INTRACOM SA
DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES

Financial Statements
for the year ended December 31, 2016
in accordance with International Financial Reporting Standards

General Electronic Commercial Registry (G.E.MI.) No.: 006657001000

It is certified that the accompanying Financial Statements are those which were approved by the Board of Directors of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" on 7 April 2017 and have been published posted on the web site at the address http://www.intracomdefense.com.

THE CHAIRMAN OF THE B. OF D.	THE VICE CHAIRMAN OF THE B. OF D.
D. CH. KLONIS ID No. AK 121708/07.10.2011	K. S. KOKALIS ID. No. AI 091122/14.10.2009
THE MANAGING DIRECTOR	**THE FINANCIAL MANAGER**
G. I. TROULLINOS ID. No. S 681748/21.07.1999	K. D. PALMOS ID. No. AK 829005/11.02.2014 E.C.G. LICENCE No. 16941/A' CLASS

THE HEAD OF THE ACCOUNTING DEPT.

E. I. KOUFOPOULOS
ID. No. AM 213304/19.09.2015
E.C.G. LICENCE 5271/A' CLASS

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A) ANNUAL REPORT OF THE BOARD OF DIRECTORS

of the company

"INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS- PRIVATE ENTERPRISE FOR THE PROVISION OF SECURITY SERVICES"

DISTINCTIVE NAME: "INTRACOM DEFENSE ELECTRONICS-IDE"

On the Financial Statements

For the year from 1 January to 31 December 2016

To the Annual General Meeting of Shareholders

Dear Shareholders,

We submit for approval the financial statements of the Company for the year from 1 January to 31 December 2016.

The financial statements for the present year, as also those for the previous years have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

This Annual Report of the Board of Directors was prepared in accordance with the provisions of article 43a of cod. L. 2190/1920.

FINANCIAL RESULTS – ACTIVITY REVIEW

The company sales in fiscal year 2016, amounted to € 57.437 thousand against € 49.664 thousand in fiscal year 2015 increased by 15,65%.

The company's profits before income tax, financing, investing results and total depreciation (EBITDA), amounted to € 3.041 thousand, compared to profit of € 2.558 thousand in 2015, which is an increase of 18,88%. The EBITDA includes impairments of inventories amounting to € 2.027 thousand compared to € 1.637 thousand in 2015.

In terms of income before taxes (EBT), the Company recorded profit of € 1.599 thousand compared to profit of € 973 thousand in year 2015.

The after tax profits amounted to € 911 thousand compared to profit of € 1.229 thousand in the prior year. The after tax results include total impairments of € 2.027 thousand for 2016 and of € 1.637 thousand for 2015.

These changes for the year 2016 and 2015 are presented in the following table:

	2016	2015	Div (%)
Sales	57.437	49.664	15,65%
Gross profit	13.717	15.814	-13,26%
%	*23,88%*	*31,84%*	
Earnings Before Interest, Taxes, Depreciation & Amortazation (EBITDA)	3.041	2.558	18,88%
%	*5,29%*	*5,15%*	
Earnings Before Interest, Taxes (EBIT)	1.543	944	63,54%
%	*2,69%*	*1,90%*	
Earnings Before Taxes (EBT)	1.599	973	64,27%
%	*2,78%*	*1,96%*	
Earnings After Taxes (EAT)	911	1.229	-25,91%
%	*1,59%*	*2,47%*	

The inventories after the aforementioned provisions for impairments amounted to € 22.693 thousand compared to € 20.197 thousand in the previous year, increased by 12,36%.

Trade receivables and other non-current assets in fiscal year 2016 amounted to € 44.594 thousand of which € 21.912 thousand relates to advances paid by the company to suppliers.

Total liabilities amounted to € 50.529 thousand, of which the largest part of € 38.304 thousand, concerns customers advance payments in the frame of projects implementation.

The administrative expenses amounted to € 4.048 thousand compared to € 4.015 in the previous year showing a marginal increase of 0.82% compared to the previous year.

The net financial cost for the fiscal year was positive, amounted to € 56 thousand, while there are no borrowings.

Cash and cash equivalents at the end of the year amounted to € 6.888 thousand compared to € 6.254 thousand at the end of the previous year.

The equity of the Company at the end of the year 2016 amounted to € 63.516 thousand against € 62.625 in the year 2015.

The total Assets amounted in 2016 to € 113.775 thousand against € 82.527 in the year 2015, increased by 37,86%.

The basic financial ratios that depict the financial position of the Company in a static format are as follows:

	2016	2015
a.Financial Structure Ratios		
Current Assets / Total Asests	60,0%	51,5%
Total Equity / Total Liabilities	126,4%	314,7%
Total Equity / Fixed Assets	139,7%	156,4%
Current Assets / Short- term Libilites	196,9%	248,9%
b. Profitability Ratios		
Net Profit / Sales	1,6%	2,5%
Gross Profit / Sales	23,9%	31,8%
Sales / Total Equity	90,4%	79,3%

MAIN EVENTS

In January 2016, IDE (INTRACOM Defense Electronics) proceeded with signing a strategic partnership agreement with Hellenic Defense Systems (EAS SA), the only state-owned weapon and ammunition manufacturer in Greece. This agreement is part of the scheme that seeks to establish a conjoined, coordinated utilization of the different public- and private-sector technological advantages pertaining to the sector of Defense, as well as alignment with the market trends and competition practices at international level.

In June 2016, IDE (INTRACOM Defense Electronics) signed a 4.1 million Euro agreement with Krauss Maffei Wegmann (KMW) for the procurement of WiSPR intercommunication systems, as part of the German Army PzH2000 self-propelled guns upgrade scheme. This agreement follows the successful completion of the prototype PzH2000 retrofit program which was concluded in 2013. During its implementation, WiSPR proved to be superior when in environments with significant noise levels. WiSPR system deliveries pertaining to this scheme will be delivered in 12 months.

In June 2016, Raytheon awarded to IDE (INTRACOM Defense Electronics) the 4-Star Supplier Excellence Award. IDE received Raytheon's Supplier Excellence Award for the 5th consecutive year. This is an award for suppliers that have demonstrated excellent performance i.e. trustworthy products and timely deliveries.

In September 2016, IDE (INTRACOM Defense Electronics) signed agreement with the NSPA (NATO Support and Procurement Agency) for the procurement of WiSPR intercommunication systems at an initial price of 1.3 million Euros. These systems will equip different types of armored vehicles belonging to the Lithuanian Army, which comes 6th in the line of WiSPR (Wideband Intercom & Secure Packet Radio) intercommunication system users in NATO. Scheme deliveries will be implemented in 2017.

The integration of WISPR in MARS II multi-launcher systems of the German Army was successfully completed in November 2016 following final performance tests that took place in Germany. During these tests, WiSPR stood out once again for the superior, top-quality data transmission to military vehicles exposed to high levels of noise.

The delivery of ECDS (Enhanced Control and Display System) to NAMFI (NATO Missile Firing Installation) was successfully completed by IDE in December 2016. ECDS provides support for exercises carried out with ground-to-air and ground-to-ground weaponry and uses state-of-the-art technology for data processing and geographic displays of information. The system is interconnected with a large number of regional systems and unmanned flying targets, providing to NAMFI operators consolidated and reliable tactical images of the operations area, in real time.

IDE signed with RAYTHEON an additional number of agreements throughout 2016, worth a total of $ 4.4 million, as well as agreement with RAM-SYSTEM EUR worth 3 million Euros for the manufacturing of electronic systems for ESSM ground-to-air missile system.

As part of the Company's participation in the PATRIOT anti-missile system scheme, additional agreements have been signed with RAYTHEON Company worth a total of $ 2.4 million

The total price for the total number of agreements signed by the Company in 2016 is € 24,4 million.

GOALS – PERSPECTIVES

The company has adopted a specific policy over the last years and consistently works toward the following objectives:

Boosting its exports to the US by joining the Patriot anti-aircraft missile program and other US defense international-market programs.

Entering new markets with innovative products in areas such as Asia, South America and Africa.

Expanding its partnership with large defense equipment manufacturers (System Integrators) for joining international product sale programmes and achieving integration of IDE's telecommunication products into the integrated solutions offered as well as the joint promotions in third countries.

Utilizing the existing know-how in the fields of Surveillance and Security and joining pertinent European programmes (Horizon 2020, Frontex).

Promoting Hybrid Defense Energy Systems with a view to introducing new innovative products.

Expanding its activities further, following the establishment and implementation of the National Defense Industrial Strategy.

Expanding the services provided for supporting the weapon systems of the Armed Forces.

On 31.12.2016, the backlog of the Company's agreements was worth a total of 100.9 thousand Euros.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company has been consistently investing its funds in research for developing new, innovative products and integrated solutions. The department of research and development is run by highly experienced scientific staff who specialize in the fields of telecommunication, engineering and IT.

Innovation is at the center of the Company's growth model and is consistently supported through significant investments in research and development as well as multi-faceted partnerships with educational institutions and research groups.

Driven by market trends and aiming towards introducing new technologies, the Research & Development Department deals with designing and developing new differentiated products as well as improving existing ones with competitive innovative features.

In this context, the main focus areas prioritized by the Company are Broadband systems, Hybrid power and electricity storage systems, Real-time Data Processing and Geographic Display for Surveillance and Monitoring purposes as well as missile Electronic subsystems.

RISKS AND UNCERTAINTIES

Risks associated with the company's activity

Defense market trend

This is an overview of international military spending for 2016 according to the Stockholm International Peace Research Institute (SIPRI):

Global defense spending for 2016 is estimated to have been $ 1.686 billion, equivalent to 2.2% of the Global Gross Domestic Product (GDP), representing a marginal increase of 0.4% against 2015.

Following 13 consecutive years of successive increases, from 1998 to 2011, global defense spending has now stabilized over the last five years (2012-2016) with little fluctuations.

The largest part of this expenditure over the last years is consistently spent by fifteen (15) particular countries with yearly ranking differentiations only. In 2016, these countries spent $ 1360 billion on defense i.e. 81% of global defense spending.

In 2016, the US, which is at the top of the world military spending list, spent a total of $ 611 billion, which accounts for more than one third (2016: 36%) of global spending, and three times higher than the expenditure of China, which comes second in the world ranking. The remaining 13 countries listed in military spending order for 2016 are: Russia, Saudi Arabia, India, France, the United Kingdom, Japan, Germany, South Korea, Italy, Australia, Brazil, the UAE and Israel.

Different factors cause variations in the amount of military expenses carried out by a country. Armed conflicts, threats of conflict, changes in security perception, national income and the price of oil are amongst the most important.

The price of oil has become significantly important over the last years due to its impact on the national budgets of oil-producing countries. Over the last decade, there has been a strong interrelation between defense spending and the rise or fall in oil prices.

The 2016 shrinking oil revenues and the financial losses linked to persistently low oil prices for a long period of time, forced many oil exporting countries to cut their national budget, which usually also includes cutting military spending. In some cases, the decreases were so severe that they affected regional trends of areas that are financially linked to these countries.

This is the main reason why defense spending in Central and Latin America, Africa, and other countries in the Middle East (for which data is available) dropped in 2016 compared to 2015. The drop also occurred in the Middle East, despite the fact that the majority of the region's countries are currently involved in armed conflicts. The oil price plunge is therefore a determining factor when it comes to decisions to reduce military budgets and highlights the need for structural changes that will reduce the dependency of these countries on oil exports.

In contrast to the above-mentioned areas, annual growth has been recorded both in North America, Central-Eastern and Western Europe as well as in Asia and Oceania.

A remarkable increase in military spending, the largest in the country since 2009, was recorded in 2016 in India, which climbed to 5th place (from 2015’s 7th) in the list of countries with the highest military spending in the world.

Financial Risks

Foreign Exchange Risk

The Company intends to maintain cash in foreign currency, to meet short-term liabilities in that currency. In case of exceeding the holding amount, the company has the ability for the surplus to use hedging mechanisms of exchange rate risk through appropriate bank products.

Cash flow and fair value interest rate risk

The company is in minimal exposure to interest rate risk, due to the eliminated borrowings and the short-term horizon of the cash deposits.

Credit risk

Due to the nature of the company's activities, credit risk concerning payment of trade receivables is limited (Special certified clients or Public Organizations).

Liquidity risk

The Company holds sufficient liquidity in cash and cash equivalents and has the ability to use available undrawn borrowing facilities.

PERSONNEL

The number of company's employees at 31.12.2016 as well as at 31.12.2015 reached 381 employees. Directors' remuneration and key management compensation amounted to € 456.121 in the year 2016 in comparison to € 362.765 in the previous year. There were no receivables or payables from or to the management at year end.

OTHER SIGNIFICANT EVENTS

Until the date of submission of this report, no other event has occurred that could significantly affect the financial position and progress of the Company.

Dear Shareholders,

The Board of Directors considers the reported data as a statement of its proceedings and expects that the General Assembly will approve the management according to the company's interests and the financial statements for the year ended on 31/12/2016.

It also expects that a special resolution by the General Assembly will release the Board of Directors and the Auditors from any liability for the year from 1 January 2016 to 31 December 2016.

In order for the shareholders to be adequately informed, it is stated that the Company has not proceeded to acquisition of treasury shares.

True copy from the minute book of the Board of Directors

Koropi, 07 April 2017

THE MANAGING DIRECTOR (CEO)

GEORGE TROULLINOS

B) Independent Auditor's Report

To the Shareholders of

"INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES"

Report on the Financial Statements

We have audited the accompanying financial statements of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS– PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES", which comprise the balance sheet as at 31 December 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing that have been incorporated into Greek legislation (G.G./B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 entity's system of 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 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 financial statements present fairly, in all material respects, the financial position of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS– PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" as at 31 December 2016, 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

Whereas management is responsible for the preparation of the Report of the Board of Directors, pursuant to the provisions of paragraph 5, article 2 (part B') of L. 4336/2015, we note that:

a) In our opinion the Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of the article 43a of cod. L. 2190/1920 and its content corresponds with the accompanying financial statements for the year ended 31.12.2016.

b) Based on our understanding obtained when performing our audit of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS– PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" and its environment, we have not identified any material misstatements in the Report of the Board of Directors.

Athens, 10 April 2017

Michalis Chatzistavrakis

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 26581

Associated Certified Public Accountants s.a.

member of Crowe Horwath International

3, Fok. Negri Street – 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125

C) Annual Financial Statements in accordance with IFRS

Contents

Balance Sheet

	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	31.797.349	32.680.571
Intangible assets	7	182.229	316.045
Investment property	8	1.666.650	1.694.193
Deferred income tax assets	9	5.954.138	5.301.113
Other non-current assets	10	5.867.943	41.030
Total		**45.468.309**	**40.032.952**
Current assets			
Inventories	11	22.692.859	20.197.200
Trade and other receivables	12	38.725.994	16.043.455
Cash and cash equivalents	13	6.888.244	6.253.615
Total		**68.307.097**	**42.494.270**
Total assets		**113.775.405**	**82.527.222**
EQUITY			
Share capital	14	52.906.568	52.906.568
Reserves	15	9.298.180	9.312.377
Retained earnings		1.311.515	406.337
Total equity		**63.516.263**	**62.625.282**
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	16	2.287.064	2.235.981
Provisions for other liabilities and charges	17	603.727	596.340
Other non current liabilities	18	12.673.447	0
Total		**15.564.238**	**2.832.321**
Current liabilities			
Trade and other payables	19	33.997.066	16.519.933
Current income tax liabilities		322.722	181.955
Provisions for other liabilities and charges	17	375.116	367.730
Total		**34.694.904**	**17.069.618**
Total liabilities		**50.259.141**	**19.901.939**
Total equity and liabilities		**113.775.405**	**82.527.222**

The notes on pages 17 to 51 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	1/1-31/12/2016	1/1-31/12/2015
Sales	20	57.437.217	49.663.812
Cost of goods sold	21	(43.719.801)	(33.849.488)
Gross profit		**13.717.416**	**15.814.325**
Selling and research costs	21	(8.403.824)	(8.731.071)
Administrative expenses	21	(4.047.531)	(4.014.545)
Other income	23	347.514	372.338
Other gains/(losses) - net	24	(70.506)	(2.497.511)
Operating profit		**1.543.070**	**943.534**
Finance costs - net	25	**55.843**	**29.793**
Profit before income tax		**1.598.913**	**973.327**
Income tax expense	26	(688.385)	255.658
Profit for the year		**910.527**	**1.228.986**
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to prof it or loss			
Actuarial gains, net of tax	16	(19.546)	(1.329)
Other Comprehensive income for the year		**(19.546)**	**(1.329)**
Total comprehensive income for the year		**890.981**	**1.227.657**
Earning per share attributable to the equity			
Basic	27	**0,039**	**0,053**

The notes on pages 17 to 51 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2015		**52.906.568**	**9.313.706**	**(822.649)**	**61.397.625**
Actuarial gains/ (losses), net of tax	15		(1.329)		(1.329)
Loss for the period				1.228.986	1.228.986
Total comprehensive income for the period		**52.906.568**	**9.313.706**	**406.337**	**62.626.611**
Balance at 31 December 2015		**52.906.568**	**9.312.377**	**406.337**	**62.625.282**
Balance at 1 January 2016		**52.906.568**	**9.312.377**	**406.337**	**62.625.282**
Actuarial gains/ (losses), net of tax	15		(19.546)		(19.546)
Proft for the period				910.527	910.527
Total comprehensive income for the period			**(19.546)**	**910.527**	**890.981**
Statutory reserves formation	15		5.349	(5.349)	-
Balance at 31 December 2016		**52.906.568**	**9.298.180**	**1.311.515**	**63.516.263**

The notes on pages 17 to 51 are an integral part of these financial statements.

Cash flow statement

	Note	1/1-31/12/2016	1/1-31/12/2015
Cash flows from operating activities			
Cash generated from operations	28	3.226.241	3.923.768
Interest paid		(200.767)	(212.735)
Income tax paid		(1.192.660)	(1.056.884)
Net cash from operating activities		**1.832.814**	**2.654.149**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(357.644)	(411.181)
Purchase of intangible assets		(73.144)	(30.782)
Proceeds from sale of PPE		5	-
Interest received		8.720	16.160
Loans granted		-	(1.727.265)
Proceeds from Borrowings		-	1.727.265
Net cash from investing activities		**(422.063)**	**(425.803)**
Cash flows from financing activities			
Share capital return		(957.482)	(1.877.265)
Net cash from financing activities		**(957.482)**	**(1.877.265)**
Net (decrease)/increase in cash and cash equivalents		453.269	351.081
Cash and cash equivalents at beginning of year		6.253.615	5.913.824
Foreign currency differences in cash and cash equivalents		181.360	(11.291)
Cash and cash equivalents at end of year	13	**6.888.244**	**6.253.615**

The notes on pages 17 to 51 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended December 31, 2016

1. General Information

INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS-PRIVATE ENTERPRISE FOR THE PROVISION OF SECURITY SERVICES ("Intracom Defense", "the Company") was founded in Greece and operates mainly in the design, development and manufacturing of defense electronic products, systems and applications and the provision of technical support services and maintenance as well as in the provision of safety services.

The company operates in Greece and in foreign countries.

The Company's registered office is at 21 km Markopoulou Ave., Peania Attikis, Greece. Its website address is ***www.intracomdefense.com***.

The Company is 100% subsidiary of Intracom Holdings SA ("Intracom Holdings") and is fully consolidated in the consolidated financial statements of Intracom Holdings. The annual consolidated financial statements of Intracom Holdings SA for the year ended 31 December 2016 have been published on its website at ***www.intracom.com***.

These financial statements have been approved for issue by the Board of Directors on 07 April 2017 and are subject to approval by the Annual General Meeting of the Shareholders.

2. Significant accounting policies

2.1 Basis of preparation

The annual financial statements include the financial statements of the company for the year ended 31 December 2016 and have been prepared in accordance with International Financial Reporting Standards as they have been adopted by the European Union.

The financial statements have been prepared under the historical cost convention and the going concern principle.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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 Management's best possible knowledge with respect to current circumstances and actions, the actual results may 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 4 below.

The accounting policies the Company has followed for the preparation of the annual financial statements for year ended 31 December 2016, are consistent with those described in the published financial statements for the year ended 31 December 2015, after being also taken into consideration the following amendments to standards and the new interpretations, that have been issued by the International Accounting Standards Board (IASB), adopted by the European Union and their application is mandatory for the year ended 31 December 2016.

2.2 New standards, amendments to existing standards and interpretations

2.2.1 New Standards and Amendments Adopted by the Company

The Company adopted certain standards and amendments, compulsorily, for the first time for the fiscal year 2016. The Company has not previously adopted some other standard, interpretation or amendment issued but is not obligatory to be applied for the fiscal year 2016.

The nature and impact of each new standard or amendment related to the Company's activity is described below despite the fact that said new standards and amendments for the first applied for 2016 did not have any significant impact on the Company's annual financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments of IAS 1 clarify, instead of significantly changing the current IAS 1 requirements. The amendments clarify:

- the materiality requirements of IAS 1
- that specific elements in the Financial Position Statement and the Total Income Statement can be analytical.
- that the entities can have flexibility in terms of the order they present the notes on the financial statements.
- that the share of the other total income from affiliates and joint-ventures entered in the accounts using the net position method should be separated in items that will not be reclassified later in the results and in items that will be reclassified later in the results.
- the requirements that apply when the additional sub-totals are presented in the Net Position Statement and the Total Income Statement.

The above amendments do not have any impact on the Company.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Depreciation and Amortization

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits of the asset.

The amendments do not have any impact on the Company, given that it has not used a revenue-based depreciation method for the non-current assets.

Amendments to IAS 19 Employee Benefits: Defined benefit plans: Employee contributions

The amendments in the standard clarify that the employees' contributions or third parties associated with the service under a defined benefit plan must be distributed to service periods. The amendments do not have any impact on the Company.

Annual Improvements to IFRSs 2010-2012 Cycle

The amendments of the 2010 - 2012 Cycle were issued by the IASB on 12 December 2013, are applicable for annual periods beginning on or after 1 February 2015.

None of these amendments have an impact on the financial statements of the Company.

- IFRS 2 Share-based Payment

The definitions "vesting conditions" and "market condition" are amended and definitions for "performance condition" and "service condition" (previously making part of the definition "vesting conditions") are added.

- IFRS 3 Business Combinations

The amendment clarifies that the contingent consideration classified as a financial instrument or a financial liability shall be measured at fair value at each balance sheet date.

- IFRS 8 Operating Segments

The amendment requires an entity to disclose the judgements made by management in applying the aggregation criteria in the operating segments. It is also clarified that an entity shall provide only reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The two standards were amended to clarify how the gross carrying amount and accumulated depreciation are adjusted in the case of revaluation of a fixed asset (tangible or intangible) at its fair value.

- IAS 24 Related Party Disclosures

The amendment clarifies that an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The amendments of the 2012 - 2014 Cycle were issued by the IASB on 25 September 2014, are applicable for annual periods beginning on or after 1 January 2016. None of these amendments have an impact on the financial statements of the Company.

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

The amendment clarifies that the change from one method of disposal to another (i.e. from a plan of sale to a plan of distribution to owners) should not be considered as a new plan of sale but as a continuation of the original plan of disposal. Consequently, the requirements of IFRS 5 should be applied. The amendment also clarifies that changes in methods of disposal shall not change the date of classification.

- IFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee, may give rise to continuing involvement in a financial asset that has been de-recognised. This affects the disclosure requirements of the standard. Also, the amendment clarifies that the disclosures of the IFRS 7 concerning the offsetting of financial assets and financial liabilities are not required in condensed interim financial statements

- IAS 19 Employee Benefits - Employee Contributions

The amendment clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level that is the currency used to determine the obligation and not a country/regional market level where the obligation is due.

- IAS 34 Interim Financial Reporting

According to the amendment, an entity may present the disclosures in paragraph 16A of IAS 34 either in the interim financial statements or incorporate them by references from the interim financial statements to another document (such as an administration's commentary or a report on risks) available to users of the financial statements under the same terms as the interim financial statements and at the same time.

Standards and Interpretations mandatory for subsequent periods that have not been earlier **applied by the Company**

The following new standards, amendments of standards and interpretations have been issued, are related to the Company's activity but are compulsory for later periods. The Company has not previously applied the following standards and is studying its impact on the financial statements.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

In January 2016, the Board amended IAS 7 to oblige the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017, have not yet been adopted by the European Union and will not have significant impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealized losses

The amendments of IAS 12 clarify that the decrease below the book value cost of a fixed-rate debt instrument measured at the fair value while its tax basis is the cost leads to a deductible provisional difference, and, as a consequence, to the recognition of deferred tax asset. An issue which is also clarified according to the amendment is who the future possible taxable profits can be determined vs the ones whose deductible provisional differences will be set off to assess if a deferred tax asset should be recognized or not. Furthermore, when a financial entity evaluates whether taxable profits will be available in the future that a deductible provisional difference can be used, it examines if the taxation law limits the sources of the taxable profits for which tax discounts can be made. The amendments are effective for annual periods beginning on or after January 1, 2017, have not yet been adopted by the European Union and will not have any impact on the Company's financial statements.

Amendments to IAS 40 Investment Property: Transfers of Investment Property

The amendment clarifies that the transfer of property, including property under construction or development, within or not in the investment on property, shall be carried out only when the change in the property use is made. This change in the use is carried out when the property satisfies or does not satisfy the definition of investment on property and must be documented. The amendments shall be effective for annual periods beginning on or after January 1, 2018, have not yet been adopted by the European Union and will not have any impact on the Company's financial statements.

Amendments to IFRS 2 Share-based Payment: Classification and measurement of share-based transactions

The amendments clarify the impacts of the entering requirements in measuring the share-based payments settled in cash, the accounting treatment of the discounted tax obligation for share-based payments and the accounting treatment in share-based payment agreements. IFRS 2 amendments are applied for annual periods beginning on or after January 1, 2018, have not yet been adopted by the European Union and will not have any impact on the Company's financial statements as the Company does not offer and does not have the intention to offer share-based payment plans.

IFRS 9 “Financial Instruments”

The new standard sets out the principles of recognizing and measuring the financial assets, financial liabilities and some sale or purchase contracts of non-financial assets. The standard shall replace the current IAS 39. The financial assets are measured at the undepreciated cost, the fair value via the results or the fair value via the other total incomes based on the business model of the entity for the management of financial assets and contractual cash flows of the financial assets. Apart from the entity’s credit risk, the classification and measurement of financial liabilities has not changed in terms of the current requirements. IFRS 9 introduces a new impairment model for financial assets, the model of expected credit losses. The standard also introduces significant changes in the set-off model.

IFRS 9 is compulsory applied for annual periods beginning on or after January 1, 2018, and will not have significant impact on the Company’s financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 determines the recognition requirements for the revenue applied in all contracts with customers, with the exception of contracts in the scope of the standards related to financial instruments, leases and insurance contracts. IFRS 15 replaces all previous standards (and interpretations) related to revenue.

The standard offers a five-step model that must be applied for all contracts with customers to recognize the revenue. Also, the entity shall recognize as asset the incremental cost of a contract with a customer, if estimated that said cost will be recovered. IFRS 15 requires extensive disclosures both qualitative and quantitative, so that the users of the financial statements will be able to understand the nature, amount timing and uncertainty of the revenue and cash flows from a contract with a customer.

IFRS 15 is compulsory for annual accounting periods starting on or after January 1, 2018. The Company is currently examining the impacts of IFRS 15 on the financial statements; however, its adoption is not expected to bring significant impacts.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments in IFRS 15 do not change the basic principles of the standard but clarify the way some of these principles should apply. The amendments clarify how an obligation is applied (the promise to transfer a good or service to a customer) in a contract; How it is determined if the Company is the owner (provider of a service or good) or an agent (responsible for the delivery of the good or service). It also sets out if the revenue form granting a license to use must be directly recognized or recognized overtime. Furthermore, more exemptions are given in the first application of the standard to reduce the cost and complexity. The amendments shall be effective for annual periods beginning on or after January 1, 2018 and have not yet been adopted by the European Union.

IFRS 16 Leases

The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases for the lessor and the lessee. With the application of the new standard IAS 17 Leases and the interpretations of SIC 15 Operating leases - Incentives, SIC 27 Evaluating the substance of transactions involving the legal form of a lease and IFRC 4 Determining whether an arrangement contains a lease.

The standard adopts a single accounting model for the leases by the lessee. Under this model, the lessee is required to recognize in the net position assets and liabilities for all leases lasting more than twelve months, unless the asset is of small value, and depreciation with financial cost during the lease in the total income statement. The lessor continues to classify the leases in operational and financing and apply a different accounting approach for each type of contract. The standard also requires extensive disclosures in the lessee's financial statements.

The Company is in the process of evaluating the IFRS 16 impact on its financial statements, although it is not expected to be significant due to the small value of the lease contracts concluded.

IFRS 16 will be compulsive for annual periods beginning on or after January 1, 2019 and has not yet been adopted by the European Union.

2.3 Summary of significant accounting policies

2.3.1 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The 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 income statement. Translation differences on non-monetary financial assets and liabilities measured at their fair value through profit or loss are reported as part of the fair value gain or loss.

2.3.2 Revenue recognition

Revenues are recognized to the degree financial benefits may flow in the Company and the revenues can be reliably measured irrespective of whether the money will be collected. The revenues are measured at the fair value of the collected or collectible consideration taking into account the contractually determined payment terms, net of taxes, duties, discounts and returns. The special recognition criteria described below must also be satisfied before revenue recognition.

(a) Sales of goods

Sales of goods are recognized when the Company has delivered products to the customers; the products are accepted by the customers; and the revenue from the receivable is fairly ensured. The Company provides two-year repair warranty for all products sold in accordance with industry practice. Liabilities for possible warranty costs are recognized as provisions on the sale of the item (Note 17).

(b) Sales of services

Sales 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 calculated on the basis of the costs of the actual services provided until the balance sheet 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, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the receivable. Subsequently, interest is charged using the same interest - rate that is applied to the impaired (new carrying amount) value.

(d) Rental income

Rental income arising from operating leases on investment properties is accounted on a straight line basis during the lease term and is included in Other income in the statement of comprehensive income.

2.3.3 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 all attached conditions will be complied with.

When the grant relates to an expense item, it is presented in the statement of financial position as deferred income and is recognised as deduction in the relative expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position as deferred income and is recognised as income in the profit or loss on a systematic basis over the expected useful life of the related asset.

2.3.4 Current and deferred income tax

The fiscal year taxation includes the current and deferred tax. The taxation is recognized in the results unless it is related to items recognized in the other total income or directly in the net position. In this case, the tax is also recognized in the other total income or directly in the net position, respectively.

Current income tax

The current income tax is calculated based on the taxation result, according to the taxation laws applied in Greece. The expenditure for the current income tax includes the income tax arising from the Company’s profits, as shown in its tax statement and provisions for additional taxes for not-audited fiscal years and is calculated according to the laid-down or substantially laid-down tax rates.

Deferred income tax

The deferred income tax arises from the provisional differences between the tax base and the book value of the assets and liabilities. Deferred income tax is not taken into account if it arises from the initial recognition of assets or liabilities in a transaction, except business venture, which when made did not affect the accounting or taxation profit or loss.

The deferred tax liabilities are recognized to the extent there will be future taxable profit for the use of the provisional difference creating the deferred tax liability.

The deferred tax is determined taking into account the tax rates (and tax laws) in force on the balance sheet date and expected to be in force when the deferred tax asset is paid or the deferred tax is settled.

The deferred tax assets are set off with the deferred tax liabilities when settled at the same tax authority.

2.3.5 Property, plant and equipment

Property, plant and equipment ("PPE") is stated at historical cost less depreciation and impairment. Historical 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 Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

- Buildings	33 - 34 Years
- Machinery, installations and equipment	10 Years
- Vehicles	5-7 Years
- Other equipment	5-10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If the asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down to its recoverable amount, and the difference (impairment) is immediately recorded in the income statement. When an asset is sold, the difference between the proceeds and its carrying amount is recognized as gains or losses in the income statement.

Finance charges directly attributable to the construction of PPE assets are capitalized for the period that is required until the completion of the constructed item. All other finance charges are recognized in the income statement as incurred.

2.3.6 Investment Property

Investment property, principally comprising land and buildings, is held for long-term rental yields and is not occupied by the Company. Investment property is measured at cost less depreciation and impairment. The land classified as investment property is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, which is 33-34 years.

When the carrying amount of the investment property is greater than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the income statement.

2.3.7 Leases

The Company as lessee

Leasing of assets, where the Company maintains all risks and benefits of ownership, is classified as financial leasing. Financial leasing is capitalized upon the beginning of the lease at the lowest value between the fair value of the asset and the present value of minimum rents. Each rent is allocated between the obligation and financial expenses so as to achieve a fixed rate for the remaining financial obligation. The corresponding obligations from rents, net of financial expenses, are shown in the liabilities. The part of the financial expenditure related to financial leasing is recognized in the operating results during the lease. The assets acquired with financial leasing are depreciated at the smallest period between the useful life of the assets and the lease duration, unless there is reasonable certainty that the Company shall acquire the ownership of the assets upon the expiry of the lease, in which case they are depreciated during their useful life. During the current and previous fiscal year, the Company did not have any financial leasing and there were no obligations form financial leasing.

Leases in which all the risks and benefits of ownership are maintained by the lessor are classified as operational leases. The payment of rents based on an operational lease is recognized using the direct method during the lease against the results.

The Company as Lessor

Leases in which all the risks and benefits of ownership are maintained by the Company are classified as operational leases. Revenues from operational leases are recognized in the results using the fixed method during each lease. The initial direct costs borne by the Company during the negotiation of an operational lease are added to the book value of the leased asset and are recognized during the lease period using the same base with the lease revenue.

2.3.8 Intangible assets

Computer software

Acquired computer software licenses are measured at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which is 3 to 8 years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.3.9 Impairment of non-financial assets

The book values of non-current assets are controlled for impairment purposes when incidents or changes in the conditions denote that the book value may not be recoverable. When the book value of an asset exceeds the recoverable amount an impairment loss is recognized in the results. The recoverable value is determined as the highest value between the fair value minus the sale cost and the use value. The fair value minus the sale cost is the price one would get for the sale of an asset in a normal transaction between market participants after deducting any additional direct sale cost of the asset, while use value is the net present value of the estimated future cash flows expected to be realized from the continuous use of an asset and the expected proceeds from its sale at the end of the estimated useful life. For the determination of the impairment, the assets are grouped at the lowest level for which the cash flows can be separately determined.

2.3.10 Financial instruments

(a) Financial assets

i. Classification

The Company classifies the financial assets in the following categories:

- Financial assets estimated at their fair value with changes in the results
- Loans and receivables
- Investments kept up to expiry
- Financial assets available for selling

The classification depends on the purpose of acquiring the investment. The Management determines the classification on the initial recognition.

The financial assets of the Company have been classified as Loans and receivables. The company does not have financial assets classified in the other abovementioned categories.

Loans and receivables

They include non-derivative financial assets with fixed or determined payments which are not negotiated in active markets and there is no intention of selling them. They are included in the current assets apart from the ones with over 12 months expiry from the balance sheet date. These are included in the non-current assets. Loans and receivables are measured in the undepreciated cost based on the real rate method.

Loans and receivables mainly include trade receivables of the Company (note 12).

ii. Initial recognition and derecognition

The Company recognizes a financial asset when the Company becomes a party of the instrument.

A financial asset is deleted when the contractual rights on the cash flows of the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition.

iii. Measurement

The financial assets upon the initial recognition are measured at their fair value (which usually is equal to their acquisition cost or price) plus the transaction cost given directly when acquired or issued.

Loans and receivables are later estimated at the undepreciated cost using real rate, after deducting the impairment losses.

iv. Impairment

On each balance sheet date, it must be seen whether objective indications exist for the impairment of a financial asset or a group of financial assets.

If there is objective proof that there is impairment loss related to loans and receivables kept at the depreciated cost, the amount of loss equals the difference between the book value of an asset and the current value of the estimated future cash flows, discounted at the initial real rate of the asset. The book value of the asset is reduced either directly or by using a forecast account. The amount of loss is recognized in the results.

If in a later period, the amount of the loss is decreased and the decrease is related objectively to an incident occurring after the recognition of the impairment, the amount of reverse is recognized in the results. The revers cannot exceed the impairment loss that had been previously entered.

(b) Financial liabilities

i. Initial recognition and measurement

The financial liabilities are classified, in the initial recognition, as financial liabilities at the fair value via the results, loans, obligations or as derivatives that are determined as setting-of instruments in an effective setting-off.

All financial liabilities are initially recognized at their fair value and, in the case of loans, net from the direct transaction expenses.

The Company's financial liabilities include trade and other liabilities.

ii. Subsequent measurement

The trade and other liabilities of the Company are later estimated using the undepreciated cost method with a real rate.

(c) Offsetting financial instruments

Financial assets are set off and the net amount is presented in the balance sheet when there is a legal right to set off amounts that have been recognized and there is also the intention of entering a settlement on a net base or the acquisition of the asset and the settlement of the liability are carried out simultaneously.

2.3.11 Inventories

Inventories are stated at the lower value between the acquisition cost and the net realizable value. The cost is determined using the weighted average method. The cost of finished products and semi-finished inventories includes the cost for materials, the direct labour cost and a proportion of the general production expenses. The net realizable value is estimated based on the current reserve sale prices in the context of the usual activity deducting possible sale expenses and for semi-finished products the estimated expenses for their finishing. An impairment provision for slowly moving or depreciated inventories is formed if necessary. Impairments are recognized in the related results.

2.3.12 Cash and cash equivalents

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

2.3.13 Share capital

The share capital includes the Company's ordinary shares. The ordinary shares are included in the equity.

Direct expenses for the issuance of shares are shown after deducting the relevant income tax, in reduction of the issuance product.

The acquisition cost of own shares is shown as a deduction of the Company's equity up to when the own shares are sold or cancelled. Each gain or loss from the sale of own shares, net of any expenses and taxes related directly to the transaction, is shown in the retained earnings.

2.3.14 Employee benefits

(a) Short-term benefits

Short-term benefits for the personnel in money and kind are entered as expenses when they become accrued.

(b) Post-employment benefits

Benefits upon leaving the service include both defined contribution plans (state plans) and defined benefit plans.

The accrued cost of the defined contribution plans is entered as expenses in the related period.

The obligations arising from defined benefit plans for the personnel are calculated at the discounted value of the future benefits for the personnel that have been accrued on the balance sheet date. The obligation of the defined benefit is calculated annually by an independent actuary using the projected unit credit method.

The actuarial profits and losses arising from experiential adjustments and changes in the actuarial assumptions are recognized in the other total revenues in the related period.

The work experience cost is directly recognized in the results.

(c) Termination benefits

The benefits for employment termination are payable when the Company either terminates the employment of employees before retirement or after the decision of employees to accept an offer of benefits by the Company in exchange of terminating their employment. The Company recognizes the benefits for employment termination as an obligation and expenditure on the earlier among the following dates: a) when the entity cannot withdraw the offer of said benefits; and b) when the entity recognizes the restructuring cost falling within the scope of IAS 37 and meaning the payment of benefits for employment termination. Benefits for employment termination due to be paid 12 months after the balance sheet date are discounted.

2.3.15 Provisions

Provisions are recognized when:

- There is a present obligation (legal or constructive) as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation.
- The amount can be reliably estimated.

When the effect of the time value of money is material, the amount of the provision is the present value of the expense that is expected to be required to settle the obligation. The discount rate will be a pre-tax interest rate that reflects the current market estimates for the time value of money and liability-related risks.

(a) Warranties

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

(b) Full-pay leave of absence

The compensation for employee annual full-pay leave is recognized as incurred. The Company recognizes the expected cost of short-term employee benefits in the form of full-pay leave of absence on the basis of services rendered by employees to the balance sheet date.

2.3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

2.3.17 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest expense on convertible shares, net of tax) by the weighted average number of shares in issue during the year (adjusted for the tax effect of dilutive convertible shares).

The weighted average number of ordinary shares in issue during the period and for all periods presented is adjusted for events that have changed the number of ordinary shares in issue without a corresponding change in resources.

3. Financial risk management

3.1 Financial risk factors

«Intracom Defense» is exposed to financial risks such as market risks (changes in exchange rates, interest rates, market prices), credit risk and liquidity risk. Risk management of the Company operates within the framework of the general risk management program of the Intracom Holdings Group and seeks to minimize the potential negative impact of the volatility of the financial markets on its financial performance.

The financial liabilities of the Company consist mainly of trade payables. Additionally, the Company manages financial assets, mainly in the form of short-term deposits, derived from operating activity. The company with its funds finances its needs in working capital as well as its investments in capital equipment. At the end of the current period there are no open positions in financial derivatives. In any case, such products are used solely for the management of interest rate or foreign exchange risk, since according to the approved policy of the "Intracom Holdings" group use thereof is not allowed for speculation.

3.1.1 Market risk

i. Foreign exchange risks

The Company's currency risk is relatively limited because, in most cases where there are receivables from foreign currency contracts, there are corresponding liabilities in the same currency. Foreign currency contracts are almost all in USD, as are the corresponding liabilities.

In cases where satisfactory natural hedging is not possible due to particularly high foreign currency liabilities, use of forward currency agreements is considered.

With respect to holding reserve assets in foreign currency, the Company's policy is to hold the minimum necessary amount to cover short-term liabilities in that currency.

The following table presents an analysis of the Company's net results sensitivity to possible changes in the exchange rate for the years 2016 and 2015. This analysis took into account the Company's cash reserves and trade receivables and liabilities in USD on 31 December 2016 and 2015 respectively.

Change in EUR/USD rate by	Effect on net results 31/12/2016	Effect on net results 31/12/2015
-12,00%	470.182	114.900
-9,00%	352.636	86.175
-6,00%	235.091	57.450
-3,00%	117.545	28.725
3,00%	(117.545)	(28.725)
6,00%	(235.091)	(57.450)
9,00%	(352.636)	(86.175)
12,00%	(470.182)	(114.900)

ii. Price Risk

The Company is not exposed to price risk.

iii. Cash flow and fair value interest rate risk

Interest rate risk for the company is limited given that there is no borrowing. Any risk arises from the company's cash reserves held in interest-bearing placements. The following tables present an analysis of the Company's net results sensitivity to possible interest rate fluctuations for the years 2016 and 2015. This analysis took into account the cash reserves of the Company as at 31 December 2016 and 2015 respectively.

Financial instruments in Euro

Change in interest rates (base units)	Effect on net results 31/12/2016	Effect on net results 31/12/2015
-100	(12.550)	(16.794)
-75	(9.412)	(12.596)
-50	(6.275)	(8.397)
-25	(3.137)	(4.199)
25	3.137	4.199
50	6.275	8.397
75	9.412	12.596
100	12.550	16.794

Financial instruments in USD

Change in interest rates (base units)	Effect on net results 31/12/2016	Effect on net results 31/12/2015
-100	(57.275)	(46.610)
-75	(42.956)	(34.958)
-50	(28.637)	(23.305)
-25	(14.319)	(11.653)
25	14.319	11.653
50	28.637	23.305
75	42.956	34.958
100	57.275	46.610

3.1.2 Credit risk

The Company's trading takes place almost entirely with highly reputable private or public sector organizations. In many cases, there is a many years of good cooperation history. Consequently, it is considered that the risk of bad debts is very limited.

In relation to credit risk associated with cash deposits, it is noted that the Company collaborates only with financial institutions with a high credit rating.

3.1.3 Liquidity risk

Liquidity risk is kept at a low level by keeping sufficient cash and sufficient free credit limits.

3.2 Capital risk management

The purpose of the Company in managing funds is to safeguard the Company's ability to continue its business in order to ensure returns for shareholders and the benefits of the other parties that are related to the Company and to maintain an optimal capital structure.

There is no capital risk for the Company. All its liabilities fall far short of the capital and there are no loans. Dividend payments are always covered by the Company's cash and cash equivalents.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Impairment of property at fair value

The Company measures property at acquisition cost less accumulated depreciation and impairment. The Company carries out an annual impairment test of its properties by assigning an independent valuer to estimate its fair value (recoverable amount). The fair values of the properties were based on market data, using comparable adjusted prices in relation to the nature, location and condition of the real estate. The property impairment test at 31 December 2016 and 31 December 2015 did not result in any loss.

4.2 Useful life of property, plant and equipment

The management makes estimates for the useful life of depreciable fixed assets. More information is given in 2.3.5, 2.3.6 and 2.3.8.

4.3 Estimated net realizable value of inventories

Under the accounting policy referred to in paragraph 2.3.11, the estimate of the net realizable value of inventories is the Management's best estimate, based on historical sales trends and its view on the quality and volume of inventories, to the extent that available inventories at the balance sheet date will be sold below cost.

4.4 Provision for impairment of doubtful receivables

The Company diminishes the value of its trade receivables when there are data or indications that indicate that it is unlikely that a claim is collected in whole or in part. The Company's management periodically reassesses the adequacy of the provision for doubtful receivables based on factors such as its credit policy, reports from the legal service on recent developments in cases handled by the service, and its assessment on the effect of other factors that affect collectability of the receivables.

4.5 Employee retirement benefit obligations

Employee retirement benefit obligations are calculated on the basis of actuarial methods that require from the management to assess specific parameters such as the future increase in employee remuneration, the discount rate for these liabilities, the severance rate of employees, etc. The Management tries at each reporting date where this provision is reviewed to best estimate these parameters.

4.6 Income Tax

The Company recognizes receivables and payables for current and deferred income taxes, as well as the results associated there with, based on estimates of the amounts expected to be collected from or be paid to tax authorities for the current and future fiscal years. Estimates are influenced by factors such as the practical application of the relevant legislation, expectations of future taxable profits and the resolution of any disputes with tax authorities, etc. Future tax audits, changes in tax legislation and the amount of taxable profits made may result in adjusting the amount of receivables and payables for current and deferred income tax and in the payment of tax amounts other than those recognized in the Company's financial statements. Any adjustments are recognized in the year within which they are finalized.

4.7 Warranties provisions

The Company recognizes a provision that corresponds to the present value of the estimated liability for the repair or replacement of warranted products or the delivery of projects / services at the balance sheet date. This estimate is calculated on the basis of historical data on repairs and replacements.

5. Segmental Information

Sectors are determined on the basis of the internal information received by the Company's Management and presented in the financial statements on the basis of this internal classification.

The Company is active in the field of Defense Electronic Systems. Geographically, the Company is operating in the Greek Territory and sells products and services to EU countries, European countries outside the EU, the United States of America, and North Africa.

There is only one business sector in which the company is operating, that of defense systems.

Geographical segment

	Sales		Non current assets(*)	
	1/1-31/12/2016	1/1-31/12/2015	31/12/2016	31/12/2015
Greece	2.460.415	488.344	33.646.228	34.731.839
European Union	6.113.356	6.072.496	-	-
Other European countries	4.544	305.097	-	-
Other countries	48.858.902	42.797.876	-	-
Total	**57.437.217**	**49.663.812**	**33.646.228**	**34.731.839**

The sales revenue is allocated to the geographical areas based on the country in which the customer is located. The Assets are allocated based on where the assets are located.

(*) Financial assets and deferred tax assets are not included

Sales revenue by category

See analysis of revenue by category in note 20 below.

6. Property, plant and equipment

	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Total
Cost					
Balance at 1 January 2015	**53.563.141**	**15.450.887**	**212.393**	**4.147.450**	**73.373.872**
Additions	**7.568**	296.937	-	68.699	373.203
Disposals	-	(31.370)	-	(21.038)	(52.408)
Balance at 31 December 2015	**53.570.709**	**15.716.454**	**212.393**	**4.195.111**	**73.694.667**
Accumulated depreciation					
Balance at 1 January 2015	**21.938.389**	**13.899.041**	**203.117**	**3.714.331**	**39.754.878**
Depreciation charge	755.969	401.057	2.639	151.957	1.311.622
Disposals	-	(31.369)	-	(21.034)	(52.404)
Balance at 31 December 2015	**22.694.358**	**14.268.729**	**205.756**	**3.845.253**	**41.014.096**
Net book amount at 31 December 2015	**30.876.351**	**1.447.725**	**6.637**	**349.857**	**32.680.571**
Cost					
Balance at 1 January 2016	**53.570.709**	**15.716.454**	**212.393**	**4.195.111**	**73.694.667**
Additions	116.512	142.283	5.170	107.646	371.610
Disposals	-	-	-	(21.766)	(21.766)
Transfer to investment property (note 8)	(6.951)	-	-	-	(6.951)
Net book amount at 31 December 2016	**53.680.269**	**15.858.737**	**217.563**	**4.280.991**	**74.037.560**
Accumulated depreciation					
Balance at 1 January 2016	**22.694.358**	**14.268.729**	**205.756**	**3.845.253**	**41.014.096**
Depreciation charge	756.690	361.867	2.583	126.741	1.247.881
Disposals	-	-	-	(21.765)	(21.765)
Balance at 31 December 2016	**23.451.048**	**14.630.596**	**208.339**	**3.950.229**	**42.240.212**
Net book amount at 31 December 2016	**30.229.221**	**1.228.142**	**9.224**	**330.761**	**31.797.349**

There are no real lines on the above assets.

At 31.12.2016 the Company had no contractual obligations for purchase of PPE assets.

The Company reviewed for impairment the carrying amount of land, buildings and investment property at 31 December 2016 and 31 December 2015 respectively.

No impairment loss incurred from the impairment tests carried out at 31 December 2016 and 31 December 2015.

The fair value estimation of the Company's property was based on selling price of comparable properties, adjusted according to the nature and condition of the Company's assets, while the fair value estimation of the remaining building co-efficient was based on selling price of comparable plots.

More specifically, the assumptions for fair values estimation at 31/12/2016 and 31/12/2015 respectively are presented in the following table:

	2016	2015
Type of property/areas	**Value (euro/sqm)**	
Production	881,47	899,52
Offices	1.220,50 - 1.356,12	1.245,49 - 1.383,88
Storage	488,20 - 610,25	498,20 - 622,74
Rest of Coverage Coefficient	**Value (euro/sqm)**	
Land plot	278,52	284,94

7. Intangible assets

	Software	Total
Cost		
Balance at 1 January 2015	6.544.160	6.595.400
Additions	29.707	29.707
Balance at 31 December 2015	**6.573.867**	**6.625.107**
Accumulated depreciation		
Balance at 1 January 2015	5.989.883	6.041.123
Depreciation charge	267.940	267.940
Balance at 31 December 2015	**6.257.823**	**6.309.062**
Net book amount at 31 December 2015	**316.045**	**316.045**
Cost		
Balance at 1 January 2016	6.573.867	6.625.107
Additions	81.281	81.281
Net book amount at 31 December 2016	**6.655.149**	**6.706.388**
Accumulated depreciation		
Balance at 1 January 2016	6.257.823	6.309.062
Depreciation charge	215.097	215.097
Balance at 31 December 2016	**6.472.920**	**6.524.160**
Net book amount at 31 December 2016	**182.229**	**182.229**

8. Investment property

	31/12/2016	31/12/2015
Cost		
Balance at beginning of year	**2.694.362**	**2.694.362**
Transfer from PPE (note 6)	6.951	-
Balance at end of year	**2.701.314**	**2.694.362**
Accumulated depreciation		
Balance at beginning of year	**1.000.169**	**965.714**
Depreciation charge	34.495	34.455
Balance at end of year	**1.034.663**	**1.000.169**
Net book amount at end of year	**1.666.650**	**1.694.193**

Rental income for 2016 and 2015 amounted to € 108.991 and € 109.752 respectively (note 23).

The carrying value of investment property approximates their fair value.

9. 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 offset amounts are as follows:

	31/12/2016	31/12/2015
Deferred tax assets:	(7.302.710)	(6.692.744)
Deferred tax liabilities:	1.348.572	1.391.631
	(5.954.138)	**(5.301.113)**

Most of the deferred tax assets / liabilities are recoverable / payable after 12 months.

The total movement in deferred income tax is as follows:

	31/12/2016	31/12/2015
Balance at the beginning of the year:	**(5.301.113)**	**(4.238.529)**
Charged/ (credited) to the income statement (note 26)	(645.041)	(1.011.958)
Charged/ (credited) to the other Comprehensive income	(7.984)	(50.625)
Balance at the end of the year	**(5.954.138)**	**(5.301.113)**

Deferred tax that is charged directly to equity during the current and prior year relates to the recognition of actuarial gains from re-measurement of the defined benefit plans to employees (note 16).

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

Deferred tax liabilities:	Accelerated tax depreciation	Other	Total
Balance at 1 January 2015	**1.282.378**	**26.271**	**1.308.649**
Charged / (credited) to the income statement	86.744	(3.761)	82.983
Balance at 31 December 2015	**1.369.122**	**22.510**	**1.391.631**
Balance at 1 January 2016	**1.369.122**	**22.510**	**1.391.631**
Charged / (credited) to the income statement	(30.952)	(12.107)	(43.059)
Balance at 31 December 2016	**1.338.169**	**10.403**	**1.348.572**

Deferred tax assets:	Impairments of Land	Impairments of inventories	Impairments of receivables	Accrued expenses	Provisions	Other	Total
Balance at 1 January 2015	**(2.764.182)**	**(1.818.912)**	**(190.227)**	**(547.595)**	**(226.261)**	**(0)**	**(5.547.178)**
Charged / (credited) to the income statement	(318.944)	(646.180)	(57.182)	(50.214)	(22.420)	-	(1.094.941)
Charge in the other Comprehensive income	-	-	-	(50.625)	-	-	(50.625)
Balance at 31 December 2015	**(3.083.126)**	**(2.465.093)**	**(247.410)**	**(648.434)**	**(248.681)**	**(0)**	**(6.692.744)**
							-
Balance at 1 January 2016	**(3.083.126)**	**(2.465.093)**	**(247.410)**	**(648.434)**	**(248.681)**	**(0)**	**(6.692.744)**
Charged / (credited) to the income statement	-	(587.858)	-	(6.830)	(4.284)	(3.010)	(601.982)
Charge in the other Comprehensive income	-	-	-	(7.984)	-	-	(7.984)
Balance at 31 December 2016	**(3.083.126)**	**(3.052.951)**	**(247.410)**	**(663.248)**	**(252.965)**	**(3.010)**	**(7.302.710)**

10. Other non-current assets

	31/12/2016	31/12/2015
Guarantees	41.030	41.030
Prepayments to creditors	5.826.914	-
Total	**5.867.943**	**41.030**

The advance payments to creditors are related to the implementation of the projects undertaken by the Company.

11. Inventories

	31/12/2016	31/12/2015
Raw & auxiliary materials	17.856.248	16.639.952
Semi-finished goods	12.572.588	9.099.067
Finished goods	1.852.965	2.097.063
Work in progress	929.701	852.591
Merchandise	8.773	8.848
Total	**33.220.276**	**28.697.521**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	7.363.361	6.349.956
Semi-finished goods	2.633.166	1.878.524
Finished goods	530.890	271.841
Total	**10.527.417**	**8.500.321**
Net realisable value	**22.692.859**	**20.197.200**

The movement of the provision is as follows:

	31/12/2016	31/12/2015
At the beginning of the year	8.500.321	6.995.817
Provision for impairment	2.083.720	1.637.063
Amount of provision reversed during the year	(56.624)	(132.559)
At the year end	**10.527.417**	**8.500.321**

12. Trade and other receivables

	31/12/2016	31/12/2015
Trade receivables	20.214.698	8.069.214
Less: provision for impairment	(276.171)	(276.171)
Trade receivables - net	**19.938.527**	**7.793.043**
Receivables from related parties (note 31)	125.514	74.093
Prepayments to creditors	16.085.359	5.949.314
Other prepayments	176.365	113.998
Accrued income	19.578	9.080
V.A.T. Receivables from Tax Authorities	2.214.913	2.037.305
Other receivables	165.739	66.621
Total	**38.725.994**	**16.043.455**

The increase in trade receivables is due to invoiced claims in the last quarter of 2016, the most of which was received early next year.

The change in the amounts of advance payments to suppliers is related to the implementation of the projects undertaken by the Company.

The fair value of receivables approximates their carrying amounts.

The analysis of trade receivables at the end of each year is as follows:

	31/12/2016	31/12/2015
Not past due and not impaired at the balance sheet date (a)	**12.928.192**	**2.765.133**
Impaired at the balance sheet date	276.171	276.171
Provision made for the following amount:	-276.171	-276.171
Total (b)	**-**	**-**
Not impaired at the balance sheet date but past due in the following periods :		
< 90 days	3.092.023	1.190.978
90-180 days	356.133	266.838
180-270 days	53.555	77.549
270-365 days	40.200	77.122
1- 2 yrs	59.538	22.479
>2 yrs	3.408.887	3.392.943
Total (c)	**7.010.335**	**5.027.910**
Total (a+b+c)	**19.938.527**	**7.793.043**

As most of the receivables relate to a small number of customers, there is a limited dispersion of credit risk. These customers, however, are customers of high credit quality.

Trade and other receivables are denominated in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	10.507.553	6.958.010
US Dollar (USD)	28.214.005	9.081.379
UK Pound GBP	4.436	4.067
Total	**38.725.994**	**16.043.455**

13. Cash and cash equivalents

	31/12/2016	31/12/2015
Cash at bank and in hand	5.447.033	6.253.615
Short-term bank deposits	1.441.210	-
Total	**6.888.244**	**6.253.615**

The effective interest rate on short-term bank deposits in Euro and USD was 0,84% and 0,80% respectively (2015: 0,75% and 0,52% respectively).

The above amounts are the cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents are analysed in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	1.237.806	1.655.638
US Dollar (USD)	5.649.030	4.597.191
UK Pound (GBP)	1.237	314
Swiss Franc (CHF)	9	-
Other	162	471
Total	**6.888.244**	**6.253.615**

14. Share capital

	Number of Shares	Common Shares	Total
Balance at 1 January 2015	**23.103.305**	**52.906.568**	**52.906.568**
Balance at 31 December 2015	**23.103.305**	**52.906.568**	**52.906.568**
Balance at 31 December 2016	**23.103.305**	**52.906.568**	**52.906.568**

15. Reserves

	Statutory reserves	Tax free reserves	Extraordinary reserves	Actuarial gains/ (losses) reserve	Total
Balance at 1 January 2015	**574.965**	**9.274.814**	**341.041**	**(877.115)**	**9.313.706**
Actuarial gains/ (losses)	-	-	-	(1.329)	**(1.329)**
Balance at 31 December 2015	**574.965**	**9.274.814**	**341.041**	**(878.443)**	**9.312.377**
Balance at 1 January 2016	**574.965**	**9.274.814**	**341.041**	**(878.443)**	**9.312.377**
Transfer from retained earnings	5.349	-	-	-	**5.349**
Actuarial gains/ (losses)	-	-	-	(19.546)	**(19.546)**
Balance at 31 December 2016	**580.314**	**9.274.814**	**341.041**	**(897.990)**	**9.298.180**

(a) Statutory reserve

A statutory reserve is created under the provisions of Greek Company law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the annual net profit shall be transferred to a statutory reserve until this reserve amounts to one third of the paid up share capital. This reserve can be used, upon resolution of the Annual General Meeting of shareholders, to offset accumulated losses and therefore cannot be used for any other purpose.

(b) Tax free reserve

This account includes reserves created from profits, which regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

(c) Extraordinary reserves

The extraordinary reserves include amounts that were created following resolutions of the Annual General Meetings, have no specific purpose and can therefore be used for any purpose upon relevant resolution of the Annual General Meeting, as well as amounts, which were created under the provisions of Greek law. The above reserves have been created from taxed profits and are therefore not subject to any additional taxation in case of their distribution or capitalization.

(d) Actuarial gains / (losses) reserve

In this reserve are recognized the actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in measuring the obligation for employee retirement benefits.

16. Retirement benefit obligations

	31/12/2016	31/12/2015
Balance sheet obligations for :		
Pension benefits	2.287.064	2.235.981
Total	**2.287.064**	**2.235.981**
Income statement charge		
Pension benefits (note 22)	298.420	178.493
Total	**298.420**	**178.493**
Actuarial (gains) / losses (Other comprehensive income)		
Pension benefits	27.530	51.954
Total	**27.530**	**51.954**

The amounts recognized in the balance sheet are determined as follows:

	31/12/2016	31/12/2015
Present value of unfunded obligations	2.287.064	2.235.981
Liability in the Balance Sheet	**2.287.064**	**2.235.981**

The amounts recognized in Statement of Comprehensive Income are as follows:

	31/12/2016	31/12/2015
Current service cost	61.778	58.550
Interest cost	44.720	46.335
Losses from settlements	191.922	73.608
Total, included in staff costs (note 22)	**298.420**	**178.493**

The total charge is allocated as follows:

	31/12/2016	31/12/2015
Cost of goods sold	181.299	98.800
Selling and research costs	87.366	58.141
Administrative expenses	29.754	21.552
Total	**298.420**	**178.493**

The movement in liability recognized in the balance sheet is as follows:

	31/12/2016	31/12/2015
Balance at the beginning of the year	**2.235.981**	**2.106.134**
Total expense charged / (credited) in the income statement	298.420	178.493
Contributions paid	(274.867)	(100.600)
Total	**2.259.533**	**2.184.027**
Actuarial gains/ (losses) from changes in fiananacial assumptions	60.884	61.731
Other Actuarial gains/ (losses)	(33.353)	(9.777)
Balance at the end of the year	**2.287.063**	**2.235.981**

The principal actuarial assumptions used were as follows:

	31/12/2016	31/12/2015
	%	%
Discount rate	1,80%	2,00%
Inflation rate	2,00%	2,00%
Future salary increases	2,00%	2,00%

The present value sensitivity analysis to changes in principal actuarial assumptions is as follows:

	Assumption Change	Assumption increase	Assumption decrease
Discount rate	0,50%	6,5% decrease	7,1% increase
Future salary increases	0,50%	6,6% increase	6,2% decrease

The average expected maturity of the retirement benefit obligation (plan duration) is 13,78 years.

17. Provisions

	Warranties	Litigation & tax provisions	Other provisions	Total
Balance at 1 January 2015	**748.174**	**106.550**	**122.060**	**976.784**
Provisions for the year	350.538	-	-	350.538
Provisions used during the year	(363.251)	-	-	(363.251)
Balance at 31 December 2015	**735.460**	**106.550**	**122.060**	**964.070**
Additional provisions	399.695	-	-	399.695
Provisions used during the year	(384.922)	-	-	(384.922)
Balance at 31 December 2016	**750.233**	**106.550**	**122.060**	**978.843**

Analysis of total provisions:	31/12/2016	31/12/2015
Current liabilities		
Warranties	375.116	367.730
	375.116	**367.730**
Non- current liabilities		
Warranties	375.116	367.730
Litigation & tax provisions	106.550	106.550
Other provisions	122.060	122.060
	603.727	**596.340**
Total	**978.843**	**964.070**

Provisions for repairs or materials replacement concerning projects under warranty period are included in warranties.

18. Other non-current liabilities

	31/12/2016	31/12/2015
Advances from customers	12.673.447	-
Total	**12.673.447**	-

Customer advances are related to the implementation of the projects undertaken by the Company.

19. Trade and other payables

	31/12/2016	31/12/2015
Trade payables	6.354.164	1.757.427
Amounts due to related parties (note 31)	801.845	821.673
Accrued expenses	98.007	66.976
Social security and other taxes	1.092.706	1.103.326
Advances from customers	25.630.873	11.795.483
Capital repayment to the Parent Company	-	957.482
Other liabilities	19.471	17.565
Total	**33.997.066**	**16.519.933**

Trade and other payables are denominated in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	3.037.455	4.007.673
US Dollar (USD)	30.934.684	12.503.107
UK Pound GBP	22.565	9.153
Swiss Franc (CHF)	2.361	-
Total	**33.997.066**	**16.519.933**

The average credit payment term of the Company’s liabilities is 60 days.

20. Sales revenue by category

Analysis of revenue by category is as follows:

	1/1-31/12/2016	1/1-31/12/2015
Sales of products	50.914.215	44.640.850
Revenue from services	6.523.002	5.022.962
Total	**57.437.217**	**49.663.812**

21. Expenses by nature

	Note	1/1-31/12/2016	1/1-31/12/2015
Employee benefit expense	22	(14.455.962)	(14.467.784)
Inventory cost recognised in cost of goods sold		(29.628.206)	(22.946.572)
Depreciation of PPE			
-Freehold property	6	(1.247.881)	(1.311.622)
-Leasehold property		-	-
Depreciation of investment property	8	(34.495)	(34.455)
Amortisation of intangible assets	7	(215.097)	(267.940)
Impairment of inventories		(2.027.096)	(1.504.503)
Subcontractors' fees		(2.971.577)	(669.160)
Repairs and maintenance		(892.957)	(844.186)
Operating lease payments			
-Vehicles and machinery		(151.899)	(138.589)
-Furniture and other equipment		(18.411)	(12.125)
Transportation and travelling expenses		(920.393)	(893.617)
Hospitality Expenses, conferences, exhibitions, advertising, etc.		(300.482)	(475.976)
Telecommunication, lighting & heating		(843.366)	(934.074)
Third party fees		(1.954.301)	(1.596.346)
Taxes and duties		(4.121)	(5.522)
Other expenses		(504.910)	(492.633)
Total		**(56.171.155)**	**(46.595.104)**

		1/1-31/12/2016	1/1-31/12/2015
Split by function:			
Cost of goods sold		(43.719.801)	(33.849.488)
Selling and research costs		(8.403.824)	(8.731.071)
Administrative expenses		(4.047.531)	(4.014.545)
Total		**(56.171.155)**	**(46.595.104)**
Split of depreciation and amortisation by function:			
Cost of goods sold		(799.909)	(804.149)
Selling and research costs		(484.610)	(573.004)
Administrative expenses		(212.954)	(236.864)
Total		**(1.497.473)**	**(1.614.016)**

22. Employee benefits

	1/1-31/12/2016	1/1-31/12/2015
Wages and salaries	(11.132.049)	(11.347.470)
Social security costs	(2.604.300)	(2.622.896)
Other employers' contributions and expenses	(421.194)	(318.925)
Pension costs - defined benefit plans (note 16)	(298.420)	(178.493)
Total	**(14.455.962)**	**(14.467.784)**

The average number of staff employed in the years 2016 and 2015 was 376 and 383 respectively, while at at 31 December 2016 and 31 December 2015 the company employed 381 people.

23. Other operating income

	1/1-31/12/2016	1/1-31/12/2015
Income from grants	174.363	229.903
Rental income	108.991	109.752
Insurance Compensation	1.317	-
Other	62.843	32.682
Total	**347.514**	**372.338**

24. Other gains/ (losses) –net

	1/1-31/12/2016	1/1-31/12/2015
Net foreign exchange gains / (losses)	(70.510)	(2.497.507)
Gains/ (losses) from sale of PPE	5	(4)
Total	**(70.506)**	**(2.497.511)**

25. Finance costs – net

	1/1-31/12/2016	1/1-31/12/2015
Finance expenses		
- Letters of guarantee	(162.177)	(170.829)
- Other	(38.590)	(41.906)
Total	**(200.767)**	**(212.735)**
Finance income		
-Interest income	8.720	9.620
-Interest income from loans to related parties	-	6.540
- Net foreign exchange gains / (losses)	247.890	226.368
Total	**256.610**	**242.528**
Finance costs – net	**55.843**	**29.793**

Foreign exchange differences classified in financial income refer to foreign exchange differences arising from the cash and cash equivalents of the Company.

26. Income tax expense

	1/1-31/12/2016	1/1-31/12/2015
Current tax	(1.333.427)	(756.300)
Deferred tax (Note 9)	645.041	1.011.958
Total	**(688.385)**	**255.658**

The tax on the losses before tax of the Company differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

	1/1-31/12/2016	1/1-31/12/2015
Profit before tax	**1.598.913**	**973.327**
	29%	29%
Tax calculated at tax rates applicable to Greece	(463.685)	(282.265)
Expenses not deductible for tax purposes	(224.701)	(24.172)
Differences in tax rates	-	453.502
Other	-	108.593
Tax charge	**(688.385)**	**255.658**

Under the provisions of Law 4334/2015, the rate of income tax on the profits of legal persons increased from 26% to 29%. These provisions apply to earnings arising in tax years beginning on or after 1 January 2015. This change in the tax rate resulted in an increase in the net deferred tax liability of 31 December 2015 by 489.061, of which 453,502 in favour of the income tax for the previous year and 35.559 in favour of other comprehensive income.

Unaudited tax years

The company has been audited by the tax authorities up to the fiscal year 2009 included, while for the fiscal year 2010 there is a tax audit in progress by the tax authorities. Possible fines and taxes that will be imposed from this tax audit are estimated to have no significant impact on the Company's financial position statement as the Company has recognized a relevant provision. The cumulative provision for the unaudited fiscal year 2010 amounts to € 106.650.

Audit Tax Certificate

From the year ended 31 December 2011 onwards, in accordance with Law 4174/2013 (article 65A), as in force (and as defined by article 82 of Law 2238/1994), Greek limited companies (S.A) and limited liability companies (EPE) whose annual financial statements must mandatorily be audited by statutory auditors, were required until the years starting prior to 1st January 2016 to receive an "Annual Tax Certificate", issued after a relevant tax audit by the statutory auditor or audit firm auditing the annual financial statements. For the years starting from 1 January 2016 onwards, the "Annual Tax Certificate" is optional, but the Company has chosen to receive it.

The Compliance Reports for the years 2011 to 2015 were issued without reservation.

The tax audit by the company's auditors for the year 2016 is in progress and is expected to be completed after the publication of the Financial Statements; however any additional charges to arise after its completion are not expected to have a material effect on the Financial Statements.

According to the Greek tax legislation and the corresponding Ministerial Decisions, companies for which a tax certificate is issued without any indications of breaches of tax legislation are not excluded from the imposition of additional taxes and fines by the Greek tax authorities after the completion of a relevant tax audit in the framework of the law restrictions (as a general principle, 5 years as of the end of the fiscal year in which the tax return should have been submitted). The Company's Management estimates that in the case of tax audit by the tax authorities no additional tax liabilities will arise that may have a material effect beyond those recorded and presented in the financial statements.

27. Earnings/(loss) per share

Basic earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the net profit / (loss) attributable to equity holders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

	1/1-31/12/2016	1/1-31/12/2015
Profit/(Losses) attributable to the equity holders of the Company	910.527	1.228.986
Weighted average number of shares	23.103.305	23.103.305
Earnings /(Losses) per share (euro per share)	**0,039**	**0,053**

The number of shares of the company has not changed during the year. The Company does not hold any treasury shares.

Diluted earnings / (loss) per share

Diluted earnings / (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as stock options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share of the Company do not differ from basic earnings per share.

28. Cash generated from operations

	Note	1/1-31/12/2016	1/1-31/12/2015
Profit for the year		**910.527**	**1.228.986**
Adjustments for:			
Tax	26	688.385	(255.658)
Depreciation of PPE	6	1.247.881	1.311.622
Depreciation of investment property	8	34.495	34.455
Amortisation of intangible assets	7	215.097	267.940
Impairment of inventories		2.027.096	1.504.503
(Gain) / Loss on sale of PPE	24	(5)	4
Interest income	25	(8.720)	(16.160)
Interest expense	25	200.767	212.735
Foreign exchange difference		(184.260)	26.745
		5.131.264	**4.315.171**
Changes in working capital			
(Increase) / decrease in Inventories		(4.522.755)	7.928.041
(Increase) / decrease in trade and other receivables		(28.453.016)	(3.618.929)
Increase/ (decrease) in trade and other payables		31.032.423	(4.765.695)
Increase/ (decrease) in provisions		14.773	(12.714)
Increase/ (decrease) in retirement benefit obligations		23.552	77.893
		(1.905.023)	**(391.403)**
Cash generated from operations		**3.226.241**	**3.923.768**

29. Commitments

Operating lease commitments– the Company as lessee

On December 31, 2016 and 2015 the Company has signed operating lease agreements regarding the lease of vehicles.

The future aggregate minimum lease payments under operating leases of the Company are as follows:

	31/12/2016	31/12/2015
No later than 1 year	94.004	83.765
Later than 1 year and no later than 5 years	208.884	40.010
Total	**302.887**	**123.775**

Operating lease commitments – the Company as Lessor

On December 31, 2016 and 2015 the Company has signed operating lease agreements concerning the lease of part of its premises presented as investment property.

The future aggregate minimum rental income is as follows:

	31/12/2016	31/12/2015
Up to 1 year	108.633	107.602
Later than 1 year and no later than 5 years	258.572	363.263
Later than 5 years	413.205	415.281
Total	**780.410**	**886.146**

Capital commitments

There are no capital commitments contracted for, but not yet incurred, by the balance sheet date.

30. Contingent liabilities/receivables

The Company has contingent liabilities in respect of banks and other matters arising in the ordinary course of business as follows:

Guarantees

	31/12/2016	31/12/2015
Guarantees for advance payments	6.890.785	5.944.738
Guarantees for good performance	552.934	544.669
Guarantees for participation in contests	1.271.990	1.285.990
Total	**8.715.709**	**7.775.397**

Outstanding legal cases

There are no legal or arbitration proceedings and decisions of judges or arbitrators which have or may have a material effect on the financial position or operations of the Company.

31. Related party transactions

The affiliated parties of the Company include:

(a) the parent company Intracom Holdings, the entities that are controlled, jointly controlled or significantly affected by it,

(b) affiliates and other related companies of the Intracom Holdings Group,

(c) the key members of the Company's Management, close relatives, and entities controlled or jointly controlled by such persons; and

(d) Persons or a close member of those person’s family (and entities controlled or jointly controlled by these persons) that control or jointly control or have a significant influence over the parent company Intracom Holdings.

The related parties Transactions for the current and prior period are as follows:

	1/1-31/12/2016	1/1-31/12/2015
Sales of goods / services:		
To INTRACOM HOLDINGS group Subsidiaries	90	450
To other related parties	198.098	164.233
Total	**198.188**	**164.683**
Purchases of goods / services:		
From parent company INTRACOM HOLDINGS	270.982	400.000
From INTRACOM HOLDINGS group Subsidiaries	737.755	843.253
From other related parties	697.959	708.223
Total	**1.706.696**	**1.951.477**
Purchases of fixed assets:		
From INTRACOM HOLDINGS group Subsidiaries	168.443	-
Total	**168.443**	-
Sales of fixed assets:		
To other related parties	-	100
Total	-	**100**
Rental Income		
From other related parties	85.849	86.571
Total	**85.849**	**86.571**
Interest Income		
From parent company INTRACOM HOLDINGS	-	5.559
Total	-	**5.559**

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

	31/12/2016	31/12/2015
Receivables from related parties		
From INTRACOM HOLDINGS group Subsidiaries	12.660	1.230
From other related parties	112.854	72.863
Total	**125.514**	**74.093**
Payables to related parties		
To parent company INTRACOM HOLDINGS	80.029	246.000
To INTRACOM HOLDINGS group Subsidiaries	411.116	265.223
To other related parties	310.700	310.450
Total	**801.845**	**821.673**

Services from and to related parties as well as sales and purchases of goods, take place on the basis of the price lists in force with non-related parties

Key management compensation

Directors’ remuneration and key management compensation amounted to € 456.121 during the year 2016 in comparison to € 362.765 during the previous year.

32. Dividends

The company did not pay dividends in the current and prior year. The Board of Directors has not proposed to the Shareholders General Meeting, dividends distribution for the current year.

33. Events after the balance sheet date

Further to those already referred there are no significant subsequent to 31 December 2016 events, which should either be referred or that should differ the items of the published financial statements.