixed, nomadic, portable and mobile) that may otherwise have difficulty to access these services with current technology. Thus, the system can operate in varying environments (urban, suburban, rural) and address in an effective manner the user requirements for reliable and low-cost broadband services.

WiBAS consists of broadband wireless point-to-multipoint systems based on the 802.16 technology, perfectly addresses the requirements of telecommunications operators, whether existing providers or competitors, whether they run fixed or mobile networks.
fs|cdn The Company has developed and offers a complete, future-proof IPTV and Multi-Play service platform that enables Service providers to offer value-added services over their broadband networks. The specific Platform allows Service Providers to bundle video (IPTV) with existing data and telephony services and offer a complete service package to their customers.

Despite its innovative products, Intracom Telecom recognizes that human capital is the key to success in today's business environment. The company's highly specialized and experienced personnel are pivotal to achieving demanding objectives and advancing the capabilities of the company to better serve its customers.

Intracom Telecom is committed to conducting its business in an environmentally sound and sustainable manner, safeguarding pollution prevention, providing excellent workplace conditions, and being committed to the communities in which it operates.

2. Significant events of year 2010

- In March 2010, Intracom Telecom was honoured as "HP CMS Partner of the Year 2009" for the region Europe, Middle East and Africa. The award was presented at a special HP ceremony held in Hamburg, Germany.

- In May 2010, the Company signed a three year frame agreement amounting to Euro 3.4 million with Rolaware, a dynamic broadband services provider in Greece, to supply Intracom Telecom WiBAS Point-to-Multipoint systems.

- In June 2010, the Company, and SoftAtHome, company developing software platforms for domestic use / function, jointly announced a strategic alliance agreement. The aim of this cooperation is the integration of platform fs | cdn of Intracom Telecom with the platform SOP (SoftAtHome Operating Platform) of SoftAtHome, enabling seamless IPTV services in conjunction with applications "Over-the-Top" intelligent home network (Smart Home).

- In July 2010, Intracom Telecom signed a USD 1.2 million contract with DiscoveryTel Ghana (DTG), for the deployment of the first mobile WiMAX network in Ghana. The project enabled DTG to provide high-quality broadband wireless services to corporate, business and residential users to the capital of Ghana (population of approximately 2.0 million people) and other nearby areas.

- In September 2010, the Company was awarded as "Services Partner of the Year 2010" for the wider Mediterranean region, at the annual world Cisco Partner Summit 2010 that took place in San Francisco, USA. This important distinction is awarded for the first time in a Greek company for the wider Mediterranean region which includes Spain, Portugal, Italy, Cyprus, Israel, Malta and Greece where they operate 62 Cisco partners Gold and Silver certified.

- In November 2010, Intracom Telecom signed a contract with PTCL, Pakistan's largest telecommunication carrier and subsidiary of Etisalat, the leading operator in the Middle East, to supply its point-to-multipoint WiBAS systems covering, in this initial phase, Lahore, the second largest city in Pakistan. This is a result of the company's growing cooperation with PTCL,starting within the year, following the supply of its point-to-point microwave platform INTRALINK.

- Concurrently, during the same month the Company signed a Euro 2.13 million contract with Telekom Srbija, the incumbent telecommunication operator in Serbia, to supply IPTV equipment that enable service providers to quickly deliver to their subscribers high quality voice, data and video services over a broadband connection.

- In December 2010, Intracom Telecom signed a USD 3.98 million contract to deliver support services for the Postpaid and Prepaid Systems to Moldtelecom, the national provider of Fixed and Mobile telecommunication services in Moldova. The project will be completed by the end of 2013.

- Additionally, during the same month, Intracom Telecom, through its subsidiary Intracom Svyaz in Russia, signed two new frame contracts of equal value with MTS Russia, the greatest operator in the country for a total of USD 60.0 million. The first contract is for the supply OmniBAS Native Ethernet Radio platform and INTRALINK Radio Relay systems. The second contract is for the supply and build-out of MTS's next generation Mobile Backhaul network in two macro regions, based on Tellabs equipment. Within the framework of the first agreement, Intracom Telecom will introduce for the first time in MTS network its Native Ethernet Radio Transmission platform, a concrete milestone towards the implementation of the operator's overall strategy for all-IP migration. By incorporating highly efficient traffic handling technology and bandwidth utilization techniques OmniBAS is a high capacity, fully manageable transmission platform primed for the most demanding operators embarking on 4G/LTE assuring carrier class service delivery with the highest availability. Additionally,it facilitates the provision of new services and the increase of the existing subscribers' base in a cost effective way. Under the second agreement, Intracom Telecom, through its subsidiary Intracom Svyaz, will undertake the supply, installation, testing, commissioning and technical support for MTS Mobile Backhaul network employing the Tellabs 8600 series router. Intracom Telecom in cooperation with Tellabs has performed extensive field tests in MTS proving the advantages of the selected solution.

- Concurrently on December 2010, Intracom Telecom signed a USD 1.13 million contract by its Dubai based subsidiary, Intracom Middle East, to supply its point-to-point (INTRALINK) radio equipment to Etisalat's operation in the UAE. Etisalat is a world-class UAE-based telecommunication services provider, operating in 17 countries across Asia, Middle East and Africa. Under the terms of this agreement, Intracom

Telecom's future-proof wireless solutions will be deployed in Etisalat's network expansion projects across the UAE enabling the operator to effectively backhaul 2G/3G, Wimax and LTE traffic and provide its business customers with broadband wireless services. Completion of the project is expected within the second quarter 2011.

3. Company results

In year 2010 consolidated turnover amounted to Euro 256.5 million against Euro 297.5 million in the previous year. Losses before tax from continuing operations amounted to Euro 3.6 million against Euro 1.9 million in the previous year.

Operating losses for the Group amounted to Euro 3.6 million against profits Euro 7.2 million in the previous year. Total equity as at 31.12.2010 amounted to Euro 230.0 million and total current assets amounted to Euro 371.9 million.

The Company's turnover amounted to Euro 211.0 million against Euro 234.3 million in the previous year, while losses after tax amounted to Euro 4.7 million against Euro 4.8 million in the prior period. Operating losses for the Company amounted to Euro 5.4 million against profits of Euro 2.5 million in 2009.
The following financial ratios present the financial position of the Group and the Company are:

i. Financial Gearing	**GROUP**	**COMPANY**
Current Assets / Total Assets	67.5%	64.3%
Equity / Total Liabilities	71.7%	88.4%
Equity / Fixed Assets	128.5%	131.3%
Current Assets / Current Liabilities	118.7%	124.2%

ii.Financial Performance	**GROUP**	**COMPANY**
EBITDA / Sales	9.1%	9.4%
Gross Operating Income / Sales	16.2%	13.7%
Sales / Equity	111.5%	88.2%

4. Risks and Uncertainties

The group Intracom Telecom, is exposed to financial risks as market risk (changes in exchange rate risk, cash flow and fair value risk from changes in interest rates and price risk), credit risk and liquidity risk. The overall risk management program of the Group seeks to minimize the negative impact of volatility in financial markets on the financial performance of the Group. The financial liabilities of the Group consist of syndicated bond loan, short-term loans and leasing contracts. The above financial instruments are used for the financing of working capital requirements and capital investments.

In summary, the types of financial risk arising are analysed below as follows:

- **Foreign Exchange Risks**

The Group is exposed to foreign exchange risk, stemming from its operations mainly in US Dollars and also in various foreign currencies.
Foreign exchange risk is managed mainly through natural hedging and where appropriate through the use of foreign exchange futures and forwards.

- **Cash flow and fair value interest rate risk**

The Group's exposure to interest rate risk is considered to be low, given that the Group's interest-bearing loans are based on EURO variable interest rates, which are expected to remain constant or even to increase marginally in the future.
Where necessary, the Group uses derivative financial instruments (interest rate swaps) to minimise the effect from interest rate fluctuations.

- **Credit risk**

The Group has limited exposure on credit risk. Sales of products and services are made to large customers (of the public and private sector) with good credit history. In cases credit is given to customers with limited or un-assessed credit history, the Company obtains bank guarantees or other form of trade insurance or transfers the risk to suppliers whenever this is possible.

- **Liquidity risk**

The Group has limited exposure to liquidity risk since it maintains sufficient credit limits with the associated banks in order to cover its needs in working capital.
Management estimates that the Group can proceed to the liquidation of the majority of assets in a relevantly short period of time.

5. Aims, Prospects

During the year Intracom Telecom focused on the expansion of the global sales of its broadband wireless systems and value-added software applications which employ the newest technologies to enable its customers to differentiate, generate new revenue streams and improve their profitability. The Company further expanded into the Asian markets, while there have been signed new contracts for its wireless systems in Eastern Europe, Russia and the Middle East, where it has been operated for the last decade.

There has been forecasted further growth in sales in Russia, Pakistan, Syria, India and Romania, where the Company has greatly enhanced its sales teams. There is potential for Greece in 2011, however, things greatly depend on the overall economic situation.

Meanwhile, Intracom Telecom seeks to further expand its business through the strategic alliances it maintains with world-class vendors. In reference to expected forthcoming projects, for example, broadband in rural areas and FTTH, the Company is preparing to bid; however, it is still open as to when these projects will be announced in general.

Industry analysts predict that telecommunications operators, following trends in other industries, will increasingly rely on third party providers like Intracom Telecom for an array of services that do not relate to their core operations. Such services include technical support, maintenance, network management and business process operation, and managed services. Intracom Telecom is well placed to be an active player in this anticipated wave of outsourcing in the telecommunications sector.

The Company's major goal/vision is to be listed among the top international players in the market of wireless network systems and telecom software while maintaining its leading position that has being "built" in this sector over the past 30 years in Greece and the Balkans via its subsidiaries. Intracom Telecom invests a significant portion of its annual income in R&D in order to continue the development of innovative telecommunication products which contribute to the success of its customers.

True copy from the minutes' Book of the Board of Directors

Peania, May 18, 2011

THE MANAGING DIRECTOR (CEO)
ALEXANDROS STERGIOS MANOS

THE REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of INTRACOM S.A. TELECOM SOLUTIONS

Report on the Separate & Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "INTRACOM S.A. TELECOM SOLUTIONS" (the "Company"), and its subsidiaries (the "Group") which comprise the separate and consolidated statement of financial position as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate & Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of "INTRACOM S.A TELECOM SOLUTIONS." as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We confirm that the information given in the Director's Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a and 37 of Codified Law 2190/1290.

Athens, May 18, 2011

THE CERTIFIED AUDITOR ACCOUNTANT

CHRIS PELENDRIDIS
SOEL No 17831

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
11th KM NT RD ATHENS LAMIA
14451 METAMORFOSI
SOEL No 107

It is certified that the accompanied Financial Statements, are those that have been approved by the Board of Directors of "INTRACOM SA TELECOM SOLUTIONS" on May 18, 2011 and they have been disclosed on the Company's website: www.intracom-telecom.com. It has to be pointed out that the published condensed Financial Statements aim to provide to the reader general financial information but do not provide the full financial position and results of the Company and the Group in accordance with the International Financial Reporting Standards (IFRS). Furthermore, it is pointed out that, for simplicity reasons, in the published condensed financial statements certain aggregations and reclassifications have been made.

On behalf of
INTRACOM SA TELECOM SOLUTIONS

THE CHAIRMAN OF THE BOARD
SERGEY G. ASLANYAN
Passport No. 51No4646659 / 25.01.2010

THE VICE PRESIDENT OF THE BOARD
D.C.KLONIS
ID No.R 539675 / 06.11.1995

THE MANAGING DIRECTOR (CEO)
A.-S. N. MANOS
ID No. AB 340384 / 02.10.2006

THE CHIEF FINANCIAL OFFICER
K. G. ALATZAS
ID No. AI 586464 / 29.12.2010

THE ACCOUNTING MANAGER
P. G. KYRIAKAKIS
ID No. Ξ 442800 / 22.01.1986
License No O.E.E. 31204 A' Class

Statement of comprehensive income

		Group		Company	
	Note	**Financial year ended 31/12/2010**	**Financial year ended 31/12/2009**	**Financial year ended 31/12/2010**	**Financial year ended 31/12/2009**
Revenue	9	256.503.579,56	297.514.156,86	211.009.441,27	234.256.215,60
Cost of sales	10	(214.917.100,03)	(234.631.191,61)	(182.136.007,38)	(189.138.865,76)
Gross profit		41.586.479,53	62.882.965,25	28.873.433,89	45.117.349,84
Administrative expenses	10	(16.703.796,77)	(16.484.078,86)	(7.787.326,38)	(6.640.967,51)
Selling and distribution costs	10	(23.050.568,50)	(31.219.423,24)	(20.699.741,27)	(27.979.425,95)
Research expenses	10	(6.728.750,97)	(8.531.299,22)	(6.669.971,04)	(8.530.316,77)
Other operating income	11	2.332.717,77	2.471.289,12	1.564.388,37	1.703.385,81
Other operating expenses	11	(1.036.085,88)	(1.898.879,27)	(675.106,50)	(1.178.956,61)
Operating profit		(3.600.004,82)	7.220.573,78	(5.394.322,93)	2.491.068,81
Finance income	12	9.439.651,98	5.602.197,14	8.099.447,82	3.236.387,04
Finance costs	12	(9.398.625,80)	(14.740.062,86)	(6.952.535,54)	(9.615.741,66)
Loss before tax		(3.558.978,64)	(1.917.291,94)	(4.247.410,65)	(3.888.285,81)
Income tax expense	14	(1.586.390,47)	(2.079.878,84)	(485.264,71)	(898.196,71)
Loss for the year		(5.145.369,11)	(3.997.170,78)	(4.732.675,36)	(4.786.482,52)
Exchange differences on translation of foreign operations		(1.508.557,55)	(972.480,83)	-	-
Other comprehensive income/ (loss) for the year, net of tax		**(1.508.557,55)**	**(972.480,83)**	**-**	**-**
Total comprehensive income/ (loss) for the year, net of tax		**(6.653.926,66)**	**(4.969.651,61)**	**(4.732.675,36)**	**(4.786.482,52)**
Loss for the year attributable to:					
Equity holders of the parent		(5.194.935,30)	(4.346.904,44)	(4.732.675,36)	(4.786.482,52)
Non-controlling interests		49.566,19	349.733,66	-	-
		(5.145.369,11)	**(3.997.170,78)**	**(4.732.675,36)**	**(4.786.482,52)**
Total comprehensive income/ (loss) for the year, attributable to:					
Equity holders of the parent		(6.668.197,69)	(5.095.488,02)	-	-
Non-controlling interests		14.271,03	125.836,41	-	-
		(6.653.926,66)	**(4.969.651,61)**	**-**	**-**

The accompanying notes on pages 17 to 70 are an integral part of these financial statements.

Statement of financial position

		Group		Company	
		31 DECEMBER		31 DECEMBER	
	Note	2010	2009	2010	2009
ASSETS					
Non-current Assets					
Property, plant and equipment	15	86.146.549,60	88.279.436,23	74.358.038,37	75.182.006,57
Investment Property	16	14.226.291,43	17.012.777,99	12.837.862,25	15.562.712,32
Intangible Assets	17	38.323.171,65	49.034.098,89	38.250.052,21	48.946.035,99
Investments in subsidiaries	18	-	-	19.510.097,05	19.510.097,05
Investments in joint ventures	8	-	-	1.800,00	1.800,00
Available for sale investments	20	273.138,61	274.795,64	-	-
Other financial assets	21	-	-	14.894.728,44	19.784.989,92
Deferred tax assets	22	13.288.135,69	12.335.586,38	12.152.575,62	11.282.018,75
Trade and other receivables	24	26.705.967,16	35.996.797,88	10.267.685,49	20.656.725,12
		178.963.254,14	202.933.493,01	182.272.839,43	210.926.385,72
Current Assets					
Inventories	23	51.338.654,61	62.606.952,20	32.910.279,31	44.869.480,63
Trade and other receivables	24	242.410.000,56	218.822.633,50	244.512.598,50	213.535.379,25
Cash and cash equivalents	25	78.120.123,87	75.923.504,46	50.606.095,68	57.926.220,93
		371.868.779,04	357.353.090,16	328.028.973,49	316.331.080,81
TOTAL ASSETS		550.832.033,18	560.286.583,17	510.301.812,92	527.257.466,53
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	27	227.769.383,60	227.769.383,60	227.769.383,60	227.769.383,60
Reserves	28	36.029.048,65	37.502.311,04	38.535.747,30	38.535.747,30
Retained losses		(38.184.121,46)	(32.989.186,16)	(26.935.267,73)	(22.202.592,37)
		225.614.310,79	232.282.508,48	239.369.863,17	244.102.538,53
Non-controlling interests		4.415.374,52	4.401.103,49	-	-
Total Equity		230.029.685,31	236.683.611,97	239.369.863,17	244.102.538,53
Non-current liabilities					
Interest-bearing loans and borrowings	29	129.909,92	119.185.102,52	-	119.156.923,50
Provisions	30	879.478,20	1.447.139,60	831.889,61	1.323.083,38
Government grants	31	42.793,70	69.355,45	42.793,70	69.355,45
Employee benefit liability	32	5.842.138,02	5.382.006,62	5.837.630,69	5.377.294,87
Trade and other payables	33	553.770,92	726.651,36	-	-
Deferred tax liabilities	22	2.588,54	16.885,10	-	-
		7.450.679,30	126.827.140,65	6.712.314,00	125.926.657,20
Current liabilities					
Trade and other payables	33	160.000.741,92	147.392.941,78	112.182.305,01	109.258.369,52
Interest-bearing loans and borrowings	29	149.698.948,69	45.818.802,26	148.893.705,59	45.033.970,51
Derivative financial instruments	34	17.932,12	18.040,90	-	-
Income tax payable		746.104,49	770.431,78	1.230.414,29	1.139.402,57
Provisions	30	2.887.941,35	2.775.613,83	1.913.210,86	1.796.528,20
		313.351.668,57	196.775.830,55	264.219.635,75	157.228.270,80
Total liabilities		320.802.347,87	323.602.971,20	270.931.949,75	283.154.928,00
TOTAL EQUITY AND LIABILITIES		550.832.033,18	560.286.583,17	510.301.812,92	527.257.466,53

The accompanying notes on pages 17 to 70 are an integral part of these financial statements.

Statement of changes in equity

	Group				
	Ordinary Share Capital	**Other reserves**	**Retained losses**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2009	**227.769.383,60**	**38.250.021,57**	**(28.641.408,67)**	**4.275.267,08**	**241.653.263,58**
Net profit / (loss) for the year	-	-	(4.346.904,44)	349.733,66	(3.997.170,78)
Other comprehensive income/ (loss)	-	(747.710,53)	(873,05)	(223.897,25)	(972.480,83)
Balance at 31 December 2009	**227.769.383,60**	**37.502.311,04**	**(32.989.186,16)**	**4.401.103,49**	**236.683.611,97**
Net profit / (loss) for the year	-	-	(5.194.935,30)	49.566,19	(5.145.369,11)
Other comprehensive income/(loss)	-	(1.473.262,39)		(35.295,16)	(1.508.557,55)
Balance at 31 December 2010	**227.769.383,60**	**36.029.048,65**	**(38.184.121,46)**	**4.415.374,52**	**230.029.685,31**

	Company				
	Ordinary Share Capital	**Other reserves**	**Retained losses**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2009	**227.769.383,60**	**38.535.747,30**	**(17.416.109,85)**	**-**	**248.889.021,05**
Net Loss for the year	-	-	(4.786.482,52)	-	(4.786.482,52)
Balance at 31 December 2009	**227.769.383,60**	**38.535.747,30**	**(22.202.592,37)**	**-**	**244.102.538,53**
Net loss for the year	-	-	(4.732.675,36)	-	(4.732.675,36)
Balance at 31 December 2010	**227.769.383,60**	**38.535.747,30**	**(26.935.267,73)**	**-**	**239.369.863,17**

The accompanying notes on pages 17 to 70 are an integral part of these financial statements.

Statement of Cash Flows

		Group		Company	
	Note	**Financial year ended 31/12/2010**	**Financial year ended 31/12/2009**	**Financial year ended 31/12/2010**	**Financial year ended 31/12/2009**
Cash flows from Operating Activities					
Loss before tax		(3.558.978,64)	(1.917.291,94)	(4.247.410,65)	(3.888.285,81)
Adjustment to reconcile loss before tax to net cash flows					
Non-cash items:					
Depreciation of property, plant and equipment	10	5.412.852,02	5.793.885,33	3.873.848,72	4.096.104,72
Depreciation of investment property	16	307.547,16	370.924,74	254.028,78	317.756,82
Amortisation of intangible assets	10	21.157.119,10	9.615.859,73	21.074.589,94	9.495.948,81
(Gains)/Losses from disposal of property, plant and equipment	11	15.580,36	33.169,02	9.057,97	16.183,52
Write-off of intangible assets	17	23,40	2.850,71	0,02	0,06
Amortisation of issuance fees on bond loan	12	202.811,58	191.633,82	202.811,58	191.633,82
Impairement of available for sale investments	20	-	224.615,00	-	-
Depreciation of government grants	31	(26.561,75)	(26.128,66)	(26.561,75)	(26.128,66)
Losses/(Gains) from valuation of derivative financial instruments	12	-	(152.697,26)	-	(170.722,74)
Interest income	12	(3.762.608,71)	(4.010.503,65)	(3.513.315,58)	(3.065.664,30)
Interest expense	12	6.986.009,08	8.186.194,45	6.749.723,96	7.675.944,42
Dividend income	12	-	-	(1.556.956,63)	-
Movements in provisions and provisions for employee benefits	30,32	4.797,52	(348.951,96)	85.824,71	(865.673,05)
Working capital adjustments:					
(Increase)/Decrease in inventories		11.268.967,04	18.017.948,89	11.959.201,32	4.575.082,76
(Increase)/Decrease in trade and other accounts receivable		(14.180.342,79)	21.458.302,61	(15.699.297,06)	27.658.521,12
Increase/(Decrease) in trade and other accounts payable		12.710.630,94	1.911.206,57	3.295.683,85	7.756.091,61
Income tax paid		(2.617.795,74)	(1.397.368,97)	(1.319.641,22)	(840.447,96)
Net cash flows from operating activities		**33.920.050,57**	**57.953.648,43**	**21.141.587,96**	**52.926.345,14**
Cash flows from investing activities					
Purchase of property, plant and equipment		(891.256,51)	(1.156.633,50)	(631.322,53)	(713.135,77)
Purchase of investment property	16	(269,64)	(71,33)	(269,64)	(71,33)
Purchase of intangible assets		(10.377.558,13)	(18.726.843,87)	(10.309.407,97)	(18.716.530,46)
Disposal of property, plant and equipment		151.465,39	410.380,69	53.057,26	41.441,54
Dividends received	12	-	-	1.556.956,63	-
Establishment of subsidiary	18	-	-	-	(242.000,00)
Interest received		3.646.415,16	3.982.866,62	3.514.694,50	2.758.967,27
Net cash flows used in investing activities		**(7.471.203,73)**	**(15.490.301,39)**	**(5.816.291,75)**	**(16.871.328,75)**
Cash flows from financing activities					
Payment of finance lease liabilities		(50.975,28)	(20.300,72)	-	-
Proceeds from borrowings		14.624.628,08	28.612.054,59	-	20.400.600,00
Repayments of borrowings		(30.195.461,12)	(30.541.955,04)	(15.500.000,00)	(15.000.000,00)
Interest paid		(7.281.894,25)	(8.613.206,22)	(7.145.421,46)	(8.089.024,09)
Net cash flows used in financing activities		**(22.903.702,57)**	**(10.563.407,39)**	**(22.645.421,46)**	**(2.688.424,09)**
Net increase in cash and cash equivalents		**3.545.144,27**	**31.899.939,65**	**(7.320.125,25)**	**33.366.592,30**
Cash and cash equivalents at 1 January		75.923.504,46	44.013.308,04	57.926.220,93	24.559.628,63
Currency translation differences, Net		(1.348.524,86)	10.256,77	-	-
Cash and cash equivalents at 31 December		**78.120.123,87**	**75.923.504,46**	**50.606.095,68**	**57.926.220,93**

Gains from disposal of property, plant and equipment include:

	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Net Book Value	167.045,75	443.549,71	62.115,23	57.625,06
Gains/(Losses) from disposal of property, plant and equipment	(15.580,36)	(33.169,02)	(9.057,97)	(16.183,52)
Cash inflow from disposal of property, plant and equipment	**151.465,39**	**410.380,69**	**53.057,26**	**41.441,54**

The accompanying notes on pages 17 to 70 are an integral part of these financial statements.

1. General Information

INTRACOM S.A. TELECOM SOLUTIONS (hereinafter referred to as the "Company" or "Intracom Telecom"), was incorporated in Greece under the name Ilida Hellas S.A. and was initially engaged in the trading of agricultural products and packaging materials. The Company was fully acquired on November 3rd, 2005 by INTRACOM HOLDINGS S.A. («Intracom Holdings»). This acquisition was effected as part of the business restructuring program undertaken by Intracom Holdings whereby the telecom solutions segment was contributed to the Company on 30 September 2005.

The effective date of the abovementioned spin-off was 30 September 2005 and the relevant regulatory approval was announced on 29 December 2005. The balance sheet date for the spin-off was deemed to be the effective date under IFRS given that the segment was under the control of Intracom Holdings as at this date. The spin-off of the segment was affected in accordance with the provisions of Law 2166/1993, in terms of which all transactions that took place after 30 September 2005 were for the new segment. All such transactions were recorded as transactions involving companies under common control as mentioned in the summary of significant accounting policies (see note 4).

On 30 June 2006, 51% of the shares were disposed of to Concern Sitronics Joint Stock Company, a company listed in the London Stock Exchange which controls the Company since then. Concern Sitronics Joint Stock Company is a subsidiary of «J.S.F.C. Sistema».

The Group is engaged in the design, development, production, certification, installation and support of advanced technology projects in the telecommunications and Information technology sector.
Intracom S.A. Telecom Solutions and its subsidiaries (collectively referred to as "the Group") operate in Greece, the United States of America ("USA"), Romania, Bulgaria, Albania, Russia, Skopje, Serbia, Armenia, Cyprus, Middle East, Saudi Arabia and other foreign countries.

The Company's registered office is at 19,7 km of Markopoulo Ave., Peania Attikis, Greece.

The accompanying separate and consolidated financial statements have been approved for issue by the Board of Directors on May 18, 2011 and are subject to approval by the Annual General Meeting of the Shareholders.

2. Basis of presentation

The accompanying financial statements consisting of the separate financial statements of Intracom S.A. Telecom Solutions (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared under the historical cost convention except for the valuation of available for sale financial assets, financial assets at fair value through profit and loss and the derivative financial instruments, which are measured at fair value.

The preparation of separate and consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Moreover, the use of estimates and assumptions is required that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of preparation of financial statements and the reported income and expense amounts during the reporting period. Although these estimates are based on the best possible knowledge of management with respect to the current conditions and activities, the actual results can eventually differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The separate and consolidated financial statements are presented in Euro, unless otherwise stated.

Explicit and unreserved statement of compliance
These financial statements comprise the separate financial statements of Intracom S.A. Telecom Solutions, and the consolidated financial statements of the Company and its subsidiaries ('the Group') for the year ended as at 31 December 2010, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

Basis of consolidation
The consolidated financial statements comprise of the separate financial statements of Intracom S.A. Telecom Solutions and subsidiaries as at 31 December of each year.

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are fully consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intragroup balances and intragroup transactions, including sales, expenses and dividends, are eliminated in full. Unrealised profits resulting from intragroup transactions that are included in the carrying amount of assets, are eliminated in full. Unrealised losses resulting from intragroup transactions that are deducted in arriving at the carrying amount of assets are also eliminated unless cost cannot be recovered.

Non controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of financial position and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. In case of acquisitions of non controlling interest the difference between the cost of acquisition and the interest of net assets acquired is reflected as an equity transaction.

3. Changes in accounting policies and disclosures

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

The Group and the Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

- IFRIC 17 Distributions of Non-cash Assets to Owners
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
- Improvements to IFRSs (May 2008) All amendments issued are effective as at 31 December 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively.
- Improvements to IFRSs (April 2009)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group or the Company, its impact is described below :

- **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)** : The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

4. Summary of significant accounting policies

Contribution of telecom solutions segment
The net assets contributed from Intracom Holdings to the segment, were incorporated in the financial statements of the Company at their carrying values at the date the contribution took place. The Company did not follow the purchase method as stipulated by IFRS 3 since according to paragraph 10 of the standard all transactions involving entities or businesses under common control are not within the scope of IFRS 3. The difference between the net carrying values of the segment and the increase in the share capital (in nominal values) which was effected in exchange of the segment's contribution was directly recognized in the Company's shareholders' equity. Similarly, the reserves of the segment contributed were also recognized in the Company's shareholders' equity.

Business combinations from January 1st 2010
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to January 1st 2010
The acquisition of subsidiaries is accounted for using the acquisition method of accounting that measures the acquiree's assets and liabilities and contingent liabilities at their fair value at the date of acquisition. For business combinations occurring subsequent to the date of transition to IFRS, goodwill is the excess of the purchase price over the fair value of the net identifiable assets acquired. For business combinations occurring prior to the date of transition to IFRS, goodwill is recorded at the carrying value at the date of transition, based on previous GAAP. Goodwill is not amortized but is

tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount for each cash generating unit to which goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount an impairment loss is recognized. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill on acquisition of subsidiaries is presented as an intangible asset. Negative goodwill on acquisition of subsidiaries is recorded directly in the income statement. Goodwill recognized on acquisition of associates is included in the carrying amount of the investment. The difference between the cost of acquisition and the non-controlling interest acquired, arising on the acquisition of non-controlling interests in a subsidiary where control already exists, is recorded directly in equity. When non-controlling interests are disposed of, but control is retained, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

Investment in associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognized in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognized in the statement of changes in equity. The aforementioned cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been amended where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment losses.

Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity.

The Group recognises its interest in the joint venture using proportionate consolidation.

The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

Adjustments are made where necessary to bring the accounting policies into line with those of the Group. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared for the same reporting period as the parent Company.

Investments in joint-ventures in the separate financial statements are measured at cost of acquisition less impairment losses.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(3) All resulting exchange differences are recognized as a separate component of equity and are transferred to the statement of comprehensive income upon disposal of those entities.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on sale.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of comprehensive income in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (eg consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in a separate component of equity and recognised in the statement of comprehensive income on disposal of the net investment in foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment
All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group higher than the initially expected according to the initial return of the financial asset and under the assumption that the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on PPE is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, in order to write down the cost in its residual value. The expected useful life of property, plant and equipment is as follows:

Buildings	33-34	years
Machinery installations and equipment	10	years
Transportation assets	5-7	years
Other equipment	5-10	years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.
When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the statement of comprehensive income.

In case of sale of property, plant and equipment, the difference between the sale proceeds and the carrying amount is recognized as profit or loss in the statement of comprehensive income.

Investment property
Investment property principally comprising of land and buildings, is held by the Company and the Group for long-term rental yields and not for own use. Investment property is measured at cost less depreciation and impairment. When the carrying amounts of the investment property exceed their

recoverable amounts, the difference (impairment) is charged directly in the statement of comprehensive income. Land is not depreciated. The depreciation of buildings is calculated using the straight line method over the buildings' useful life which is estimated to 33-34 years.

The Company classifies all land and buildings rented to subsidiaries as investment property in its separate financial statements and as owner occupied property in the consolidated financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets

(i) Software acquired
Software acquired is stated at historical cost less subsequent amortization and any impairment. Amortization is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3 to 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(ii) Internally generated software
Expenditure on research is expensed as incurred. Internally generated software arising from development is recognised if, and only if, an entity can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset and use or sell it; its ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs that are directly associated with identifiable and unique software products controlled by the Company and the Group are recognized as part of intangible assets. Direct costs include materials, staff costs of the software development team and an appropriate portion of relevant overheads.

Internally generated software is stated at historical cost less subsequent amortization and any impairment. Amortization is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3 to 5 years. The depreciation method used reflects the rate of future economic benefits that are expected to flow into the Company and the Group.

(iii) Licenses and trade marks
Software licenses and trade marks are stated at historical cost less subsequent amortisation and impairement. Amortization is calculated using the straight-line method over the useful economic lives, not exceeding a period of 5 years.

Impairment of assets

(i) Non-financial assets
The carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is measured as the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(ii) Financial assets
The Company and the Group assess at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost (investments in subsidiaries and associates in the statement of financial position of the parent Company), assets measured at amortized cost based on the effective interest rate method (non-current receivables) and available for sale investments.

The recoverable amount of investments in subsidiaries and associates is determined in the same way as for non-financial assets.

For the purposes of impairment testing of the other financial assets the recoverable amount is determined based on the present value of future cash flows, discounted using the original asset-specific rate or a rate of a similar financial asset. Any resulting impairment losses are recognised in the statement of comprehensive income.

Investments and other financial assets
The Group classifies its financial assets in the following categories. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss
This category refers to financial assets acquired principally for the purpose of selling in the short term or if so designated by Management at inception and the following criteria are met: (a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or (b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a

documented risk management or investment strategy, or (c) if the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or it is clear with little or no analysis that the separation of the embedded derivative is prohibited. Derivatives are also categorised as held for trading unless they are designated as hedges. If these assets are either held for trading or are expected to be realised within 12 months of the statement of financial position date these assets are classified as current assets.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Company and the Group did not hold any investments in this category.

(d) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Purchases and sales of investments are recognized on trade date, which is the date on which the Company and the Group commit to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets except those carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company and the Group have transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value and unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognized in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities. Impairment losses recognized in the statement of comprehensive income are not reversed through profit and loss.

Realized and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise.

The fair values of quoted investments are based on year-end bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. The financial instruments which are not traded in an active market and of which the fair value cannot be measured reliably, they are measured at acquisition cost.

At each statement of financial position date the Company and the Group estimate whether there are indications of impairment.

For companies' shares which are classified as available for sale financial assets, such indication is the decrease in the fair value compared to the acquisition cost. If impairment is identified then the cumulative- loss, which is included in equity and represents the difference between acquisition cost and fair value, is transferred to the statement of comprehensive income. Impairment losses in shares recognized in the statement of comprehensive income are not reversed through profit and loss.

De-recognition of financial assets and liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.

- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement.

- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Derivative financial instruments and hedge accounting
Derivative financial instruments include forward exchange contracts, currency and interest-rate swaps.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The gains and losses on derivative financial instruments held for trading or which do not qualify for hedge accounting are included in the statement of comprehensive income.

In the event the Group acquires financial instruments with embedded derivatives, the embedded derivative is separated from the main contract; it is recorded separately and is measured in its fair value only if its financial features are not directly linked with the corresponding features of the main contract.

The Group designates derivatives, for the purposes of hedge accounting, as:
- Fair value hedges when they are used to hedge the exposure to changes in fair value of a recognized asset or liability or a firm purchase commitment.
- Cash flow hedges when they are used to hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.
- Hedges of net investment in a foreign operation.

When the Group uses derivative financial instruments to hedge against the interest rate and foreign exchange risk, it designates derivatives as either fair value hedges or cash flow hedges when the required criteria are met. For derivatives that do not meet the conditions for hedge accounting, gains or losses from changes in the fair value are included in the statement of comprehensive income.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income in finance costs/income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income in finance costs/income.

Amounts accumulated in equity in relation to cash flow hedges are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Certain derivatives, while used by the Group as effective hedges, do not satisfy the criteria for hedge accounting in accordance with IAS 39 and as a result the relevant gains or losses are recognized in the statement of comprehensive income in finance costs/income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished and semi-finished goods, by-products and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Write offs are recognized in the statement of comprehensive income when no future economic benefits will flow to the entity from the specific inventories. The provision for slow moving inventories is based on an ageing of inventories, and in accordance with past experience, according to which for inventories that had no movement for a period of 2 years, except for safety stock, 100% provision on acquisition cost is recorded.

Treasury Shares

Own equity shares are recorded at acquisition cost as a separate component of equity.Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments; rather they are recorded directly in equity.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised as selling and distribution expenses in the statement of comprehensive income. In case the receivable is considered as uncollectible, it is written off against the provision for impairment of trade receivables. Subsequent collection of written off receivable in prior financial periods is credited against the selling and distribution expenses in the statement of comprehensive income.

Factoring

Trade and other receivables are reduced by the amounts that have been received in advance under factoring agreements without recourse.

Construction contracts

Expenses in relation to the contract are recognized when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs incurred that it is probable will be recoverable.

Revenue from fixed price contracts are recognized, as long as the contract outcome can be estimated reliably.The Group uses the percentage of completion method, to recognise the appropriate amount of revenue and expense over each period. The percentage of completion is measured by reference to the percentage of actual costs incurred to date to estimated total costs for each contract. When it is probable that the total contacted costs will exceed the total contracted revenue, the anticipated loss is recognised immediately in the statement of comprehensive income as expenses.

Costs and expenses incurred relating to future workings are excluded from the percentage of completion calculation and classified as work-in-progress. Total cost incurred and gains / losses recognised are matched against accumulated invoicing till year end.

When costs incurred plus net profits (less any loss) recognised exceed accumulated invoicing, the difference is classified as a receivable in account "Trade and other receivable". When accumulated invoicing exceeds costs incurred plus net profits (less any loss) recognized, the difference is classified as a liability in account "Trade and other payable".

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with low risk and with original maturities of three months or less.

Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.
The basic criteria to classify a non-current asset (or disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable.

For the sale to be highly probable:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group)
- an active program to locate a buyer and complete the plan must have been initiated
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to be completed within one year from the date of classification
- the actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately prior to initial classification of a non current asset (or disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRSs.

Non-current assets (or disposal proups) that are classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognized in the statement of comprehensive income. Any subsequent increase in fair value will be recognized in the statement of comprehensive income, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it should not be depreciated or amortized.

Share capital

Share capital comprise of the Company's ordinary shares. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown after the reduction of the relative income tax in reduction to the product of issue. Incremental costs directly attributable to the issue of new shares for the acquisition of other entities are included in the cost of acquisition of the new company.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

The component of any convertible preference shares that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the statement of comprehensive income.

On issuance of convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non convertible bond; and this amount is classified as a financial liability measured at amortized cost until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity.

Loans are classified as short-term liabilities unless the Group has the unconditional right to defer payment for at least 12 months from the statement of financial position date.

Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Leases

i. The Group as lessee

(a) Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

ii. The Group as lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Income Tax

Income tax comprises of current income tax and deferred income tax.

Current income tax

Current income tax is computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece and other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted tax rates.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax is recognised in the statement of comprehensive income unless it relates to transactions recognized directly in equity, where the related deferred tax effects are also recognised directly in equity.

Post-employment benefit plans

The Group operates both defined benefit and defined contribution plans.

The regular contributions for defined contribution plans constitute net periodic costs for the year in which they are due and as such are included in staff costs.

The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets (where funded) together with adjustments for actuarial gains/ losses and past service cost. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are spread to the statement of comprehensive income over the employees' expected average remaining working lives. Past-service costs are recognized immediately in the statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the statement of comprehensive income on a straight-line basis over the expected useful lives of the related tangibles.

Provisions and Contingent Assets-Liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term (and therefore the effect of time value of money is material), provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks related to the liability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

(a) Warranties

The Group recognizes a provision that represents the present value of the estimated liability for the repair or replacement of guaranteed products or concerning the delivery of projects / rendering of services at the statement of financial position date. This provision is calculated on the basis of historical facts over repairs and replacements.

(b) Compensated absences

The claims over compensated absences are recognized as incurred. A provision is recognized for the expected cost of short-term employee benefits in the form of compensated absences based on their unused entitlement at the statement of financial position date.

(c) Loss-making contracts

The Group recognizes a provision with an immediate charge to the statement of complrehensive income for loss-making construction contracts or long-term service contracts when the expected revenues are lower than the unavoidable expenses which are estimated to arise in order that the contract commitments are met.

Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales returns and allowances. Revenue is recognized as follows:

(a) Sales of goods

Sales of goods are recognized when the following conditions are satisfied:

- The Group has transferred to the buyer all the significant risks and rewards associated with the ownership of the products;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The value of sale can be reliably estimated;

- The collectibility of the related receivables is reasonably assured;
- Costs related with the transaction (both incurred and anticipated) can be reliably estimated.

(b) Rendering of services

Sales from rendering of services are recognized in the accounting period in which the services are rendered, by reference to the stage of completion of the specific service. The stage of completion is assessed on the basis of the costs of the actual services provided until the statement of financial position date as a proportion of the costs of the total estimated services to be provided under each contract. Costs of services are recognized in the period incurred. When the services to be provided under a contract cannot be reliably estimated, revenue is recognized only to the extent of costs incurred that are possibly recoverable.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, its carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate. Subsequently, interest is recognized on the impaired value.

(d) Dividends

Dividends are recognized when the right to receive payment is established.

(e) Rental income

Rental income arising from investment properties is accounted for on a straight line basis over the lease terms.

Borrowing costs

All borrowing costs are recognized as expenses in the statement of comprehensive income as incurred except of those which can be directly attributable to the acquisition or construction of a qualifying asset that meet the criteria for capitalization.

Dividend distribution

Dividend distribution is recognized as a liability when the distribution is approved by the Annual General Meeting of the shareholders.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities may be offset and the net amount may be reported on the statement of financial position only when the Group has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously**.**

Reclassification of accounts

Certain accounts of the statement of financial position, statement of comprehensive income and cash-flow of the prior year 2009 have been re-classified in comparison to the issued financial statements for presentation purposes, in order to become comparative to the respective accounts of the current year.
The prior period amounts that have been reclassified in order to enhance the relevance and comparability of financial statements are as follows (It should be noted that the reclassifications which relate to the statement of comprehensive income have no effect in profit before tax):

- The amount of Euro 412.918,90 concerning income tax receivable was transferred from ''trade and other receivables "to ''income tax payable" in the statement of financial position of the Group as at December 31,2009.
- The amount of Euro 110.875,05 concerning income tax paid was transferred from "(Increase)/Decrease in trade and other accounts receivable" and from ''Currency translation differences,Net"by the amount of Euro 94.945,39 and Euro 15.929,66 respectively to ''Income Tax Paid" in the statement of cash flow of the Group as at December 31, 2010.
- The amount of Euro 4.711,75 relating to employee benefit liabilities has been reclassified from ''trade and other payables" to '' employee benefit liability" in the statement of financial position and cash flow of the Group as at December 31, 2009.
- The amount of Euro 13.021.603,89 and Euro 13.702.424,53 relating to accrued expenses of the Group and the Company respectively, were transferred from ''Accrued and other current liabilities" to ''Increase/(Decrease) in trade and other accounts payable" in the statement of cash flow of the Group and the Company as at December 31,2009.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting dates. Actual results may ultimately differ from those estimates. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on Group's Management prior experience in conjunction to the volume / level of such transactions and events.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

<u>Operating Lease Commitments–Group as Lessor</u>
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.
The Company has entered into commercial property leases on its machinery assigned to its subsidiaries. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months are discussed below.

Impairment of investments in subsidiaries, associates and joint ventures
The carrying values of investments (including monetary items which form part of a net investment in foreign operation) are tested for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Whenever the carrying value of an investment exceeds its recoverable amount an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is measured as the higher of fair value less costs to sell and the value in use of the investment. Fair value less costs to sell is the amount obtainable from the sale of the investment in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the investment.

Provision for income tax
Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years.
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details and information are disclosed in Notes 14 and 22.

Deferred Tax Assets
Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that sufficient taxable profits will be available against which the losses and the deductible temporary differences can be utilised. Significant judgments and estimates are required by the Management of the Group in order to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Notes 14 and 22.

Provision for doubtful debts
The Management of the Group periodically evaluates the adequacy of the allowance for doubtful accounts in relation to credit policy and having consulted in-house legal counsels of the Group who handle significant litigation or other claims.

Provision for slow-moving and obsolete stock
The Management of the Group periodically evaluates the adequacy of the provision for slow-moving and obsolete stock. The relative provision is calculated based on ageing and according to prior experience; for stock which has recorded no movement (except for safety stock) for a period of more than two years. The amount provided for in such cases amounts to 100% of acquisition cost.

Provision for warranties
The Group recognizes a provision that represents the present value of the estimated liability for the repair or replacement of guaranteed products or concerning the delivery of projects / rendering of services at the statement of financial position date. This provision is calculated on the basis of historical facts over repairs and replacements.

Pensions and other post employment benefits
The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. The actuary report includes a series of assumptions in relation to the discount rate, future salary rises, mortality rates, average increase of long-term inflation rates per year and average increase of GDP per year. Due to the long term nature of such benefit plans such assumptions include a certain uncertainty. Additional details and information are included in Note 32.

Development Costs
Development costs are capitalised according to the accounting policy as described under paragraph "Intangible Assets". In order for the Group to account for the amounts to be capitalised, management proceeds in certain assumptions in relation to expected future cash inflows generated from the asset, discount rates and expected future periods in which benefits will inflow to the Group.

Revenue recognition
Revenue from long term construction contracts is recognised by the Group by using the percentage of completion method in accordance with IAS 18 and IAS 11. Revenue is recognized by reference to the stage of completion of the project at the statement of financial position date, based on actual amounts compared to total estimated amounts. Possible adjustments to total estimated contract costs and revenues are taken into consideration in the period in which they arise.

6. New Standards, Interpretations and amendments to published standards

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning January 1, 2010.The estimate of the Management of the Group and the Company concerning the effect from the implementation of these new standards and interpretations is set-out as below:

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:** The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group and the Company do not expect IFRIC 19 to have an impact on the financial statements as there has not been made a negotiation of settlement of financial liability with equity instruments .

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended):** The amendment is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. This earlier application is permitted and must be applied retrospectively. The Group and the Company does not expect that the amendment will have an impact on the financial position and performance.

- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement:** The standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position and performance.

- **IAS 32 Classification on Rights Issues (Amended):** The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively The Group and the Company do not expect that this amendment will have an impact on the financial position or performance as they have not entered into such transactions.

- **IAS 24 Related Party Disclosures (Revised):** The revision is effective for annual periods beginning on or after 1 January 2011.This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group and the Company do not expect that the revised standard will have an impact on the financial position or performance.

In May 2010 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2010. Early application is permitted in all.

- **IFRS 1 First -time adoption:** effective for annual periods beginning on or after 1 January 2011. This improvement clarifies the treatment of accounting policy changes in the year of adoption after publishing an interim financial report in accordance with IAS 34 Interim Financial Reporting, allows first-time adopters to use an event-driven fair value as deemed cost and expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities

- **IFRS 3 Business Combinations: effective for annual periods beginning on or after 1 July 2010:**This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets. Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.

- **IFRS 7 Finanacial Instruments: Disclosures:** effective for annual periods beginning on or after 1 January 2011.This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

- **IAS 1 Presentation of Financial Statements:** Effective for annual periods beginning on or after 1 January 2011.This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- **IAS 27 Consolidated and Separate Financial Statements**: effective for annual periods beginning on or after 1 July 2010.This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

- **IAS 34 Interim Financial Reporting**: effective for annual periods beginning on or after 1 January 2011.This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

- **IFRIC 13 Customer Loyalty Programmes**: effective for annual periods beginning on or after 1 January 2011.This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

- **IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended).**The amendment is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on the financial position or performance, however additional disclosures may be required.

- **IAS 12 Deferred tax: Recovery of Underlying Assets (Amended).**The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates

SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on their financial position or performance.

7. Business Combinations

No subsidiary was acquired or disposed off during the financial years ended 31 December 2010 and 2009.

8. Interest in joint venture

The Group as at 31 December 2010 holds a 30,00% interest in «Joint Venture Intrakat-Intracom-Telecoms System of DEPA», a jointly controlled entity based in Greece which is involved in the rendering of services to the Public Gas Corporation S.A. The company is proportionately consolidated as is a jointly controlled entity.

The following amounts are included in the consolidated financial statements for the years 2010 and 2009 and represent The share of Group on the assets, liabilities, and earnings after tax of the jointly controlled entity

	Group		**Company**	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Current assets	117.724,08	350.273,04	-	-
Non-current assets	-	-	-	-
	117.724,08	**350.273,04**	**-**	**-**
Current liabilities	(116.475,77)	(349.022,27)	-	-
Non-current liabilites	-	-	-	-
	(116.475,77)	**(349.022,27)**	**-**	**-**
Revenue	333.139,16	386.251,18	-	-
Cost of sales	(335.017,67)	(389.173,39)	-	-
Administrative expenses	-	12,29	-	-
Other operating income	1.884,15	2.921,08	-	-
Other operating expenses	-	-	-	-
Finance costs	(8,11)	(8,62)	-	-
Profit / (Loss) before income taxes	(2,47)	2,54	-	-
Income tax expenses	-	-	-	-
Net profit / (loss) for the year	**(2,47)**	**2,54**	**-**	**-**

9. Sales

	Group		Company	
	1/1/2010 - 31/12/2010	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Sales of merchandise	106.397.715,69	101.323.370,00	101.990.663,88	115.409.079,61
Sales of goods	13.093.188,26	55.387.296,62	3.778.207,19	10.677.677,61
Revenue from services	137.012.675,61	140.803.490,24	105.240.570,20	108.169.458,38
Total	**256.503.579,56**	**297.514.156,86**	**211.009.441,27**	**234.256.215,60**

10. Expenses by nature

		Group		Company	
	Note	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Employee benefit expense	13	65.358.132,57	69.725.984,39	51.563.155,42	54.226.900,53
Cost of goods recognised as an expense		85.863.588,34	102.568.491,16	81.514.697,39	86.900.633,01
Depreciation of property, plant and		5.412.852,02	5.793.885,33	3.873.848,72	4.096.104,72
Amortization of intangible assets		21.157.119,10	9.615.859,73	21.074.589,94	9.495.948,81
Provision for obsolete inventories	23	3.559.002,84	7.599.094,33	3.159.037,58	7.091.803,16
Repairs and maintenance		1.397.402,13	1.841.011,14	1.097.337,91	1.190.153,43
Operating lease payments					
-Land and buildings		1.873.995,41	2.202.034,22	876.066,46	1.159.719,09
-Vehicles and machinery		2.026.648,07	1.888.588,13	1.156.269,07	1.152.414,41
-Furniture and other equipment		54.627,91	111.323,70	33.164,70	58.780,30
Impairment of receivables	24	2.085.764,05	10.036.294,42	1.685.835,92	9.230.754,48
Subcontractor's fees		56.585.219,78	60.231.646,54	43.081.377,77	48.446.786,12
Telecommunication expenses		1.181.439,70	1.284.619,33	745.587,56	782.334,31
Transportation expenses		3.271.920,87	3.100.052,55	2.618.860,79	2.596.073,96
Travel expenses		2.964.411,80	3.093.202,29	2.142.734,70	2.274.168,76
Advertising and exhibition fees		975.582,50	1.073.241,21	848.297,84	853.129,64
Consumables		1.753.607,66	3.111.031,24	189.032,87	350.231,64
Other		5.878.901,52	7.589.633,22	1.633.151,43	2.383.639,62
Total		**261.400.216,27**	**290.865.992,93**	**217.293.046,07**	**232.289.575,99**
Allocation by category					
Cost of sales		214.917.100,03	234.631.191,61	182.136.007,38	189.138.865,76
Administrative expenses		16.703.796,77	16.484.078,86	7.787.326,38	6.640.967,51
Selling and distribution costs		23.050.568,50	31.219.423,24	20.699.741,27	27.979.425,95
Research expenses		6.728.750,97	8.531.299,22	6.669.971,04	8.530.316,77
		261.400.216,27	**290.865.992,93**	**217.293.046,07**	**232.289.575,99**
Allocation of depreciation and amortization by category					
Cost of sales		24.512.876,91	13.325.805,01	23.410.375,09	12.126.188,07
Administrative expenses		741.816,36	703.001,66	300.066,78	240.895,48
Selling and distribution costs		541.054,20	702.157,71	463.773,14	546.189,30
Research expenses		774.223,65	678.780,68	774.223,65	678.780,68
		26.569.971,12	**15.409.745,06**	**24.948.438,66**	**13.592.053,53**

Total depreciation and amortisation of the Group for the year ended 31 December 2010 of Euro 27.323.858,49, has been allocated as follows: Euro 26.569.971,12 has been allocated to expenses by functions in the Statement of comprehensive income, Euro 307.547,16 relating to investment property depreciation has been allocated to other operating costs and Euro 445.670,76 has been capitalised in development costs and Euro 669,45 has been allocated to construction in progress and charged to the cost of ending inventory. (2009: total depreciation Euro 16.328.879,55 depreciation to expenses by function in Statement of comprehensive income Euro 15.409.745,06 depreciation of investment property Euro 370.924,74 ; depreciation capitalised in development costs Euro 548.209,75).

Total depreciation and amortisation of the Company for the year ended 31 December 2010 of Euro 25.648.138,20, has been allocated as follows: Euro 24.948.438,66 has been allocated to expenses by functions in the Statement of comprehensive income, Euro 254.028,78 relating to investment property depreciation has been allocated to other operating costs and Euro 445.670,76 has been capitalised in development costs (2008: total depreciation Euro 14.458.020,10, depreciation to expenses by function in the statement of comprehensive income Euro 13.592.053,53 , depreciation of investment property Euro 317.756,82 ; depreciation capitalised in development costs Eur o548.209,75).

11. Other operating income / (expenses)

		Group		Company	
	Notes	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Gains from disposal of property, plant and		56.309,32	36.371,79	47.155,10	20.459,34
Rental income	16	1.420.832,20	1.543.253,57	1.005.171,34	1.210.835,02
Depreciation of grants relating to assets	31	26.561,75	26.128,66	26.561,75	26.128,66
Grants relating to expenses		373.021,46	409.878,82	373.021,46	409.878,82
Other income		455.993,04	455.656,28	112.478,72	36.083,97
Total operating income		**2.332.717,77**	**2.471.289,12**	**1.564.388,37**	**1.703.385,81**

		Group		Company	
	Notes	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Losses from disposal of property, plant and		(71.889,68)	(69.540,81)	(56.213,07)	(36.642,86)
Depreciation of investment property	16	(307.547,16)	(370.924,74)	(254.028,78)	(317.756,82)
Other expenses		(656.649,04)	(1.458.413,72)	(364.864,65)	(824.556,93)
Total operating expense		**(1.036.085,88)**	**(1.898.879,27)**	**(675.106,50)**	**(1.178.956,61)**

12. Finance (costs) / income

	Group		Company	
	1/1/2010 - 31/12/2010	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Interest expense from bank loans	(7.188.820,66)	(8.377.828,27)	(6.952.535,54)	(7.867.578,24)
Losses from foreign exchange differences	(1.734.917,00)	(6.188.470,72)	-	(1.748.163,42)
Losses from valuation of derivatives/loans	-	(18.025,48)	-	-
Other	(474.888,14)	(155.738,39)	-	-
Total finance costs	**(9.398.625,80)**	**(14.740.062,86)**	**(6.952.535,54)**	**(9.615.741,66)**
Dividend income	-	-	1.556.956,63	-
Interest income from cash at banks and on time depos	843.963,98	510.370,88	770.377,99	157.538,37
Interest income on trade receivables	2.915.835,90	3.500.132,77	2.624.444,58	2.595.950,23
Other financial income	2.808,83	-	118.493,04	312.175,70
Gains from foreign exchange differences	5.677.043,27	1.420.970,75	3.029.175,58	-
Gains from valuation of derivatives/loans	-	170.722,74	-	170.722,74
Total finance revenues	**9.439.651,98**	**5.602.197,14**	**8.099.447,82**	**3.236.387,04**

13. Employee benefits

		Group		Company	
	Note	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Wages and salaries		56.319.915,19	58.231.894,75	44.879.076,49	46.251.685,78
Social security costs		11.977.342,51	12.938.596,83	10.626.067,87	11.067.518,92
Other expenses		2.255.624,47	2.960.695,79	1.251.992,73	1.317.610,56
Pension costs	32	2.483.447,49	2.384.488,91	2.484.215,42	2.379.777,16
Minus: Employee benefits transfered to development cost		(7.678.197,09)	(6.789.691,89)	(7.678.197,09)	(6.789.691,89)
Total		**65.358.132,57**	**69.725.984,39**	**51.563.155,42**	**54.226.900,53**

14. Income tax expense

		Group		Company	
	Note	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
Current income tax		1.831.975,52	1.681.573,99	839.911,10	795.786,40
Prior year income tax		700.456,80	685.349,57	515.910,48	676.113,09
Deferred income tax	22	(946.041,85)	(287.044,72)	(870.556,87)	(573.702,78)
Income tax (credit) in the income statement		**1.586.390,47**	**2.079.878,84**	**485.264,71**	**898.196,71**

The effective income tax rate differs from the nominal one due to various factors, the most significant being certain non-deductible expenses and the change in tax rates. The effect of the difference to profits are as follows:

	Group		Company	
	1/1/2010 - 31/12/2010	**1/1/2009 - 31/12/2009**	**1/1/2010 - 31/12/2010**	**1/1/2009 - 31/12/2009**
(Loss) / Profit/ before tax	**(3.558.978,64)**	**(1.917.291,94)**	**(4.247.410,65)**	**(3.888.285,81)**
Tax calculated at tax applicable rates	(854.154,87)	(479.322,98)	(1.019.378,55)	(972.071,45)
Income not subject to taxation	(490.208,80)	(773.578,62)	-	(3.865,12)
Expenses non deductible for taxation purposes	590.123,48	1.897.404,97	255.084,17	399.507,87
Tax losses for which no deffered tax asset has been recognised	224.812,37	(290.838,49)	-	-
Differences in tax rates	1.075.827,68	1.058.008,77	669.986,79	709.586,74
Other taxes	339.533,81	(17.144,38)	63.661,82	88.925,58
Prior year taxes	700.456,80	685.349,57	515.910,48	676.113,09
Total	**1.586.390,47**	**2.079.878,84**	**485.264,71**	**898.196,71**

The statutory income tax rate applicable to the Company, for its activities in Greece, for the fiscal year 2010 is 24%.

Tax returns of Group subsidiaries are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the local tax authorities, in which the entities operate, examine the returns and the records of the taxpayer and a final assessment is issued or the statute of limitation has expired.
Tax losses, to the extent that they are accepted by the local tax authorities, can be utilized to offset taxable profits for a period of time that is dictated by the tax legislation of each country. Regarding the Company, this period is five years from the year the losses incurred.

The Company’s tax returns have been audited by the Tax Authorities until the fiscal year ended 31 December 2008. Consequently, the income tax liabilities for the fiscal years ended 31 December 2009 and 31 December 2010 have not been finalized.

During the fiscal year ended 2009 the tax audit for the years 2002 to 2008 was completed and revealed an additional income tax and penalties amounting to Euro 1.705.016,00.The Company has formed a corresponding provision of Euro 1.529.773,50.The difference in amount of Euro 175.742,50 was charged to the statement of comprehensive income of the prior period..

The tax returns of the companies of the Group have not been audited by the Tax Authorities for the following fiscal years and as a consequence their income tax liabilities have not been finalized:

Intracom Bulgaria S.A.	1998 - 2010
Intracom Svyaz LTD	From incorporation until 2010
Intrakom DOO Skopje	2006 - 2010
Intracom Telecom Albania S.A.	2008 - 2010
Intrarom S.A.	1st July 2008 - 2010
Conklin Corporation	2001 - 2010
Intracom DOO Armenia	2010
Intracom DOO Belgrade	From incorporation until2010
Intracom Middle East LLC	Taxable income is not applied
Intracom Middle East FZE	Taxable income is not applied
Intracom Telecom Holdings International Ltd.	2008-2010
Intracom Telecom Technologies Ltd	2008-2010
Intracom Operations Ltd	2008-2010
Intracom Telecom Solutions S.R.L.	Taxable income is not applied until 2011
Intracom Telecom Solutions Saudi Arabia	Taxable income is not applied
Sitronics Intracom India Private Limited	1st April 2010-31st December 2010
E-Teleserv	From incorporation until 2010

The Group is not able to estimate accurately the additional taxes and penalties which may be assessed by the tax examination of the unaudited tax years for each subsidiary and the country it operates. Therefore, the Group has accounted for a provision per entity based on previous years' tax audit findings and the development of the related amounts.

The deferred tax has been calculated based on the tax rates effective on December 31,2010 and 2009 respectively.In accordance with the tax law 3697/2008 the statutory income tax rate applicable to the Company for its Greek operations is 25% in 2009, while since 2010 it will be reduced gradually by 1% per year until 20% in 2014.
According to the Law 3943/2011, which was adopted on March 31,2011 tax will be calculated with the tax rate of 20%.The clauses of Law 3943/2011 are applicalble for income of the fiscal years 2011 and onwards.

15. Property, plant and equipment

Group

	Land-Buildings	Machinery equipment	Transportation assets	Furniture & other equipment	Advances and assets under construction	Total
Cost						
Balance at 1 January 2009	90.248.764,88	40.986.756,97	2.169.989,29	27.482.109,33	83.139,28	160.970.759,75
Additions	29.646,04	779.737,39	131.997,55	232.349,82	14.541,26	1.188.272,06
Disposals	(120.845,95)	(980.883,37)	(218.359,71)	(1.402.318,09)	(9.655,57)	(2.732.062,69)
Transfer to investment property	995.281,07	59.334,24	-	11.669,49	(71.003,73)	995.281,07
Foreign currency translation differences	(749.621,08)	(703.963,18)	(113.811,14)	(106.142,90)	(5.545,51)	(1.679.083,81)
Balance at 31 December 2009	90.403.224,96	40.140.982,05	1.969.815,99	26.217.667,65	11.475,73	158.743.166,38
Balance at 1 January 2010	90.403.224,96	40.140.982,05	1.969.815,99	26.217.667,65	11.475,73	158.743.166,38
Additions	145.991,35	470.179,24	232.692,17	302.654,24	805,31	1.152.322,31
Disposals	-	(354.464,06)	(339.670,62)	(1.493.457,51)	(8.041,56)	(2.195.633,75)
Transfer from investment property	2.638.588,21	-	-	-	-	2.638.588,21
Foreign currency translation differences	(139.727,92)	(26.647,10)	13.789,51	22.915,28	(516,12)	(130.186,35)
Balance at 31 December 2010	93.048.076,60	40.230.050,13	1.876.627,05	25.049.779,66	3.723,36	160.208.256,80
Accumulated Depreciation						
Balance at 1 January 2009	14.866.893,65	28.094.499,58	1.505.200,37	23.133.391,47	-	67.599.985,07
Depreciation expense	1.356.350,85	3.013.220,34	219.792,30	1.369.730,47	-	5.959.093,96
Disposals	(22.995,45)	(888.497,66)	(155.844,40)	(1.221.175,47)	-	(2.288.512,98)
Transfer from investment property	61.009,91	-	-	-	-	61.009,91
Foreign currency translation differences	(220.490,51)	(512.838,06)	(62.936,55)	(71.580,69)	-	(867.845,81)
Balance at 31 December 2009	16.040.768,45	29.706.384,20	1.506.211,72	23.210.365,78	-	70.463.730,15
Balance at 1 January 2010	16.040.768,45	29.706.384,20	1.506.211,72	23.210.365,78	-	70.463.730,15
Depreciation expense	1.405.234,41	2.700.677,97	209.847,10	1.166.960,20	-	5.482.719,68
Disposals	-	(300.673,80)	(285.698,44)	(1.442.215,76)	-	(2.028.588,00)
Transfer from investment property	167.497,28	-	-	-	-	167.497,28
Foreign currency translation differences	(29.147,71)	(20.186,20)	8.813,95	16.868,05	-	(23.651,91)
Balance at 31 December 2010	17.584.352,43	32.086.202,17	1.439.174,33	22.951.978,27	-	74.061.707,20
Netbook value at 31 December	**74.362.456,51**	**10.434.597,85**	**463.604,27**	**3.007.301,87**	**11.475,73**	**88.279.436,23**
Netbook value at 31 December	**75.463.724,17**	**8.143.847,96**	**437.452,72**	**2.097.801,39**	**3.723,36**	**86.146.549,60**

Leased assets included in table above as machinery and equipment under finance lease are as follows:

	31/12/2010	**31/12/2009**
Cost	98.799,49	94.886,69
Accumulated depreciation	(60.954,85)	(45.263,11)
Net book value	**37.844,64**	**49.623,58**

Company

	Land-Buildings	Machinery equipment	Transportation assets	Furniture & other equipment	Advances and assets under construction	Total
Cost						
Balance at 1 January 2009	75.534.012,30	27.120.806,85	518.930,10	25.684.359,78	-	128.858.109,03
Additions	27.928,67	504.860,54	1,00	180.345,56	-	713.135,77
Disposals	-	(84.192,29)	(65.671,79)	(1.140.735,93)	-	(1.290.600,01)
Transfer to investment property	995.281,07	-	-	-	-	995.281,07
Balance at 31 December 2009	76.557.222,04	27.541.475,10	453.259,31	24.723.969,41	-	129.275.925,86
Balance at 1 January 2010	76.557.222,04	27.541.475,10	453.259,31	24.723.969,41	-	129.275.925,86
Additions	144.120,31	349.627,59	20.376,61	195.978,52	-	710.103,03
Disposals	-	(242.916,03)	(97.794,80)	(1.352.082,69)	-	(1.692.793,52)
Transfer from investment property	2.638.588,21	-	-	-	-	2.638.588,21
Balance at 31 December 2010	79.339.930,56	27.648.186,66	375.841,12	23.567.865,24	-	130.931.823,58
Accumulated Depreciation						
Balance at 1 January 2009	10.471.712,22	18.213.615,26	490.270,65	21.828.972,85	-	51.004.570,98
Depreciation expense	1.074.428,75	1.941.054,90	10.357,31	1.235.472,39	-	4.261.313,35
Disposals	-	(66.635,50)	(65.671,61)	(1.100.667,84)	-	(1.232.974,95)
Transfer from investment property	61.009,91	-	-	-	-	61.009,91
Balance at 31 December 2009	11.607.150,88	20.088.034,66	434.956,35	21.963.777,40	-	54.093.919,29
Balance at 1 January 2010	11.607.150,88	20.088.034,66	434.956,35	21.963.777,40	-	54.093.919,29
Depreciation expense	1.139.706,81	1.768.655,96	10.019,62	1.024.664,54	-	3.943.046,93
Disposals	-	(197.755,43)	(97.794,70)	(1.335.128,16)	-	(1.630.678,29)
Transfer from investment property	167.497,28	-	-	-	-	167.497,28
Balance at 31 December 2010	12.914.354,97	21.658.935,19	347.181,27	21.653.313,78	-	56.573.785,21
Netbook value at 31 December	**64.950.071,16**	**7.453.440,44**	**18.302,96**	**2.760.192,01**	**-**	**75.182.006,57**
Netbook value at 31 December	**66.425.575,59**	**5.989.251,47**	**28.659,85**	**1.914.551,46**	**-**	**74.358.038,37**

There is no property, plant and equipment that have been pledged as security for either the Group or the Company.

During the current fiscal year the net book value amounting to Euro 2.471.090,93 was transferred from investment property to owner occupied tangible assets due to the termination of the lease terms and the change of use of the aforementioned tangible assets.

16. Investment property

	Group	Company
Cost		
Balance at 1 January 2009	19.608.494,86	17.641.708,19
Transfers from/ (to) owner occupied properties	(995.281,07)	(995.281,07)
Additions	71,33	71,33
Foreign currency translation differences	(99.260,90)	-
Balance at 31 December 2009	18.514.024,22	16.646.498,45
Balance at 1 January 2010	18.514.024,22	16.646.498,45
Transfers from/ (to) owner occupied properties	(2.638.588,21)	(2.638.588,21)
Additions	269,64	269,64
Foreign currency translation differences	(11.261,25)	-
Balance at 31 December 2010	15.864.444,40	14.008.179,88
Accumulated Depreciation		
Balance at 1 January 2009	1.210.645,96	827.039,22
Transfers from/ (to) owner occupied properties	(61.009,91)	(61.009,91)
Depreciation expense	370.924,74	317.756,82
Foreign currency translation differences	(19.314,56)	-
Balance at 31 December 2009	1.501.246,23	1.083.786,13
Balance at 1 January 2010	1.501.246,23	1.083.786,13
Transfers from/ (to) owner occupied properties	(167.497,28)	(167.497,28)
Depreciation expense	307.547,16	254.028,78
Foreign currency translation differences	(3.143,14)	-
Balance at 31 December 2010	1.638.152,97	1.170.317,63
Netbook value at 31 December 2009	**17.012.777,99**	**15.562.712,32**
Netbook value at 31 December 2010	**14.226.291,43**	**12.837.862,25**

Rental income from investment properties for the years 2010 and 2009 for the Group and the Company are:

	Group	Company
	1/1/2009 - 31/12/2009	**1/1/2009 - 31/12/2009**
Rental Income from investment properties	1.543.253,57	1.210.835,02
	1/1/2010 - 31/12/2010	**1/1/2010 - 31/12/2010**
Rental Income from investment properties	1.420.832,20	1.005.171,34

The fair value of investment property does not differ from the carrying amount as presented in the separate and consolidated financial statements.

17. Intangible assets

Group

	Trademarks and licences	Software	Internally generated software	Internally generated software under construction	Total
Cost					
Balance at 1 January 2009	1.875.444,32	56.195.966,32	40.923.892,47	17.242.898,76	116.238.201,87
Additions	2.758,76	10.181.912,90	-	9.090.381,96	19.275.053,62
Transfers	-	-	14.193.953,46	(14.193.953,46)	-
Writte offs	(569.573,92)	(9.446,52)	-	-	(579.020,44)
Foreign currency translation differences	(40.244,91)	(9.679,81)	(2.096,92)	-	(52.021,64)
Balance at 31 December 2009	1.268.384,25	66.358.752,89	55.115.749,01	12.139.327,26	134.882.213,41
Balance at 1 January 2010	1.268.384,25	66.358.752,89	55.115.749,01	12.139.327,26	134.882.213,41
Additions	14.574,71	526.555,03	-	10.282.099,15	10.823.228,89
Transfers	-	-	13.842.440,23	(13.842.440,23)	-
Writte offs	(2.863,61)	(5.541,75)	-	-	(8.405,36)
Foreign currency translation differences	(711,15)	14.479,07	(1.233,84)	-	12.534,08
Balance at 31 December 2010	1.279.384,20	66.894.245,24	68.956.955,40	8.578.986,18	145.709.571,02
Accumulated amortization					
Balance at 1 January 2009	1.728.837,72	54.911.186,76	19.826.620,48	-	76.466.644,96
Amortisation expense	111.540,31	2.376.787,29	7.510.533,25	-	9.998.860,85
Writte offs	(569.573,92)	(6.595,81)	-	-	(576.169,73)
Foreign currency translation differences	(32.637,62)	(8.619,31)	35,37	-	(41.221,56)
Balance at 31 December 2009	1.238.166,49	57.272.758,93	27.337.189,10	-	85.848.114,52
Balance at 1 January 2010	1.238.166,49	57.272.758,93	27.337.189,10	-	85.848.114,52
Amortisation expense	47.855,40	3.580.087,52	17.905.648,73	-	21.533.591,65
Writte offs	(2.863,61)	(5.518,35)	-	-	(8.381,96)
Foreign currency translation differences	(1.164,60)	15.375,68	(1.135,92)	-	13.075,16
Balance at 31 December 2010	1.281.993,68	60.862.703,78	45.241.701,91	-	107.386.399,37
Net book value at 31 December 2009	**30.217,76**	**9.085.993,96**	**27.778.559,91**	**12.139.327,26**	**49.034.098,89**
Net book value at 31 December 2010	**(2.609,48)**	**6.031.541,46**	**23.715.253,49**	**8.578.986,18**	**38.323.171,65**

Company

	Trademarks and licences	Software	Internally generated software	Internally generated software under construction	Total
Cost					
Balance at 1 January 2009	1.087.642,81	55.911.172,86	40.798.173,11	17.242.898,76	115.039.887,54
Additions	-	10.174.358,25	-	9.090.381,96	19.264.740,21
Transfer	-	-	14.193.953,46	(14.193.953,46)	-
Disposals	-	(4.261,62)	-	-	(4.261,62)
Balance at 31 December 2009	1.087.642,81	66.081.269,49	54.992.126,57	12.139.327,26	134.300.366,13
Balance at 1 January 2010	1.087.642,81	66.081.269,49	54.992.126,57	12.139.327,26	134.300.366,13
Additions	-	509.326,03	-	10.245.752,70	10.755.078,73
Transfer	-	-	13.842.440,23	(13.842.440,23)	-
Writte offs	-	(5.274,50)	-	-	(5.274,50)
Balance at 31 December 2010	1.087.642,81	66.585.321,02	68.834.566,80	8.542.639,73	145.050.170,36
Accumulated amortization					
Balance at 1 January 2009	1.087.542,75	54.648.947,95	19.743.151,07	-	75.479.641,77
Amortisation expense	50,00	2.368.366,68	7.510.533,25	-	9.878.949,93
Disposals	-	(4.261,56)	-	-	(4.261,56)
Balance at 31 December 2009	1.087.592,75	57.013.053,07	27.253.684,32	-	85.354.330,14
Balance at 1 January 2010	1.087.592,75	57.013.053,07	27.253.684,32	-	85.354.330,14
Amortisation expense	49,95	3.557.676,87	17.893.335,67	-	21.451.062,49
Writte offs	-	(5.274,48)	-	-	(5.274,48)
Balance at 31 December 2010	1.087.642,70	60.565.455,46	45.147.019,99	-	106.800.118,15
Net book value at 31 December 2009	**50,06**	**9.068.216,42**	**27.738.442,25**	**12.139.327,26**	**48.946.035,99**
Net book value at 31 December 2010	**0,11**	**6.019.865,56**	**23.687.546,81**	**8.542.639,73**	**38.250.052,21**

During the year the management considered the overall market conditions and the rapid technological developments in the telecommunications industry and decided to reassess and revise the useful lives of intangibles assets. As a result of the above, the useful lives of certain intangibles were revised and amortization accelerated. The change in accounting estimates has been accounted for the following intangible assets which were affected:

Product IBAS & WIBAS
For the intangibles assets relating to IBAS and WIBAS product families, management has reassessed the present market conditions and the decline in sales; and has revised the estimated useful lives from 5 years to 4 years. Based on the current trend in sales and management's projections of the future, these products are expected not to last in the market for more than 4 years from the date each product's development costs were capitalized. The effect of the accelerated depreciation on the statement of comprehensive income for the year 2010 amounted to approximately Euro 7.239.000,00.

FS-CDN
For the intangible asset FS/CDN, the management revised the market expectations which have changed rapidly in the past two years and as a result only a few entities have shown an interest in the product. On this basis, management decided to fully amortize the book value of approximately Euro 4.332.000,00 for the FS/CDN in 2010.

18. Investments in subsidiaries

Movement in investments in subsidiaries is analysed as follows:

	Company	
	31/12/2010	**31/12/2009**
Balance at the beginning of the year	19.510.097,05	19.268.097,05
Establishment of subsidiary	-	242.000,00
Balance at the end of the year	**19.510.097,05**	**19.510.097,05**

In the separate financial statement of the Company it was examined whether there is evidence of indication of impairment of the carrying amounts of the investments in subsidiaries. From the aforementioned process it was revealed that no indications of impairment exist.

The interests held in subsidiaries and the carrying amounts of their net assets at 31 December are as follows:

Subsidiaries		31/12/2010		31/12/2009	
Company name	**Country of incorporation**	**% Interest held**	**Accounting Value**	**% Interest held**	**Accounting Value**
Intracom Svyaz	Russia	100,00%	430.760,79	100,00%	430.760,79
Intracom doo Skopje	FYROM	100,00%	680.000,00	100,00%	680.000,00
Intracom Bulgaria SA	Bulgaria	100,00%	2.909.951,23	100,00%	2.909.951,23
Intracom Holdings International Ltd	Cyprus	100,00%	3.352.984,57	100,00%	3.352.984,57
Intralban SHA	Albania	95,00%	1.943.048,16	95,00%	1.943.048,16
Intrarom SA	Romania	73,68%	9.951.352,30	73,68%	9.951.352,30
Sitronics Intracom India Private limited	India	95,00%	242.000,00	95,00%	242.000,00
		Total	**19.510.097,05**		**19.510.097,05**

The Sub Group subsidiaries through subsidiary Intracom Holdings International Ltd are presented below:

Company name	Country of incorporation	% Interest held 31/12/2010	% Interest held 31/12/2009
Intracom Holdings International Ltd	Cyprus	100,00%	100,00%
- Intracom Middle East FZE	UAE	100,00%	100,00%
- Intracom Middle East LLC	UAE	100,00%	100,00%
- Conklin Corporation	USA	100,00%	100,00%
- Intracom Doo Belgrade	Serbia	100,00%	100,00%
- E-Teleserv	Serbia	100,00%	100,00%
- Intracom Doo Armenia	Armenia	100,00%	100,00%
- Intracom Telecom Technologies Ltd	Cyprus	100,00%	100,00%
- Intracom Operations Ltd	Cyrpus	100,00%	100,00%
-Intracom Telecom Solutions S.R.L.	Moldove	100,00%	100,00%
-Intracom Telecom Solutions Saudi Arabia	Saudi Arabia	95,00%	95,00%
-Sitronics Intracom India Private Limited	India	5,00%	5,00%

During the first quarter of 2009 the Group completed all necessary procedures for the establishment of its subsidiary company named "Sitronics Intracom India Private Limited" which is based in India and is engaged in the construction of telecommunication systems and the delivery of integrated telecommunications solutions and professional services to mobile and fixed telephony service providers.The Group holds through its subsidiary "Intracom Telecom Holdings International Ltd" the 100% of the share capital of "Sitronics Intracom India Private Limited" which amounts to Euro 254.725,00.

During the fourth quarter of 2009 the Group completed all necessary procedures for the establishment of its subsidiary company named "E Teleserv" which is based in Belgrade and is engaged in the trade of prepaid sim cards. The Group holds through its subsidiary "Intracom Doo Belgrade" the 100% of the share capital of "Sitronics Intracom India Private Limited" which amounts to Euro 313.785,23. From the total amount of share capital the amount of Euro 500 was paid in cash and the amount of Euro 313.285,23 was cash in kind. "Intracom Doo Belgrade" parent of " E Teleserv", transferred to the latter its tangible assets and inventory relating to retail telecommunications,retail prepaid airtime,prepaid scratch cards and card phones..

19. Investments in associates

Neither the Group nor the Company has investment in associates**.**

20. Available for sale investments

Available for sale investments are investments in the share capital of non-listed companies «Intracom Construct» και «Lotrom» of 8% and 16% respectively. These investments are measured at cost as they are not publicly traded, and therefore their fair value may not be reliably measured.

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Balance at the beginning of the year	274.795,64	525.954,83	-	-
Impairement loss	-	(224.615,00)	-	-
Foreign currency translation differences	(1.657,03)	(26.544,19)	-	-
Balance at the end of the year	**273.138,61**	**274.795,64**	**-**	**-**

Available for sale investments:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Non listed securities				
Equity securities	273.138,61	274.795,64	-	-
	273.138,61	**274.795,64**	**-**	**-**

21. Other financial assets

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Loan to subsidiaries (Note 37)	-	-	14.894.728,44	19.784.989,92
	-	**-**	**14.894.728,44**	**19.784.989,92**

22. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The gross amounts are as follows:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Deferred tax Assets:				
To be recovered after more than 12 months	11.759.754,24	6.611.132,88	10.837.894,26	5.558.097,92
To be recovered within 12 months	5.819.111,27	9.291.105,01	5.580.450,52	9.236.520,71
	17.578.865,51	15.902.237,89	16.418.344,78	14.794.618,63
Deferred Tax Liabilities:				
To be settled after more than 12 months	(2.161.294,27)	(1.269.293,73)	(2.133.745,07)	(1.210.098,95)
To be settled within 12 months	(2.132.024,09)	(2.314.242,88)	(2.132.024,09)	(2.302.500,93)
	(4.293.318,36)	(3.583.536,61)	(4.265.769,16)	(3.512.599,88)
	13.285.547,15	**12.318.701,28**	**12.152.575,62**	**11.282.018,75**
Non-current Assets	13.288.135,69	12.335.586,38	12.152.575,62	11.282.018,75
Non-current liabilities	(2.588,54)	(16.885,10)	-	-
	13.285.547,15	**12.318.701,28**	**12.152.575,62**	**11.282.018,75**

The movement on the deferred income tax account is as follows:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Balance at the beginning of the year	12.318.701,28	12.137.467,35	11.282.018,75	10.708.315,97
(Charged)/Credited to statement of comprehensive income (note 14)	946.041,85	287.044,72	870.556,87	573.702,78
Foreign currency translation differences	20.804,02	(105.810,79)	-	-
Balance at the end of the year	**13.285.547,15**	**12.318.701,28**	**12.152.575,62**	**11.282.018,75**

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, is as follows:

Group

Deferred Tax Assets:

	Accrued Expenses	Impairment of Inventory	Other	Total
Balance at 1 January 2009	840.397,18	10.844.838,86	1.617.282,28	16.235.801,87
(Charged)/Credited to statement of comprehensive income	1.911.929,60	(2.916.683,06)	(153.331,26)	(127.756,46)
Transfers	-	-	(97.421,76)	(97.421,76)
Foreign currency translation differences	(12.810,31)	-	(20.486,64)	(108.385,76)
Balance at 31 December 2009	**2.739.516,47**	**7.928.155,80**	**1.346.042,62**	**15.902.237,89**
Balance at 1 January 2010	2.739.516,47	7.928.155,80	1.346.042,62	15.902.237,89
(Charged)/Credited to statement of comprehensive income	117.479,29	(12.862,03)	1.484.917,76	1.832.102,74
Transfers	-	-	(176.558,27)	(176.558,27)
Foreign currency translation differences	2.331,04	-	(1.503,46)	21.083,15
Balance at 31 December 2010	**2.859.326,80**	**7.915.293,77**	**2.652.898,65**	**17.578.865,51**

Deferred Tax Liabilities:

	Accelerated Tax Depreciation	Accrued Income	Other	Total
Balance at 1 January 2009	(2.351.345,79)	(716.313,40)	(1.030.675,33)	(4.098.334,52)
Charged to statement of comprehensive income	159.392,23	(179.487,54)	434.896,49	414.801,18
Transfers	-	-	97.421,76	97.421,76
Foreign currency translation differences	4,77	-	2.570,20	2.574,97
Balance at 31 December 2009	**(2.191.948,79)**	**(895.800,94)**	**(495.786,88)**	**(3.583.536,61)**
Balance at 1 January 2010	(2.191.948,79)	(895.800,94)	(495.786,88)	(3.583.536,61)
(Charged)/Credited to statement of comprehensive income	134.235,22	(632.849,18)	(387.446,93)	(886.060,89)
Transfers	-	-	176.558,27	176.558,27
Foreign currency translation differences	(104,81)	-	(174,32)	(279,13)
Balance at 31 December 2010	**(2.057.818,38)**	**(1.528.650,12)**	**(706.849,86)**	**(4.293.318,36)**

The Group has unused tax losses of Euro 44.831.261 ($59.903.531) (2009: Euro 40.274.607 ($ 58.019.599)), for which no deferred tax asset has been recognized in the statement of financial position since it is not probable that taxable profits will be available in the future periods against which the deductible temporary difference can be utilised.

Company

Deferred Tax Assets:

	Provisions	Tax Losses	Accrued Expenses	Impairment of Inventory	Other	Total
Balance at 1 January 2009	2.298.678,37	-	763.135,92	10.844.838,86	839.485,88	14.746.139,03
(Charged) / Credited to statement of comprehensive income	1.438.320,44	-	1.956.479,90	(2.916.683,06)	(332.215,92)	145.901,36
Transfers	-	-	-	-	(97.421,76)	(97.421,76)
Balance at 31 December 2009	**3.736.998,81**	**-**	**2.719.615,82**	**7.928.155,80**	**409.848,20**	**14.794.618,63**
Balance at 1 January 2010	3.736.998,81	-	2.719.615,82	7.928.155,80	409.848,20	14.794.618,63
(Charged) / Credited to statement of comprehensive income	142.549,87	-	116.216,12	(12.862,03)	1.554.380,46	1.800.284,42
Transfers	-	-	-	-	(176.558,27)	(176.558,27)
Balance at 31 December 2010	**3.879.548,68**	**-**	**2.835.831,94**	**7.915.293,77**	**1.787.670,39**	**16.418.344,78**

Deferred Tax Liabilities:

	Accelerated Tax Depreciation	Accrued Income	Other	Total
Balance at 1 January 2009	(2.351.345,79)	(716.313,40)	(970.163,87)	(4.037.823,06)
Charged to statement of comprehensive income	159.598,91	(179.487,54)	447.690,05	427.801,42
(Charged) / Credited to equity	-	-	97.421,76	97.421,76
Balance at 31 December 2009	**(2.191.746,88)**	**(895.800,94)**	**(425.052,06)**	**(3.512.599,88)**
Balance at 1 January 2010	(2.191.746,88)	(895.800,94)	(425.052,06)	(3.512.599,88)
(Charged) / Credited to statement of comprehensive income	140.975,98	(632.849,18)	(437.854,35)	(929.727,55)
Transfers	-	-	176.558,27	176.558,27
Balance at 31 December 2010	**(2.050.770,90)**	**(1.528.650,12)**	**(686.348,14)**	**(4.265.769,16)**

In ''Deferred Tax Assets'' and specifically in category ''Other'' of the Group and the Company it is included a credit balance in the statement of comprehensive income of Euro 1.755.759,18,which relates to the effect of the changes in the accounting estimates of the useful lives of specific product groups, intangible assets. Refer to Note 17.
The Company does not have unused tax losses for the fiscal year 2010.

23. Inventories

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Raw materials	38.974.956,93	43.332.898,51	26.255.789,34	30.038.684,24
Semi-finished goods	9.891.665,14	11.532.221,40	8.670.626,13	9.293.171,67
Finished goods	25.607.092,41	22.868.571,52	20.335.710,75	21.676.890,12
Work in progress	604.612,97	1.687.027,87	-	-
Merchandise	14.857.476,61	20.219.569,97	14.040.308,43	19.096.982,53
Total	**89.935.804,06**	**99.640.289,27**	**69.302.434,65**	**80.105.728,56**
Less: Provision for slow moving & obsolete inventories				
Raw materials	17.138.751,81	16.624.813,48	16.074.535,21	15.961.456,69
Semi-finished goods	5.545.435,50	5.118.397,54	5.134.958,04	4.768.916,62
Finished goods	11.628.408,22	10.955.036,76	10.921.680,74	10.253.014,76
Merchandise	4.284.553,92	4.335.089,29	4.260.981,35	4.252.859,86
	38.597.149,45	**37.033.337,07**	**36.392.155,34**	**35.236.247,93**
Total net realisable value	**51.338.654,61**	**62.606.952,20**	**32.910.279,31**	**44.869.480,63**

During the financial year ended December 31,2010 the additional provision for slow moving and obsolete inventory provided by the Group and the Company amounted to Euro 3.559.002,84 and Euro 3.159.037,58 respectively.

For the year ended 31 December 2009, an additional provision for slow-moving and obsolete inventory was provided for; amounting to a total of Euro 7.599.094,33 and Euro 7.091.803,16 for the Group and Company respectively

During the current and prior period there are no pledges over the inventories of the Group and the Company.

24. Trade and other receivables

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Trade receivables	163.593.892,39	148.304.958,99	121.809.063,56	93.101.374,02
Less: provision for impairment	(12.327.221,77)	(10.202.025,80)	(11.276.810,59)	(9.261.001,96)
Trade receivables - net	151.266.670,62	138.102.933,19	110.532.252,97	83.840.372,06
Advances to customers	17.687.131,46	15.964.011,61	14.270.939,35	14.227.536,47
Receivables from related parties(note 37	87.219.059,19	90.627.592,13	124.592.556,75	130.348.111,32
Other receivables	12.943.106,45	10.124.894,45	5.384.534,92	5.776.084,52
Total	**269.115.967,72**	**254.819.431,38**	**254.780.283,99**	**234.192.104,37**
Non current assets	26.705.967,16	35.996.797,88	10.267.685,49	20.656.725,12
Current assets	242.410.000,56	218.822.633,50	244.512.598,50	213.535.379,25
	269.115.967,72	**254.819.431,38**	**254.780.283,99**	**234.192.104,37**

The amortised cost of non current receivables was estimated based on their future cash flows, discounted at an average interest rate of 3,048 % (2009: 3.643 %).

The movement of the provision for impairment of trade receivables for the financial years ended December 31, 2010 and December 31, 2009 for the Group and the Company is as follows:

	Group	**Company**
Balance at 1 January 2009	**(4.699.008,26)**	**(3.813.124,86)**
Charge for the year (Note 10)	(10.036.294,42)	(9.230.754,48)
Utilised	4.378.766,07	3.701.068,68
Unused amounts reversed	42.796,45	-
Currency Translation Differences	111.714,36	81.808,70
Balance at 31 December 2009	**(10.202.025,80)**	**(9.261.001,96)**
Balance at 1 January 2010	**(10.202.025,80)**	**(9.261.001,96)**
Charge for the year (Note 10)	(3.291.928,13)	(2.892.000,00)
Utilised	275.054,35	-
Unused amounts reversed	1.206.164,08	1.206.164,08
Currency Translation Differences	(314.486,27)	(329.972,71)
Balance at 31 December 2010	**(12.327.221,77)**	**(11.276.810,59)**

The ageing analysis of trade receivables as at 31 December 2010 and 31 December 2009, for the Group and the Company is as follows:

Group

			Past due but not impaired				
	Total	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	>120 days
2010	151.266.670,62	95.509.097,59	3.425.719,67	2.318.954,65	3.808.649,70	3.858.211,65	42.346.037,36
2009	138.102.933,19	87.476.828,75	5.614.775,37	4.459.491,62	2.390.297,66	2.905.339,17	35.256.200,62

Company

			Past due but not impaired				
	Total	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	>120 days
2010	110.532.252,97	74.097.657,58	1.457.383,82	2.186.075,72	2.914.767,63	3.643.459,54	26.232.908,68
2009	83.840.372,06	56.204.184,87	1.105.447,49	1.658.171,23	2.210.894,97	2.763.618,72	19.898.054,78

Collection of trade receivables related to long-term construction contracts is performed gradually upon project acceptance by the client. Therefore the contracts do not specify exact dates of settlement of the invoices issued and consequently the total balance of trade receivables is considered as not past due. During the current and prior period there are no pledges over trade and other receivables of the Group and the Company.

25. Cash and cash equivalents

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Cash at bank and in hand	20.751.153,96	20.030.930,69	10.689.084,53	3.791.527,91
Short-term bank deposits	57.368.969,91	55.892.573,77	39.917.011,15	54.134.693,02
Total	**78.120.123,87**	**75.923.504,46**	**50.606.095,68**	**57.926.220,93**

Bank deposits return interest income based on daily floating rates of interest deposits. Short-term bank deposits are performed for periods from one day to three months, according to Group cash-flow needs and return interest income on these specific short-term interest rates. Fair-values of cash-equivalents and short-term cash deposits are Euro 78.120.123,87 for the Group (2009 Euro 75.923.504,46) and Euro 50.606.095,68 for the Company (2009 Euro 57.926.220,93).

Effective interest rate of short-term bank deposits for the Company was 1,42% (2008: 1,39%).

Cash and cash equivalents are analyzed in the following currencies:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Euro	38.199.544,93	9.633.165,79	33.969.100,17	8.199.666,85
US Dollar	26.197.489,54	18.251.320,65	16.633.415,68	18.146.847,95
Japanese Yen	-	29.615.902,07	-	29.615.902,07
Other	13.723.089,40	18.423.115,95	3.579,83	1.963.804,06
	78.120.123,87	**75.923.504,46**	**50.606.095,68**	**57.926.220,93**

26. Non current-assets classified as held for sale and discontinued operations.

During the current and prior period no non-current assets were classified as held for sale and discontinued operations.

27. Share capital

	Number of shares	Ordinary shares	Total
Balance at 1 January 2009	7.760.456	227.769.383,60	227.769.383,60
Balance at 31 December 2009	**7.760.456**	**227.769.383,60**	**227.769.383,60**
Balance at 1 January 2010	7.760.456	227.769.383,60	227.769.383,60
Balance at 31 December 2010	**7.760.456**	**227.769.383,60**	**227.769.383,60**

During the current and prior year, no changes in the Company's share capital took place.

As at 31 December 2010 and 2009 the Company's authorized, issued and fully paid share capital comprised of Euro 7.760.456 shares at nominal value Euro 29,35 each.

28. Other reserves

Group

	Statutory reserve	Tax free reserves	Other reserves	Foreign currency translation diffreences	Total
Balance at 1 January 2009	492.944,84	40.414.925,12	(1.654.238,36)	(1.003.610,03)	38.250.021,57
Foreign currency translation differences	-	-	-	(747.710,53)	(747.710,53)
Balance at 31 December 2009	**492.944,84**	**40.414.925,12**	**(1.654.238,36)**	**(1.751.320,56)**	**37.502.311,04**
Balance at 1 January 2010	492.944,84	40.414.925,12	(1.654.238,36)	(1.751.320,56)	37.502.311,04
Foreign currency translation differences	-	-	-	(1.473.262,39)	(1.473.262,39)
Balance at 31 December 2010	**492.944,84**	**40.414.925,12**	**(1.654.238,36)**	**(3.224.582,95)**	**36.029.048,65**

Company

	Statutory reserve	Tax free reserves	Other reserves	Foreign currency translation diffreences	Total
Balance at 1 January 2009	1.906,30	40.414.925,12	(1.881.084,12)	-	38.535.747,30
Balance at 31 December 2009	**1.906,30**	**40.414.925,12**	**(1.881.084,12)**	**-**	**38.535.747,30**
Balance at 1 January 2010	1.906,30	40.414.925,12	(1.881.084,12)	-	38.535.747,30
Balance at 31 December 2010	**1.906,30**	**40.414.925,12**	**(1.881.084,12)**	**-**	**38.535.747,30**

(a) Statutory reserve

A legal reserve is created under the provisions of Greek law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the profit (after tax) for the year must be transferred to the reserve until it reaches one third of the paid share capital. The legal reserve can only be used, after approval of the Annual General meeting of the shareholders, to offset accumulated losses and therefore cannot be used for any other purpose.

(b) Tax free reserves under special laws

This account includes reserves created from profits, which were used for the acquisition of new fixed assets employed in the production process and are therefore regarded as tax-free under special provisions of incentive laws in force each time. Therefore, this reserve is created from profits for which no tax is calculated or paid. According to the Greek Tax Law tax free reserves are non taxable provided that they remain undistributed. In the case of distribution, tax is calculated at the current tax rate.

Since the Company has no intention of distributing part or whole of these reserves in the near future it has not provided for deferred income tax.

29. Interest-bearing loans and borrowings

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Long term borrowings				
Floating rate bank borrowings	-	119.156.923,50	-	119.156.923,50
Obligations under finance leases	129.909,92	28.179,02	-	-
Total long term borrowings	129.909,92	119.185.102,52	-	119.156.923,50
Short term borrowings				
Bank overdrafts	-	70.833,03	-	-
Floating rate bank borrowings	149.642.096,54	45.728.125,72	148.893.705,59	45.033.970,51
Obligations under finance leases	56.852,15	19.843,51	-	-
Total short term borrowings	149.698.948,69	45.818.802,26	148.893.705,59	45.033.970,51
Total borrowings	**149.828.858,61**	**165.003.904,78**	**148.893.705,59**	**164.190.894,01**

On June 27, 2008 the Company signed a Bond loan agreement of Euro 150.000.000 bearing an interest rate of Euribor plus an adjusted margin which is related to the financial ratios of "Total Net Debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)" and "Total Net Debt to Total Equity". The Bond loan shall be repaid as follows: Euro 15.000.000, 12 months after the issuance date, Euro 15.000.000, 24 months after the issuance date and Euro 120.000.000, 36 months after the issuance date. The Company may request the extension of the Final Maturity twice for one year at each time. The bond loan is guaranteed by JSC SITRONICS and INTRACOM HOLDINGS by 51% and 49% respectively.

The weighted average effective interest rate for the Group and the Company for 2010 was 3,072% and 3,048% respectively. (2009: 3,670% and 3,643% respectively).

The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Euro	148.840.388,38	164.196.576,45	148.893.705,59	164.190.894,01
US Dollar	748.390,95	694.155,21	-	-
Other	240.079,28	113.173,12	-	-
	149.828.858,61	**165.003.904,78**	**148.893.705,59**	**164.190.894,01**

The maturity of non-current borrowings is as follows:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Between 1 and 2 years	55.469,84	14.962,35	-	-
Between 2 and 5 years	74.440,08	119.170.140,17	-	119.156.923,50
More than 5 years	-	-	-	-
	129.909,92	**119.185.102,52**	**-**	**119.156.923,50**

Finance leases:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Obligations under finance leases - minimum lease payments				
Not later than 1 year	65.259,76	19.843,51	-	-
Between 2 and 5 years	141.518,75	48.022,53	-	-
More than 5 years	-	-	-	-
Total	206.778,51	67.866,04	-	-
Less: Future finance charges on finance leases	(20.016,44)	(19.843,51)	-	-
Present value of obligations under finance lease	**186.762,07**	**48.022,53**	**-**	**-**
Present value of obligations under finance leases is as follows:				
No later than 1 year	56.852,15	19.843,51	-	-
Between 2 and 5 years	129.909,92	28.179,02	-	-
More than 5 years	-	-	-	-
Total	**186.762,07**	**48.022,53**	**-**	**-**

30. Provisions for other liabilities and charges

Analysis of provisions is presented below:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Short term	2.887.941,35	2.775.613,83	1.913.210,86	1.796.528,20
Long term	879.478,20	1.447.139,60	831.889,61	1.323.083,38
Total	**3.767.419,55**	**4.222.753,43**	**2.745.100,47**	**3.119.611,58**

Group

	Warranties	**Unused compensated absences**	**Other**	**Total**
Balance at 1 January 2009	2.903.388,24	730.513,48	1.212.442,19	4.846.343,91
Reclassifications	(9.869,28)	-	-	(9.869,28)
Arising during the year	873.926,54	29.363,73	32.699,51	935.989,78
Utilised	(60.471,89)	-	(1.169.890,33)	(1.230.362,22)
Unused amounts reversed	(295.125,19)	-	17.433,45	(277.691,74)
Foreign currency translation differences	(2.705,65)	(4.923,17)	(34.028,20)	(41.657,02)
Balance at 31 December 2009	**3.409.142,77**	**754.954,04**	**58.656,62**	**4.222.753,43**
Balance at 1 January 2010	3.409.142,77	754.954,04	58.656,62	4.222.753,43
Arising during the year	133.901,20	-	2.914,36	136.815,56
Utilised	(456.829,23)	(129.751,13)	(985,54)	(587.565,90)
Unused amounts reversed	-	-	(2.300,85)	(2.300,85)
Foreign currency translation differences	(4.999,42)	(648,74)	3.365,47	(2.282,69)
Balance at 31 December 2010	**3.081.215,32**	**624.554,17**	**61.650,06**	**3.767.419,55**

Company

	Warranties	Unused compensated absences	Other	Total
Balance at 1 January 2009	2.716.955,86	632.714,84	905.540,70	4.255.211,40
Arising during the year	-	14.654,75	-	14.654,75
Utilised	-	-	(888.782,19)	(888.782,19)
Unused amounts reversed	(261.472,38)	-	-	(261.472,38)
Balance at 31 December 2009	**2.455.483,48**	**647.369,59**	**16.758,51**	**3.119.611,58**
Balance at 1 January 2010	2.455.483,48	647.369,59	16.758,51	3.119.611,58
Utilised	(262.032,39)	(112.478,72)	-	(374.511,11)
Balance at 31 December 2010	**2.193.451,09**	**534.890,87**	**16.758,51**	**2.745.100,47**

31. Government grants

	Group		Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Balance at the beginning of the year	69.355,45	95.484,11	69.355,45	95.484,11
Released to the statement of comprehensive income (Note 11)	(26.561,75)	(26.128,66)	(26.561,75)	(26.128,66)
Balance at the end of the year	**42.793,70**	**69.355,45**	**42.793,70**	**69.355,45**

32. Retirement benefit obligations

Personnel benefit obligations relate to a defined benefit obligation plan under Greek labour law 2112/20, according to which employees are entitled to compensation in the case of contract termination, either due to retirement or redundancy. The Group has the sole responsibility for the funding of the compensation.
According to Romanian labour law in which the largest subsidiary is established, a defined benefit obligation plan is not mandatory on behalf of the Company; while for remaining Group subsidiaries the respective obligation has not been identified through actuary reports as only a small number of employees are employed. The effect on the statement of comprehensive income is considered to be immaterial. The Group is solely responsible for funding the compensation.

	Group		Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Statement of financial position obligations for:				
Pension benefits	**5.842.138,02**	**5.382.006,62**	**5.837.630,69**	**5.377.294,87**
Statement of comprehensive income charge for:				
Pension benefits	**2.483.447,49**	**2.384.488,91**	**2.484.215,42**	**2.379.777,16**

The amounts recognized in the statement of financial position are determined as follows:

	Group		Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Present value of unfunded obligations	6.157.254,57	4.998.898,23	6.152.747,24	4.994.186,48
Unrecognized actuarial profits/(losses)	(315.116,55)	383.108,39	(315.116,55)	383.108,39
Liability on the statement of financial position	**5.842.138,02**	**5.382.006,62**	**5.837.630,69**	**5.377.294,87**

The amounts recognized in the statement of comprehensive income are determined as follows:

	Group		Company	
	1/1/2010-31/12/2010	**1/1/2009-31/12/2009**	**1/1/2010-31/12/2010**	**1/1/2009-31/12/2009**
Current service cost	511.910,38	433.036,07	509.042,58	428.324,32
Interest cost on benefit obligation	297.301,88	277.662,11	296.859,94	277.662,11
Curtailment / Settlement / Termination Benefits	1.637.547,98	1.673.790,73	1.637.547,98	1.673.790,73
Net actuarial (gain) /loss recognized in the year	36.687,25	-	40.764,92	-
Total included in staff costs (Note 13)	**2.483.447,49**	**2.384.488,91**	**2.484.215,42**	**2.379.777,16**

The movement in the liability recognized on the statement of financial position is as follows:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Balance at the beginning of the year	**5.382.006,62**	**5.107.368,10**	**5.377.294,87**	**5.107.368,10**
Total amount recognized in the statement of comprehensive inco	2.483.447,49	2.384.488,91	2.484.215,42	2.379.777,16
Benefits paid	(2.023.879,60)	(2.109.850,39)	(2.023.879,60)	(2.109.850,39)
Exchange differences on foreign plans	563,51	-	-	-
Balance at the end of the year	**5.842.138,02**	**5.382.006,62**	**5.837.630,69**	**5.377.294,87**

The movement of the present value of defined benefit obligations is as follows:

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Present value of defined benefit obligations	**4.998.898,23**	**4.935.346,37**	**4.994.186,48**	**4.935.346,37**
Interest cost	297.301,88	277.662,11	296.859,94	277.662,11
Current service cost	511.910,38	433.036,07	509.042,58	428.324,32
Benefits paid	(2.023.879,60)	(2.109.850,39)	(2.023.879,60)	(2.109.850,39)
Curtailment / Settlement / Termination Benefits	1.637.547,98	1.673.790,73	1.637.547,98	1.673.790,73
Unrecognized actuarial (gains)/losses on obligation	734.912,19	(211.086,66)	738.989,86	(211.086,66)
Exchange differences on foreign plans	563,51	-	-	-
Present value of defined benefit obligations	**6.157.254,57**	**4.998.898,23**	**6.152.747,24**	**4.994.186,48**

The principal actuarial assumptions used were as follows:

	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Discount rate	4,60%	6,20%	4,60%	6,20%
Future salary increases	4,50%	4,50%	4,50%	4,50%
Average increase of long-term inflation rate	2,00%	2,00%	2,00%	2,00%

33. Trade and other payables

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Trade payables	73.594.300,89	64.735.408,76	54.165.204,59	46.468.862,49
Advances from customers	4.279.434,82	14.397.575,05	3.396.935,74	14.089.380,29
Amounts due to related parties (Note 37)	54.032.474,23	43.535.710,77	33.546.162,30	28.221.054,58
Deferred revenue	13.545,80	648.248,33	13.545,80	12.918,64
Accrued expenses	15.964.338,42	14.178.905,16	14.921.589,76	13.363.190,57
Social security and other taxes	8.333.451,05	8.655.144,23	5.095.004,03	5.693.071,41
Other liabilities	4.336.967,63	1.968.600,84	1.043.862,79	1.409.891,54
Total	**160.554.512,84**	**148.119.593,14**	**112.182.305,01**	**109.258.369,52**
Short term	160.000.741,92	147.392.941,78	112.182.305,01	109.258.369,52
Long term	553.770,92	726.651,36	-	-
Total	**160.554.512,84**	**148.119.593,14**	**112.182.305,01**	**109.258.369,52**

Terms and conditions of payment of the above financial liabilities:

Trade payables are non interest-bearing and are usually settled within sixty (60) days.
Other payables are non interest-bearing and are usually settled within sixty (60) days.
Greek Public sector and insurance organizations payables are usually settled within thirty (30) days.

34. Derivative financial instruments

Group	**31/12/2010 Liabilities**	**31/12/2009 Liabilities**
Flexible forward contracts	**17.932,12**	**18.040,90**

Derivative financial instruments are used by the Company to effectively hedge the exposure from foreign currency risks arising from the bank loan (note 29). However, such instruments do not satisfy the conditions for hedge accounting in accordance with IAS 39 and therefore are accounted for as derivative financial instruments held for trading. Consequently gains or losses arising from the changes in fair value are recorded in the statement of comprehensive income.

From the valuation of the flexible forward contract during the fiscal year, a gain of Euro 176.007,33 has risen.

From the valuation of the flexible forward contract during prior period a loss of Euro 18.025,48 arose.

35. Commitments

Capital commitments

There is no capital commitments contracted for at the statement of financial position date but not yet incurred.

Capital commitments relating to internally generated software comprises of: wages, direct materials and directly attributable overheads. The Group - Company is being committed upon the completion of the internally generated software which was under construction at the end of the current financial year. The capital commitments which have been budgeted but not yet realised as at the date of the Statement of financial position amount to approximately Euro 4.694.000 (2009: Euro2.400.000).

Operating lease commitments

Future minimum rentals for property, plant and cars payable under operating leases as at 31 December 2010 and 2009 are as follows:

	Group		**Company**	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Within one year	2.691.520,38	3.882.848,66	1.640.749,92	2.476.467,48
After one year but no more than five years	5.177.299,86	8.648.488,58	3.586.059,60	7.138.346,97
Over five years	3.101.780,17	5.697.885,46	3.085.498,09	5.690.408,29
	10.970.600,41	**18.229.222,70**	**8.312.307,61**	**15.305.222,74**

Operating lease commitments-Group-Company as lessor

Future minimum rentals for investment property receivable under operating leases as at 31 December 2010 and 2009 are as follows:

Future operating lease commitments

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Within one year	1.009.958,77	1.733.759,13	407.855,19	1.011.635,51
After one year but no more than five years	1.939.297,70	2.580.198,74	732.647,30	1.104.203,62
Over five years	184.319,41	508.414,38	184.319,41	212.028,72
	3.133.575,88	**4.822.372,25**	**1.324.821,90**	**2.327.867,85**

36. Contingencies

Both the Group and the Company have contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business as follows:

	Group		Company	
Guarantees issued for:	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**
Customer advances	10.907.602,41	10.600.368,46	7.509.657,32	10.378.365,05
Good performance of contracts	62.623.317,04	73.490.297,37	58.752.373,93	70.070.629,05
Participation in biddings	569.101,89	2.494.103,01	546.642,85	595.767,63
	74.100.021,34	**86.584.768,84**	**66.808.674,10**	**81.044.761,73**

Outstanding legal cases

- Hellenic Telecommunications Company S.A. ("OTE") is currently involved in a proceeding against the Company, originally filed in 26 September 1994, with regard to an action for a claim totalling to Euro 15.545 thousands interest bearing since 18 September 1994. The legal procedures are still continuing. The process of evidence has been completed and the date of the new round proof discussion is expected.A final decision is not expected for at least two years and, in any case, will be subject to appeal. According to the Group's legal advisor's opinion the above claim will not be accepted by the Court.

- A contingency exists with respect to the case with "Telefonia Dialog S.A.", a Polish customer who cashed the bank letter of guarantee of Euro 1.277.094,85, provided by the Company. In respect of legal action against "Telefonia Dialog S.A." the Company as at 2 May 2008 filed a petition with the Polish District court of Wroclaw – Srodmiescie (1st Civil Department). On December 23, 2009 a lawsuit was filed in the Court of Wroclaw, which was rejected. The Company applied for an appeal which was though rejected and in 04/03/2011 the Company appealed against the Supreme Court of Poland.

- The Group and specifically its subsidiary, "Intracom Middle East FZ – LLC", initiated arbitration proceedings against "Integrated Telecom Company Limited" ("I.T.C."). The dispute concerns the recovery of unpaid contractual amounts by "Intracom Middle East FZ – LLC" from "I.T.C." of approximately USD 18.0 million. On May 20, 2010, "I.T.C." submitted its defence which includes a counterclaim of approximately USD 360.0 million. The hearing to the Arbitration Court was completed on 18/04/2011 and the decision is expected.. Based on the assessmenent of the case that has been carried out so far by the Group's legal counsel and the documents and oral evidence presented to them, they believe that the likely outcome will be successful and in favour of "Intracom Middle East FZ – LLC".

Other pending litigations in favour of and against the Group involve amounts which are not material for the financial position and performance of the Group.

Other matters

During the spin off of the telecom segment from Intracom Holdings, the Company received within shareholders' equity, reserves of the segment contributed which were recognised in prior periods under development law 3220/2004. Intracom Holdings received the full tax benefit on initial recognition.

In 2007, the Ministry of Economy and Finance issued a ruling according to which reserves recognised in the past under development law 3220/2004; were now taxable as the initial development law was not in compliance to EU directives.

Therefore, Intracom Holdings paid the benefit from initial recognition of the reserves to the tax authorities; and demanded an account receivable of Euro 1.0 million from Intracom Telecom, an amount which relates to the respective tax of the reserves received from Intracom Telecom at the spin-off date. The reserve as above has been covered by investments made by the Company.

Based on evidence held by the management of the Company; this pending issue is considered as a difference, which is expected to be resolved in the future.

37. Related party transactions

The following transactions are carried out with related parties:

	Group		Company	
	1/1/2010 - 31/12/2010	1/1/2009 - 31/12/2009	1/1/2010 - 31/12/2010	1/1/2009 - 31/12/2009
Sales of goods and services				
To subsidiaries	-	-	39.877.326,21	30.172.348,16
To other related parties	81.196.176,87	106.313.766,09	58.189.139,99	92.881.108,47
	81.196.176,87	**106.313.766,09**	**98.066.466,20**	**123.053.456,63**
Purchases of goods and services				
From subsidiaries	-	-	24.468.013,55	50.836.821,11
From other related parties	13.714.419,23	15.410.190,59	11.282.077,15	11.914.919,52
	13.714.419,23	**15.410.190,59**	**35.750.090,70**	**62.751.740,63**
Rental income				
From subsidiaries	-	-	-	-
From other related parties	894.602,66	973.489,83	733.359,13	973.489,83
	894.602,66	**973.489,83**	**733.359,13**	**973.489,83**

Services rendered to and from related parties, as also sales and purchases of goods, are based on price-lists in effect for non-related parties. Other related parties refer to companies in which the Company's shareholders participate and either exercise control or significant influence.

Year end balances resulting from transactions with related parties are as follows:

	Group		Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Amounts owed by related parties:				
From subsidiaries	-	-	48.331.533,87	49.991.246,55
From other related parties	87.219.059,19	90.627.592,13	76.261.022,88	80.356.864,77
	87.219.059,19	**90.627.592,13**	**124.592.556,75**	**130.348.111,32**
Amounts due to related parties:				
To subsidiaries	-	-	15.106.840,29	4.255.779,06
To other related parties	54.032.474,23	43.535.710,77	18.439.322,01	23.965.275,52
	54.032.474,23	**43.535.710,77**	**33.546.162,30**	**28.221.054,58**

The Company has granted a number of loans to subsidiary «Intracom Holdings International Ltd» which interest is bearing at Euribor and Libor. Outstanding loans as at 31 December 2010 are Euro 13.136.728,44 (2009: Euro 15.957.414,35) and are classified under other financial assets of the Company (Note 21).

In addition, further interest bearing loans were granted out to subsidiaries «Intracom Svyaz» and «Intracom Telecom Technologies Ltd» with carrying values as of 31 December 2010 of Euro 0,00 and Euro 1,758,000,00 respectively (2009: Euro 3.030.075,57 and Euro 797,500,00 respectively). The Company's management does not intend to require the repayment of these loans in the near future (Note 21).

Compensation of key management personnel:

During 2010, an amount of Euro 711.184,15 and Euro 585.521,17 was paid as salaries and fees to the members of the BoD for the Group and Company respectively, and the amounts of Euro 4.526.930,42 and Euro 4.097.566,82 as salaries and fees to other executives for the Group and Company respectively.

In 2009, an amount of Euro 890.863,39 and Euro 589.945,95 was paid as salaries and fees to the members of the BoD for the Group and Company respectively, and the amounts of Euro 5.908.346,09 and Euro 5.254.106,84 as salaries and fees to other executives for the Group and Company respectively.

38. Financial risk management

Financial risk factors
The Group is exposed to a variety of financial risks, including foreign currency exchange risk,and interest rate risk, credit risk, liquidity risk and cash flow risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group as a whole. The financial instruments used by the Group to offset the exposure to specific risks consist mainly of foreign exchange contracts (futures / forwards).
Risk management is carried out by the treasury section of the financial planning and treasury department under policies approved by the Board of Directors.

Market risk
<u>Foreign exchange risk</u>
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
The Company trades mainly in EUR and USD. The foreign exchange risk management is achieved partly through the maximization of natural hedge of assets-liabilities and inflow-outflow denominated in USD and partly through the use of proper derivative financial instruments to hedge net foreign currency position.
The Group’s policy is to maintain only such amounts in foreign currency as necessary to carry on its normal trading activities.

The following table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) for the periods ended 2010 and 2009. For the below stated analysis it has been taken into consideration the Group's loans, derivative financial instruments and cash and cash equivalents as well as trade receivables and payables in USD for the years ended December 31,2010 and 2009 respectively.

Increase in EUR/USD rate	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
3,00%	(1.012.329,19)	(516.282,16)
6,00%	(2.024.658,37)	(1.032.564,32)
9,00%	(3.036.987,56)	(1.548.846,47)
12,00%	(4.049.316,74)	(2.065.128,63)

The following table below demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). For the periods ended 2010 and 2009. For the below stated analysis it has been taken into consideration the Company's loans, derivative financial instruments and cash and cash equivalents as well as trade receivables and payables in USD for the years ended December 31,2010 and 2009 respectively.

Increase in EUR/USD rate	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
3,00%	(1.359.809,86)	(1.154.774,87)
6,00%	(2.719.619,72)	(2.309.549,73)
9,00%	(4.079.429,57)	(3.464.324,60)
12,00%	(5.439.239,43)	(4.619.099,46)

A respective decrease in the foreign exchange rate would result in an equal yet opposite effect on the profit before tax.

Price risk

The Group is exposed to changes in the value of raw materials. The transfer of costs to the final price of products mitigates part of this risk.

Credit risk

The Group has limited exposure on credit risk. Sales of products and services are made to customers with an appropriate credit history. In cases credit is given to customers with un-assessed credit history, the Company obtains bank guarantees or other form of insurance or transfers the risk to suppliers whenever this is possible. The maximum credit risk exposure is represented by the carrying values of assets on the statement of financial position, including derivative financial instruments.

Liquidity risk

The Group manages the risks that may arise from lack of adequate liquidity by ensuring there are always secured bank loans for use. The available undrawn credit to the Group, are sufficient to address any potential shortfall in cash and cash equivalents.

The table below summarizes the maturity profile of the Group's and the Company's financial liabilities at 31 December 2010 and 31 December 2009 based on contractual undiscounted payments.

Group

Year ended 31 December 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	30.052.357,83	1.550.640,00	122.454.756,43	129.909,92	-	154.187.664,18
Trade and other payables	24.908.655,51	23.321.006,29	29.188.651,80	455.422,11	-	77.873.735,71
Derivative financial instruments	-	-	17.932,12	-	-	17.932,12
	54.961.013,34	24.871.646,29	151.661.340,35	585.332,03	-	232.079.332,01

Year ended 31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	30.689.496,44	1.944.581,25	17.531.773,72	129.866.605,69	-	180.032.457,10
Trade and other payables	40.454.816,00	23.334.750,89	15.020.940,67	322.476,25	-	79.132.983,81
Derivative financial instruments	-	-	18.040,90	-	-	18.040,90
	71.144.312,44	25.279.332,14	32.570.755,29	130.189.081,94	-	259.183.481,81

Company

Year ended 31 December 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	30.052.357,83	1.550.640,00	121.649.513,33	-	-	153.252.511,16
Trade and other payables	15.455.849,25	14.545.559,48	27.560.731,60	-	-	57.562.140,33
	45.508.207,08	16.096.199,48	149.210.244,93	-	-	210.814.651,49

Year ended 31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	30.618.663,41	1.944.581,25	16.817.775,00	129.838.426,67	-	179.219.446,33
Trade and other payables	30.839.751,04	15.787.331,36	13.931.160,38	-	-	60.558.242,78
	61.458.414,45	17.731.912,61	30.748.935,38	129.838.426,67	-	239.777.689,11

Cash flow and fair value interest rate risk

The operating income and cash flows of the Group is affected by changes in interest rates. The risk of changing interest rates affect substantially the loan with floating interest rate. Group's policy is to monitor trends in interest rates and decide to combine fixed – floating interest rates according to market conditions and financing needs. During the current period total debt of the Group has entered into a variable rate because it was considered that this risk is limited as the Euro interest rates are expected to remain constant or be reduced in the medium term. Where appropriate and necessary, the Group uses financial derivatives to mitigate the risk of changes in interest rates (Interest rates Swaps).

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) for the fiscal years 2010 and 2009. The analysis below has considered borrowings and cash and cash equivalents of the Company as at 31 December 2010 and 2009 respectively.

Financial Instruments in Euros

Increase in basis points	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
25	(247.737,14)	(271.980,10)
50	(495.474,29)	(543.960,21)
75	(743.211,43)	(815.940,31)
100	(990.948,58)	(1.087.920,41)

Financial Instruments in US Dollars

Increase in basis points	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
25	64.506,39	44.502,53
50	129.012,79	89.005,07
75	193.519,18	133.507,61
100	258.025,58	178.010,14

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax for the years 2010 and 2009 The analysis below has considered borrowings and cash and cash equivalents of the Company as at 31 December 2010 and 2009 respectively.

Financial Instruments in Euros

Increase in basis points	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
25	(211.256,17)	(315.348,64)
50	(422.512,34)	(630.697,29)
75	(633.768,50)	(946.045,94)
100	(845.024,67)	(1.261.394,58)

Financial Instruments in US Dollars

Increase in basis points	Effect on profit before tax 31/12/2010	Effect on profit before tax 31/12/2009
25	42.161,09	45.997,22
50	84.322,18	91.994,44
75	126.483,27	137.991,66
100	168.644,36	183.988,88

A respective decrease in the basis points would result in an equal yet opposite effect on the profit before tax.

Capital management

The primary objective of the Group and Company capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business plans and maximize shareholder value.

The Group and Company manage capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ending 31 December 2010 and 31 December 2009.

The Group and Company monitor capital using gearing ratio, which is net debt divided by total equity plus net debt. The Group and Company's policy is to keep the gearing ratio between 50% and 55%. The Group and the Company include within net debt, interest bearing loans and borrowings and trade and other payables less cash and cash equivalents excluding discontinued operations. Equity includes equity attributable to the equity holders of the parent.

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Interest-bearing loans and borrowings (Note 29)	149.828.858,61	165.003.904,78	148.893.705,59	164.190.894,01
Trade and other payables (Note 33)	160.554.512,84	148.119.593,14	112.182.305,01	109.258.369,52
(minus) Cash and Cash Equivalents (Note 25)	(78.120.123,87)	(75.923.504,46)	(50.606.095,68)	(57.926.220,93)
Net Liabilities	232.263.247,58	237.199.993,46	210.469.914,92	215.523.042,60
Equity due to the holders of the parent company	225.614.310,79	232.282.508,48	239.369.863,17	244.102.538,53
Total equity	225.614.310,79	232.282.508,48	239.369.863,17	244.102.538,53
Total equity and net liabilities	**457.877.558,37**	**469.482.501,94**	**449.839.778,09**	**459.625.581,13**
Ratio of capital structure/leverage	**51%**	**51%**	**47%**	**47%**

Fair value estimation

The fair value of financial instruments traded in active markets (stock exchange) (i.e. derivatives, stocks, bonds) is based on quoted market rates at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

The nominal values less any estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the prevailing market interest rate available to the Group for similar financial instruments.

39. Financial instruments

Fair values

Comparison of fair values against carrying amount as presented in the separate and consolidated financial statements for each category of financial assets and liabilities for the years as at 31 December 2010 and 2009 are as following:

Group

	Carrying amount		Fair value	
	2010	**2009**	**2010**	**2009**
Financial assets				
Cash	78.120.123,87	75.923.504,46	78.120.123,87	75.923.504,46
Available-for-sale investments	273.138,61	274.795,64	273.138,61	274.795,64
Financial liabilities				
Bank overdraft	-	70.833,03	-	70.833,03
Obligations under finance leases	186.762,07	48.022,53	186.762,07	48.022,53
Floating rate borrowings	149.642.096,54	164.885.049,22	149.642.096,54	164.885.049,22
Derivative financial instruments	17.932,12	18.040,90	17.932,12	18.040,90

Company

	Carrying amount		Fair value	
	2010	**2009**	**2010**	**2009**
Financial assets				
Cash	50.606.095,68	57.926.220,93	50.606.095,68	57.926.220,93
Intragroup loans receivable	14.894.728,44	19.784.989,92	14.894.728,44	19.784.989,92
Financial liabilities				
Floating rate borrowings	148.893.705,59	164.190.894,01	148.893.705,59	164.190.894,01

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes receivable and other financial assets have been calculated using market interest rates. For the valuation of unlisted available-for-sale assets see Note 20.

40. Events after the statement of financial position date

There were no events subsequent to the financial statements as at December 31, 2010 relating to the Company or the Group which could materially affect the understanding of those financial statements and should have been reported or altering the amounts of the published financial statements.