INTRACOM SA

DEFENSE ELECTRONIC SYSTEMS

Financial statements in accordance with International Financial Reporting Standards as adopted by the European Union

31 December 2010

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

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ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE

Company named

"INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS",

TRADING NAME: "INTRACOM DEFENSE ELECTRONICS",

Concerning the Financial Statements

For the fiscal year from January 1st to December 31st 2010

To: the Annual General Meeting of Shareholders
Messrs Shareholders,

We submit for approval the financial statements of the Company's financial year from January 1 to December 31, 2010.
The financial statements for the fiscal year, as the previous ones, have been prepared in accordance with International Accounting 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 paragraph 3 of CL 2190/1920.
The main object of activity of the Company concerns the Defense Electronics Manufacturing production systems, trade, design, development, manufacture, installation of defense electronic systems and related services.

FINANCIAL RESULTS – ACTIVITY REVIEW

The company turnover in fiscal year 2010, amounted to € 43.292 thousand against € 43.237 thousand in fiscal year 2009.
Earnings before taxes amounted to € 548 thousand compared to € 624 thousand while net income totaled € 115 thousand against € 337 thousand of fiscal year 2009.
Earnings before interest, tax, depreciation and amortization of the Company (EBITDA), amounted to € 2.142 thousand against € 2.986 thousand in 2009 a decrease of 28% attributed to the nature of the works carried out in 2010.
Inventories maintained at a similar level as the previous year and stood at € 30.652 thousand for the Company.
Trade receivables and other receivables increased and amounted to € 40.586 thousand. Current tax assets related to taxes withheld or paid in advance amounting to € 586 thousand. Total liabilities amounted to € 45.834 thousand, of which bank borrowings amounted to € 2.000 thousand. Administrative expenses amounted to € 4.419 thousand and are reduced.
Net financial cost was positive for the company contributing € 134 thousand to the year pre-tax profit. The cash and cash equivalents at the end of the fiscal year amounted to € 5.715 thousand versus previous year € 4.797 thousand.
The equity of the Company at the end of the year 2010 amounted to € 83.432 thousand against € 83.380 in the year 2009.

Key financial ratios depicting the Group's and Company's financial condition in a static format are as follows:

a. Financial Structure Ratios

	2010	2009
Current Assets/Total Assets	60%	55,60%
Total Equity/Total Liabilities	182%	227,50%
Total Equity/Fixed Assets	161,30%	156,30%
Current Assets/Short-term Liabilities:	177,10%	193,30%

b. Profitability Ratios

	2010	2009
Net Profit / Sales	0,30%	0,80%
Gross Profit / Sales	31,60%	28,10%
Sales / Total Equity	51,90%	51,90%

MAIN EVENTS

During the year 2010 the company undertook new projects with a total budget of € 9,1 million, the more significant concerns the following:

- With the company NORTHROP GRUMMAN, a contract worth 1.26 million U.S. dollars for production of electronic self-protection systems Warning Receiver for F-16 aircraft for a third country.
- With the RAYTHEON, a contract worth 4.8 million USD. The contract relates to the production of complexes of PATRIOT air defense systems to meet needs in third countries. This agreement is a continuation of previous agreements for the production of launcher subsystems of the most advanced version of antiaircraft systems PATRIOT.
- With the United States Army, a contract worth 1 million USD. It is the first contract, with a twelve (12) months duration while additional orders are expected. In parallel and in the further expansion in the production and support, the company is working to increase the number of specialized subsystems, aiming to broaden its cooperation with the Army of the United States.
- With RAYTHEON and NORTHROP GRUMMAN, two (2) new export contracts, worth 2.1 million USD. The contracts relate to the electronics of missiles and radar aircraft and consist an extension of the existing contracts.

Also, an important event for the Company during the year 2010, was the expansion of cooperation with NAMSA (NATO Maintenance and Supply Agency), as intercom products, wireless LAN, multiple types of cryptosystems and services such as calibration of instruments, were enlisted in the procurement system of NATO. The relevant departments of the Armed Forces of twenty-eight countries-members of NATO, now have the opportunity to procure INTRACOM Defense products and services through the existing procedures of NAMSA.

GOALS – PERSPECTIVES

INTRACOM DEFENSE ELECTRONICS is the leading manufacturer of Defence Electronics in Greece with emphasis on communications and Electronic Systems. In addition, the company participates in multinational development and production projects in collaboration with major defense companies and organizations and is a registered NATO's vendor. Investing in competitiveness, modern infrastructure and highly trained staff, the company aims to establish itself as a reliable partner in international projects.

The restrictive policy implementation by the state for defense spending as a subsequence of Greece's difficult fiscal position, the virtual absence of domestic market and the unfavorable international economic environment led the Company to options that are intended principally to enhance openness and decisions to reduce costs in order to adapt to prevailing economic conditions and to maintain its financial results.
INTRACOM DEFENSE's innovative products consist a valuable assistance in helping the company to strengthen its presence in international markets. INTRACOM DEFENSE ELECTRONICS is investing heavily to develop innovative products and military tactical communication solutions. The result of research efforts which created products that are ultimately selected by the armed forces internationally, increases optimism that the company will achieve its goals.
The backlog of the company's contracts on 31.12.2010 amounted to € 100 million.

RISKS AND UNCERTAINTIES

Risks associated with the company's activity

Defense market trend

The uncertainty caused by the global financial developments has led many governments to introduce austerity measures in the field of defence. In Greece, the deepening of the fiscal problem reinforces the continued reduction policies in defence spending and the postponement of defence programs. Given that the Greek Defence Industry is highly dependent on the Greek state, the defence sector is significantly influenced by the deteriorating financial situation of the country. The lack of international orientation and the small size of many companies poses significant risks to their activity, making them extremely vulnerable. Those companies, that have promptly acquired a more extrovert stance in the highly competitive international environment, face a more reduced impact of the domestic market stagnation.

Financial Risks

Foreign Exchange Risks

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

Cash flow and fair value interest rate risk

The company is in minimal exposure to interest rate risk, due to the small borrowings (€ 2m) and the short-term horizon of the cash deposits.

Credit risk

Due to the nature of the company's activities, credit risk concerning customers 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 on 31.12.2010 reached 499 people compared to 512 persons on 31.12.2009.
Directors' remuneration and key management compensation amounted to € 910.625 during the year 2010 in comparison to € 909.566 during the previous year, There were no requirements or obligations to the management at year end.

OTHER SIGNIFICANT EVENTS

In March of 2010 was implemented the tax audit for fiscal years 2008 and 2009. The tax audit showed additional tax of € 318.217 and adding surcharges, was eventually € 378.765. The amount was ultimately charged to the result of year 2010 amounted to € 279.961, after clearing with the provisions taken for the respective periods.
Up to the date of the submission of this report, no other event has been occurred which could materially affect on the financial position and progress of the company.

Messrs Shareholders,
As of the income distribution for fiscal year 2010, the Board of Directors proposes no dividend to be distributed and profits for the year to be transferred as retained earnings in order to strengthen the working capital of the Company.

The Board of Directors considers what was set out as a report on the activities during the year 01/01/2010 through 31/12/2010 and expects the General Meeting of Shareholders will approve the treatment of the company's interests in considered fiscal year and the balance sheet of 31/12/2010 with the analysis of the Income Statement, Statement of Cash Flows, the Statement of Changes in Equity and the Distribution of Earnings.

It also hopes that the General Meeting of Shareholders with a particular decision will relieve the Board of Directors and the Auditors from any liability for the year ended January 1, 2010 until December 31, 2010.

In order the company's shareholders to be adequately informed, it is mentioned that the Company has not acquired own shares.

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

koropi, April 29, 2011

THE MANAGING DIRECTOR (CEO)

GEORGE TROULLINOS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "INTRACOM S.A DEFENSE ELECTRONIC SYSTEMS"

Report on the Financial Statements

We have audited the accompanying financial statements of "INTRACOM S.A DEFENSE ELECTRONIC SYSTEMS", which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory 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 control 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. 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 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 the Company as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying financial statements, under the legal frame of the articles 43a and 37 of c.L. 2190/1920.

Athens, 17th May 2011

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Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No.14701

Associated Certified Public Accountants s.a.
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3, Fok. Negri Street – 112 57 Athens, Greece
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Statement of financial position

	Note	31/12/2010	31/12/2009
ASSETS			
Non-current assets			
Property, plant and equipment	6	40.705.585	40.963.244
Intangible assets	7	1.375.180	1.635.929
Investment property	8	9.605.683	10.705.821
Trade and other receivables	9	41.030	41.030
		51.727.477	**53.346.023**
Current assets			
Inventories	10	30.652.180	31.201.133
Trade and other receivables	9	40.586.161	30.352.328
Current income tax assets		291.368	336.384
Cash and cash equivalents	11	5.715.320	4.797.158
		77.245.030	**66.687.002**
Total assets		**128.972.507**	**120.033.025**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	67.923.717	67.923.717
Reserves	13	10.169.987	10.031.859
Retained earnings		5.339.084	5.424.335
		83.432.788	**83.379.911**
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	371.516	273.979
Retirement benefit obligations	16	1.103.497	1.173.731
Provisions for other liabilities and charges	17	566.181	707.176
		2.041.195	**2.154.886**
Current liabilities			
Trade and other payables	18	40.796.956	31.542.057
Current income tax liabilities		124.568	-
Borrowings	14	2.000.000	2.000.000
Provisions for other liabilities and charges	17	577.000	956.171
		43.498.524	**34.498.228**
Total liabilities		**45.539.719**	**36.653.114**
Total equity and liabilities		**128.972.507**	**120.033.025**

The notes on pages 14 to 48 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	1/1-31/12/2010	1/1-31/12/2009
Sales	19	43.292.272	43.236.819
Cost of goods sold	20	(29.602.501)	(31.091.518)
Gross profit		**13.689.772**	**12.145.301**
Selling and research costs	20	(9.277.489)	(7.010.618)
Administrative expenses	20	(4.419.057)	(4.568.009)
Other income	22	474.043	531.584
Other gains/(losses) - net	23	(53.160)	(56.650)
Operating profit		**414.108**	**1.041.608**
Finance income	24	111.306	51.184
Finance costs	24	22.829	(468.563)
Finance costs - net		**134.135**	**(417.380)**
Profit before income tax		**548.244**	**624.228**
Income tax expense	25	(433.367)	(287.465)
Profit after income tax		**114.876**	**336.764**
Attributable to:			
Equity holders of the Company	26	114.876	336.764
Minority interest			
		114.876	**336.764**
Other comprehensive income:			
Other Comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**114.876**	**336.764**
Total comprehensive income attributable to:			
Equity holders of the Company		114.876	336.764
Minority interest			
		114.876	**336.764**
Earning per share profit attributable to the equity holders of the company during the year			
Basic	26	**0,005**	**0,015**

The notes on pages 14 to 48 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 2009		**67.923.717**	**9.529.463**	**6.936.968**	**84.390.148**
Profit for the year				336.764	336.764
Net profits recognised during the year				**336.764**	**336.764**
Transfer	13		502.396	(502.396)	
Dividends relating to year 2007				(1.500.000)	(1.500.000)
Distribution of treasury shares of the parent company INTRACOM HOLDINGS				153.000	153.000
			502.396	**(1.849.396)**	**(1.347.000)**
Balance at 31 December 2009		**67.923.717**	**10.031.859**	**5.424.335**	**83.379.911**
Balance at 1 January 2010		**67.923.717**	**10.031.859**	**5.424.335**	**83.379.911**
Profit for the year				114.876	114.876
Net profits recognised during the year				**114.876**	**114.876**
Transfer	13		138.128	(138.128)	-
Dividends relating to year 2008				(200.000)	(200.000)
Distribution of treasury shares of the parent company INTRACOM HOLDINGS				138.000	138.000
			138.128	**(200.128)**	**(62.000)**
Balance at 31 December 2010		**67.923.717**	**10.169.987**	**5.339.084**	**83.432.788**

The notes on pages 14 to 48 are an integral part of these financial statements.

Cash flow statement

	Note	1/1-31/12/2010	1/1-31/12/2009
Cash flows from operating activities			
Cash generated from operations	27	1.761.337	(2.708.079)
Interest paid	27	22.829	(468.563)
Income tax paid		(264.965)	1.031.125
Net cash from operating activities		**1.519.201**	**(2.145.517)**
		-	**-**
Cash flows from investing activities		-	**-**
Purchase of property, plant and equipment (PPE)	6	(425.853)	(508.505)
Purchase of intangible assets	7	(88.643)	(394.397)
Proceeds from sale of PPE		2.151	1.308
Interest received	27	111.306	51.184
Net cash from investing activities		**(401.038)**	**(850.410)**
Cash flows from financing activities			
Dividends paid		(200.000)	(1.500.000)
Repayments of finance leases		-	-
Net cash from financing activities		**(200.000)**	**(1.500.000)**
Net decrease in cash and cash equivalents		**918.162**	**(4.495.928)**
Cash and cash equivalents at beginning of year		4.797.158	9.293.085
Cash and cash equivalents at end of year	11	**5.715.320**	**4.797.158**

The notes on pages 14 to 48 are an integral part of these financial statements.

Notes to the financial statements in accordance with International Financial Reporting Standards

1. General Information

Intracom SA Defense Electronics Systems ("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.

The company operates in Greece and in foreign countries.

The Company's registered office is at 21 km Markopoulou Ave., Peania Attikis, Greece.

The Company is 100% subsidiary of Intracom Holdings SA ("Intracom Holdings", "Intracom Holdings Group"). The annual consolidated financial statements of Intracom Holdings SA for the year ended 31 December 2009 have been published on its website at ***www.intracom.com***.

These financial statements have been approved for issue by the Board of Directors on April 27th and are subject to approval by the Annual General Meeting of the Shareholders.

2. Summary of significant accounting policies

Basis of preparation

These financial statements consist of the financial statements of Intracom Defense for the year ended 31 December 2009, and have been prepared under the historical cost and the going concern conventions. These financial statements are in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as well as their interpretations issued by the Interpretations committee (IFRIC) and had approved by the European Union (EU).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Moreover, the use of estimates and assumptions is required that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of preparation of financial statements and the reported income and expense amounts during the reporting period. Although these estimates are based on the best possible knowledge of management with respect to the current conditions and activities, the actual results can eventually differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The accounting policies that have been used for the financial statements preparations are consistent with those used in the previous financial year. They have been under consideration all the revised standards and their interpretations that are in use from 1 January of 2009.

New standards, interpretations and amendments

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

a) Standards/ interpretations effective in 2010

IAS 39 (Amendment) "Financial Instruments": Recognition and Measurement" *(effective for annual periods beginning on or after 1 July 2009)*

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

This amendment is not expected to impact the Company's financial statements.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards" *(effective for annual periods beginning on or after 1 January 2010*

The revised IFRS 1 replaces the existing version in order to simplify it and facilitate potential amendments in the future. Moreover in the revised IFRS1 are abolished certain outdated transient guidelines and are included certain other of less importance rewordings. The current requirements remain immutable.

This amendment has no impact to the company's financial statements since it has already adopted IFRS.

IFRS 2 (Amendment) "Share Based Payment" *(effective for annual periods beginning on or after 1 January 2010)*

The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for Company cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment is not expected to impact the Company's financial statements.

IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements" *(effective for annual periods beginning on or after 1 July 2009)*

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires a change in ownership interest of a subsidiary is accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with non-controlling interests. The Company will apply these changes from their effective date.

The subject amendment is not applicable for the Company.

IFRIC 12 "*Service Concession Arrangements*" *(EU endorsed for periods beginning 30 March 2009)*

IFRIC 12 concerns arrangements that government grants contracts for the supply of public services to private operators. IFRS 1, IFRIC 4 -Determining whether an arrangement contains a Lease and the interpretation SIC 29 disclosure - Service Concession Arrangements of Standard Interpretations Committee ,are modified according the appendix B of IFRIC 12.

The subject amendment is not applicable for the Company.

IFRIC 15 – Agreements for the construction of real estate.

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to each particular case.

This interpretation is not relevant to the Company's operations.

IFRIC 17, "Distributions of non-cash assets to owners" *(effective for annual periods beginning on or after 1 July 2009)*

This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non cash assets or a cash alternative.

This interpretation is not relevant to the Company's operations.

IFRIC 18 " Transfers of assets from customers" (effective for transfers of assets received on or after 1 July 2009)

This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services (such as electricity, fuel or water).

This Interpretation specifies the definition of an asset the recognition and measurement of the initial cost . It also identifies the obligation for the service provision in exchange for the asset , as well as the revenue recognition and the guidance for handling the transfer of cash from customers.
This interpretation is not relevant to the Company's operations.

Amendments to standards that form part of the IASB's annual improvements project for the year 2009.

The amendments set out below describe the key changes to IFRSs following the publication in April 2009 of the results of the IASB's annual improvements project. These amendments are effective for the current fiscal year /period. In addition, unless otherwise stated, the following amendments they have not a material impact on the Company's financial statements.

IFRS 2 "Share-Based payment" *(effective for annual periods beginning on or after 1 July 2009)*

The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

IFRS 8 "Operating Segments"

The amendment provides clarifications on the disclosure of information about segment assets.
IAS 1 "Presentation of Financial Statements"

The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 "Statement of Cash Flows"

The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

IAS 17 "Leases"

The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

IAS 18 "Revenue"

The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 "Impairment of Assets"

The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

IAS 38 "Intangible Assets"

The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 "Financial Instruments: Recognition and Measurement"

The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" *(effective for annual periods beginning on or after 1 July 2009)*

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the Company, including the foreign operation itself, as long as certain requirements are satisfied.

(b) Standards/ interpretations that are not yet effective and have not been early adopted by the company

IAS 12 (Amendment) "Income Taxes" " *(effective for annual periods beginning on or after 1 January 2012)*

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". Under IAS 12, the measurement of deferred tax depends on whether an entity expects to recover an asset through use or through sale. However, it is often difficult and subjective to determine the expected manner of recovery with respect to investment property measured at fair value in terms of IAS 40. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The presumption cannot be rebutted for freehold land that is an investment property, because land can only be recovered through sale.

This amendment has not yet been endorsed by the EU.

IAS 24 (Amendment) "Related Party Disclosures" *(effective for annual periods beginning on or after 1 January 2011)*

This amendment attempts to relax disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements.

The Company will apply these changes from their effective date. The amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) "Financial Instruments: Presentation" *(effective for annual periods beginning on or after 1 February 2010)*

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

This amendment is not expected to impact the Company's financial statements.

IFRS 7 (Amendment) "Financial instruments – Disclosures" - IFRS 4 (Amendment) "Insurance contracts" *(effective for annual periods beginning on or after 1 July 2011)*

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements.

This amendment has not yet been endorsed by the EU.

IFRS 9 "Financial Instruments*" (effective for annual periods beginning on or after 1 January 2013)*

IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes; in this case, the entity isrequired to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised inprofit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Company is currently investigating the impact of IFRS 9 on its financial statements. Only when it has been adopted will the Company decide whether or not it will implement IFRS 9 before 1 January 2013.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" *(effective for annual periods beginning on or after 1 January 2011)*

The amendments apply to specific cases: when the financial entity is subject to a minimum funding requirement and makes a prepayment of contributions to meet this requirement. These amendments allow such financial entity to recognise the benefit from such prepayment as an asset . The amendments must be applied retrospectively to the earliest comparative period presented. Earlier application permitted

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" *(effective for annual periods beginning on or after 1 July 2010)*

This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Company.
This amendment has not yet been endorsed by the EU.

IFRS 1 (Amendment) "First-time ado IFRS 7 for the companies that adopts the IFRS for first time " (*effective for annual periods beginning on or after 1 July 2010)*

The amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by Improving Disclosures about Financial Instruments (Amendments to IFRS 7). This interpretation is not relevant to the Company

Amendments to standards that form part of the IASB's annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in in May 2010 of the results of the IASB's annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1January 2011. In addition, unless otherwise stated, the following amendments will not have a material impact on the Company's financial statements.

IFRS 3 "Business Combinations"

The amendments provide additional guidance with respect to: (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008); (ii) measuring non-controlling interests; and (iii) accounting for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced sharebased payment awards.

IFRS 7 "Financial Instruments: Disclosures"

The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

IAS 27 "Consolidated and Separate Financial Statements"

The amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

IAS 34 "Interim Financial Reporting"

The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

Segment Information

As business segment is considered a distinguishable part of a company, that it is engaged in providing individualized products or services or a group of related products or services which sustain risks and odds ,that differ from those of other business segments.

As geographical segment is considered a distinguishable part of a company, that it is engaged in providing products or services in a special economic environment and sustain risks and rewards which differ from those segments which operate in a different financial environment..

The company operates in defense electronic system segment. The geographical areas that company operates are Greece, European Union, rest of Europe and rest of the world.

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'). These 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 recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Investment property

Investment property, principally comprising land and buildings, is held by the Company for long-term rental yields. Investment property is measured at cost less depreciation. Land is not depreciated. Buildings are depreciated using the straight line method to allocate cost over their useful lives, estimated at 33-34 years.

When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in the income statement.

Property, plant and equipment

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

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

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

- Buildings	33 - 34	Years
- Machinery, installations and equipment	10	Years
- Motor 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.

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

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

Finance costs are recognised in the income statement in the period in which they arise.

Leases

(a) Finance leases

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

(b) Operating leases

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

Intangible assets

Computer software

Software licenses are stated at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3-5 years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment at each balance sheet date and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount.

Financial assets

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

(a) Financial assets at fair value through profit or loss

This category refers to financial assets acquired principally for the purpose of selling in the short term or if so designated by Management. Derivatives are also categorised as held for trading unless they are designated as hedges. If these assets are either held for trading or are expected to be realised within 12 months of the balance sheet date these assets are classified as current assets. During the year, the Company did not hold any investments in this category.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. During the year, the Company did not hold any investments in this category.

Purchases and sales of investments are recognised on trade date, which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

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

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

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Inventories

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

Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

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.

Share capital

Ordinary shares are classified as equity.

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

Borrowings

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

Borrowing costs

All borrowing costs are recognized in the income statement as incurred.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost and using the effective interest method.

Deferred income tax

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

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Employee benefits

(a) Pension obligations

The Company contributes to both defined benefit and defined contribution plans.

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

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

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

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Where there is uncertainty about the number of employees who will accept an offer of termination benefits, the Company discloses information about the contingent liability.

Provisions

Provisions are recognized when:

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

(a) Warranties

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

(b) Compensated absences

The claims over compensated absences are recognised as incurred. The Company recognises the expected cost of short-term employee benefits in the form of compensated absences based on their unused entitlement at the balance sheet date.

(c) Loss-making contracts

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

Revenue and Expenses recognition

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

(a) Sales of goods

Sales of goods are recognized when the Company has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured.

(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 assessed 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 original effective interest rate. Subsequently, interest is recognized on the impaired value.

Expenses

The expenses are recognized in the results on an accrued basis

Dividend distribution

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

Roundings

Differences between amounts presented in the financial statements and corresponding amounts in the notes result from rounding differences.

3. Financial risk management

Financial risk factors

Intracom Defense is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, interest rates and debt and equity market prices), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's risk management operates under the guidelines set by the overall risk management programme of Intracom Holdings which focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

The financial liabilities of the Company (apart from trade payables) include short-term bank loans and finance lease agreements, through which the Company finances its working capital and capital expenditure needs. Moreover, the Company manages financial assets, mainly short-term bank deposits arising from operating activities.

At the end of the current period there are no open positions in derivatives. In any case, such instruments are used exclusively for the hedging of interest or exchange rate risk, since according to the approved policy by Intracom Holdings Group speculative use is not permitted.

In summary, the financial risks that arise from the above are market risk, credit risk, liquidity risk and interest rate risk which are analyzed below.

(a) Market risk

Foreign exchange risk

The foreign exchange risk of the Company is limited, since for most of the foreign currency receivables, there are corresponding payables in the same currency. Almost all foreign currency contracts for both assets and liabilities are denominated in USD.

In cases where natural hedge is not adequate due to large amounts of foreign currency payables, the Company may convert part of the borrowings to that currency or may use forward currency contracts.

The Company's policy is to maintain a minimum amount of cash in foreign currency, to meet short-term liabilities in that currency.

The following table presents the sensitivity of the Company's net profit in possible fluctuations of the foreign exchange rates for the years 2007 and 2008. This analysis takes into consideration borrowings and cash and cash equivalents of the Company, as well as trade receivables and payables in USD as at 31st December 2009 and 2008 respectively.

Change in EUR/USD rate by	Effect on Net Profit 31/12/2009	Effect on Net Profit 31/12/2008
-12,00%	(281.932)	(388.700)
-9,00%	(211.449)	(291.525)
-6,00%	(140.966)	(194.350)
-3,00%	(70.483)	(97.175)
3,00%	70.483	97.175
6,00%	140.966	194.350
9,00%	211.449	291.525
12,00%	281.932	388.700

Price risk

The Entity has no exposure to price risk.

Cash flow and fair value interest rate risk

The interest-rate risk arises mainly from the fact that almost all of the Company's borrowings carry floating interest rates. The Company assesses that during the current period, interest rate risk is limited since it is expected that interest rates will either remain stable or drop in the medium-term.

The following tables present the sensitivity of the Company's net profit in possible fluctuations of the interest rates for the years 2008 and 2007. The analysis takes into consideration borrowings and cash and cash equivalents of the Company as at 31st December 2008 and 2007 respectively.

Financial instruments in Euro

Change in interest rates (base units)	Effect on Net Profit 31/12/2010	Effect on Net Profit 31/12/2009
-100	8.483	337
-75	6.362	253
-50	4.241	169
-25	2.121	84
25	(2.121)	(84)
50	(4.241)	(169)
75	(6.362)	(253)
100	(8.483)	(337)

Financial instruments in USD

Change in interest rates (base units)	Effect on Net Profit 31/12/2010	Effect on Net Profit 31/12/2009
-100	(46.145)	(28.689)
-75	(34.609)	(21.517)
-50	(23.073)	(14.345)
-25	(11.536)	(7.172)
25	11.536	7.172
50	23.073	14.345
75	34.609	21.517
100	46.145	28.689

(b) Credit risk

The sales transactions of the Company are made to private companies and public sector organisations with an appropriate credit history, with which in many cases there is a long standing relationship. In cases that vendor financing to an overseas customer is required, the Company insures its credit risk via the Export Credit Insurance Organisation (ECIO). As a result, the risk of doubtful debts is considered limited.

Regarding credit risk related to cash deposits, the Company collaborates only with financial institutions of high credit rating, while at the same time no financial institution has more than 15% of the managed assets.

(c) Liquidity risk

Liquidity risk is kept low, by maintaining sufficient cash and unused credit facilities.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal structure to reduce the cost of capital.

Company's capital is concerned sufficient on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital employed is calculated as 'equity attributable to the Company's equity holders' as shown in the balance sheet plus net debt.

	1/1 - 31/12/2010	**1/1 - 31/12/2009**
Total borrowings (note 14)	2.000.000	2.000.000
Less: Cash and cash equivalents (note 11)	5.715.320	4.797.158
Net debt	**(3.715.320)**	**(2.797.158)**
Total equity	83.432.788	83.379.911
Total capital empolyed	**79.717.467**	**80.582.753**
Gearing ratio	-4,7%	-3,5%

Fair value estimation

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

4. Critical accounting estimates and judgements

Estimates and judgements 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:

- The Company is subject to income tax in Greece. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

5. Segment Information

Operational Segments

The company operates in defense electronic system segment.

Segments Results

	1/1-31/12/2009	
	Defense	Total
Sales	43.236.819	**43.236.819**
Total Sales	**43.236.819**	**43.236.819**
Operating Profit	1.041.608	1.041.608
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	2.985.785	2.985.785
Finance income		51.184
Finance cost		(468.563)
Fianacial cost - net (note24)		**(417.380)**
Profit before income tax		**624.228**

	1/1-31/12/2010	
	Defense	Total
Sales	43.292.272	**43.292.272**
Total Sales	**43.292.272**	**43.292.272**
Operating Profit	414.108	414.108
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	2.141.556	2.141.556
Finance income		111.306
Finance cost		22.829
Fianacial cost - net (note24)		**134.135**
Profit before income tax		**548.244**

Further segmental information

	1/1-31/12/2009	
	Defense	**Total**
Depreciation of Fixed Assets (note 6)	1.844.382	**1.844.382**
Amortisation of Intagible Assets (note 7)	371.053	**371.053**
Depreciation of Investment Property (note 8)	87.523	**87.523**

	1/1-31/12/2010	
	Defense	**Total**
Depreciation of Fixed Assets (note 6)	1.689.799	**1.689.799**
Amortisation of Intagible Assets (note 7)	349.392	**349.392**
Depreciation of Investment Property (note 8)	86.786	**86.786**

Total Assets / Liabilities per segment

	31/12/2009	
	Defense	**Total**
Total Aassets	120.033.025	**120.033.025**
Total Liabilities	36.653.114	**36.653.114**
Capital Expenditure	902.902	**902.902**

	31/12/2010	
	Defense	**Total**
Total Aassets	128.972.507	**128.972.507**
Total Liabilities	45.539.719	**45.539.719**
Capital Expenditure	514.496	**514.496**

Geographical segment

The Company's home-country is Greece. The geographical areas the company operates are Greece, countries in European Union, rest of Europe and rest of the world.

The sales breakdown to the geographical areas is according to the customer's home-country.

The Assets and Capital expediture breakdown to the geographical areas is according to the customer's home-country.

Information by geographical area

	Sales		Assets		Capital expenditure	
	1/1-31/12/2010	**1/1-31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**
Greece	11.861.106	12.897.937	122.702.857	110.636.999	514.496	902.902
European Union	15.956.760	13.900.004	2.370.044	5.764.696	-	-
Other European countries	1.279	70.080	-	-	-	-
Other countries	15.473.127	16.368.798	3.899.606	3.631.330	-	-
Total	**43.292.272**	**43.236.819**	**128.972.507**	**120.033.025**	**514.496**	**902.902**

Sales by nature

	1/1-31/12/2010	**1/1-31/12/2009**
Sales of products	36.723.166	37.089.318
Sales of goods	560	1.287
Revenue from services	6.568.546	6.146.214
Total	**43.292.272**	**43.236.819**

6. Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Balance at 1 January 2009	**22.156.541**	**22.957.437**	**14.585.564**	**194.508**	**3.691.435**	**-**	**63.585.484**
Additions	-	21.226	372.618	18.675	95.987	-	508.505
Disposals	-	-	-	(2.957)	(36.231)	-	(39.188)
Transfer to investment property	(827.092)	(67.824)	-	-	-	-	(894.915)
Balance at 31 December 2009	**21.329.449**	**22.910.839**	**14.958.181**	**210.225**	**3.751.191**	**-**	**63.159.885**
Accumulated depreciation							
Balance at 1 January 2009	-	**6.895.493**	**10.976.463**	**113.441**	**2.420.094**	-	**20.405.491**
Depreciation charge	-	686.885	787.082	23.749	346.667	-	1.844.382
Disposals	-	-	-	(1.368)	(36.035)	-	(37.403)
Transfer to investment property	-	(15.829)	-	-	-	-	(15.829)
Balance at 31 December 2009	**-**	**7.566.550**	**11.763.545**	**135.822**	**2.730.725**	**-**	**22.196.642**
Net book amount at 31 December 2009	**21.329.449**	**15.344.289**	**3.194.637**	**74.403**	**1.020.465**	**-**	**40.963.244**
Balance at 1 January 2010	**21.329.449**	**22.910.839**	**14.958.181**	**210.225**	**3.751.191**	**-**	**63.159.885**
Additions	-	-	259.751	-	154.144	11.959	425.853
Disposals	-	-	(17.000)	-	(1.359)	-	(18.359)
Reclassifications	-	11.959	-	-	-	(11.959)	-
Transfer from investment property	1.000.826	24.552	-	-	-	-	**2.050.756**
Net book amount at 31 December 2010	**22.330.276**	**22.947.350**	**15.200.932**	**210.225**	**3.903.975**	**-**	**65.618.135**
Accumulated depreciation							
Balance at 1 January 2010	-	**7.566.550**	**11.763.545**	**135.822**	**2.730.725**	-	**22.196.642**
Depreciation charge	-	688.062	663.257	26.303	312.177	-	1.689.799
Disposals	-	-	(10.200)	-	(1.094)	-	(11.294)
Transfer from investment property	-	12.026	-	-	-	-	12.026
Balance at 31 December 2010	**-**	**8.266.637**	**12.416.602**	**162.125**	**3.041.808**	**-**	**23.887.173**
Net book amount at 31 December 2010	**22.330.276**	**14.680.712**	**2.784.330**	**48.100**	**862.167**	**-**	**41.730.963**

7. Intangible assets

	Trademarks and licences	Software	Total
Balance at 1 January 2009	40.240	5.698.610	5.738.850
Additions	-	394.397	394.397
Balance at 31 December 2009	**40.240**	**6.093.008**	**6.133.247**
Accumulated depreciation			
Balance at 1 January 2009	40.240	4.086.026	4.126.266
Depreciation charge	-	371.053	371.053
Balance at 31 December 2009	**40.240**	**4.457.079**	**4.497.318**
Net book amount at 31 December 2009	**-**	**1.635.929**	**1.635.929**
Balance at 1 January 2010	40.240	6.093.008	6.133.247
Additions	-	88.643	88.643
Net book amount at 31 December 2010	**40.240**	**6.181.650**	**6.221.890**
Accumulated depreciation			
Balance at 1 January 2010	40.240	4.457.079	4.497.318
Depreciation charge	-	349.392	349.392
Balance at 31 December 2010	**40.240**	**4.806.471**	**4.846.710**
Net book amount at 31 December 2010	**-**	**1.375.180**	**1.375.180**

8. Investment property

	31/12/2010	31/12/2009
Cost		
Balance at beginning of year	**11.501.055**	**10.606.139**
Transfer from investment property	-	894.915
Transfer to investment property	(1.025.378)	-
Balance at end of year	**10.475.677**	**11.501.055**
Accumulated depreciation		
Balance at beginning of year	**795.234**	**691.882**
Depreciation charge	86.786	87.523
Transfer from investment property	-	15.829
Transfer to investment property	(12.026)	-
Balance at end of year	**869.994**	**795.234**
Net book amount at end of year	**9.605.683**	**10.705.821**

Rental income for 2010 and 2009 amounted to € 398.529 and € 358.781 respectively (note 22).

9. Trade and other receivables

	31/12/2010	31/12/2009
Trade receivables	19.514.354	19.542.873
Less: provision for impairment	-	-
Trade receivables - net	**19.514.354**	**19.542.873**
Receivables from related parties (note 30)	258.039	102.350
Prepayments to creditors	19.542.413	9.530.441
Other prepayments	97.582	70.331
Accrued income	250.000	-
Other receivables	964.802	1.147.362
Total	**40.627.191**	**30.393.357**
Non-current assets	41.030	41.030
Current assets	40.586.161	30.352.328
	40.627.191	**30.393.357**

The fair value of receivables approximates their carrying amounts.

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

	31/12/2010	31/12/2008
Total	**19.514.354**	**19.542.873**
Not past due and not impaired at the balance sheet date	7.241.034	9.212.960
Impaired at the balance sheet date	0	0
Provision made for the following amount:	0	0
	0	**0**
< 90 days	1.987.520	7.124.856
90-180 days	3.011.812	487.449
180-270 days	2.980.109	57.439
270-365 days	698.709	1.313.818
1- 2 yrs	3.594.422	77.348
>2 yrs	748	1.269.003
	12.273.320	**10.329.913**
	19.514.354	**19.542.873**

As most of the receivables relates to a small number of customers, there is a concentration of credit risk. These customers, however, amongst which is the Greek State, are customers of high credit quality.

Trade and other receivables are denominated in the following currencies:

	31/12/2010	31/12/2009
Euro	18.531.646	18.078.086
US Dollar	22.095.479	12.257.451
Other	66	57.820
	40.627.191	**30.393.357**

10. Inventories

	31/12/2010	31/12/2009
Raw & auxiliary materials	17.589.965	17.382.370
Semi-finished goods	7.497.508	8.532.108
Finished goods	6.343.810	6.126.430
Work in progress	1.014.762	513.824
Merchandise	9.631	9.668
Total	**32.455.676**	**32.564.401**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	1.420.080	1.056.984
Semi-finished goods	369.992	292.860
Finished goods	13.424	13.424
	1.803.496	**1.363.268**
Net realisable value	**30.652.180**	**31.201.133**

The movement of the provision is as follows:	31/12/2010	31/12/2009
At the beginning of the year	1.363.268	820.068
Provision for impairment	440.227	543.200
Amount of provision reversed during the year	-	-
At the year end	**1.803.496**	**1.363.268**

11. Cash and cash equivalents

	31/12/2010	31/12/2009
Cash at bank and in hand	1.594.800	137.761
Short-term bank deposits	4.120.521	4.659.397
Total	**5.715.320**	**4.797.158**

The effective interest rate on short-term bank deposits in Euro and USD was 1,20% and 1,33% respectively (2008: 2,09% and 0,38% respectively).

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

Cash and cash equivalents are analyzed in the following currencies:

	31/12/2010	31/12/2009
Euro (EUR)	1.163.358	1.966.738
US Dollar (USD)	4.551.301	2.829.630
Other	662	790
	5.715.320	**4.797.158**

The Company's bank deposits in JPY have fixed exchange rate/fixed return, and as a result there is no exposure to risk from JPY exchange rate changes.

12. Share capital

	Number of Shares	Common Shares	Total
Balance at 1 January 2009	23.103.305	**67.923.716,70**	67.923.717
Balance at 31 December 2009	23.103.305	**67.923.716,70**	67.923.717
Balance at 31 December 2010	**23.103.305**	**67.923.716,70**	**67.923.717**

As at 31 December 2010 the share capital of the Company was divided into 23.103.305 shares with nominal value € 2,94 each.

13. Reserves

	Statutory reserves	Tax free reserves	Extraordinary reserves	Total
Balance at 1 January 2009	**375.723**	**8.812.699**	**341.041**	**9.529.463**
Transfer to retained earnings	155.000	347.396	-	**502.396**
Balance at 31 December 2009	**530.723**	**9.160.095**	**341.041**	**10.031.859**
Transfer from retained earnings	23.409	114.719	-	**138.128**
Balance at 31 December 2010	**554.132**	**9.274.814**	**341.041**	**10.169.987**

(a) Statutory reserve

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

(b) Tax free reserve

This account includes reserves created from profits, which were used for the acquisition of new fixed assets employed in the production process and are therefore regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

14. Borrowings

	31/12/2010	31/12/2009
Current borrowings		
Bank loans	2.000.000	2.000.000
Total current borrowings	**2.000.000**	**2.000.000**
Total borrowings	**2.000.000**	**2.000.000**

The weighted average interest rate for the Company's borrowings for 2010 was around 5,411% (2009: 3,082%).

Total borrowings are denominated in Euro.
The bank loans have been guaranteed by the parent company, Intracom Holdings.

15. 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:

	31/12/2010	31/12/2009
Deferred tax assets:		
To be recovered after more than 12 months	686.969	860.273
To be recovered within 12 months	136.867	142.229
	823.836	**1.002.502**
Deferred tax liabilities		
To be settled after more than 12 months	(1.145.310)	(1.261.448)
To be settled within 12 months	(50.042)	(15.034)
	(1.195.352)	**(1.276.481)**
	(371.516)	**(273.979)**

The total movement in deferred tax is as follows:

	31/12/2010	31/12/2009
Balance at the beginning of the year:	(273.979)	(33.069)
Charged/ (credited) to the income statement	(97.537)	(240.910)
Balance at the end of the year	**(371.516)**	**(273.979)**

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:

	Accelerated tax depreciation	Provision for bad debts	Other	Total
Balance at 1 January 2009	**(1.089.613)**	**(73.064)**	**(81.931)**	**(1.244.607)**
Charged / (credited) to the income statement	(101.694)	2.923	66.897	(31.874)
Balance at 31 December 2009	**(1.191.306)**	**(70.141)**	**(15.034)**	**(1.276.481)**
Charged / (credited) to the income statement	80.032	36.106	(35.009)	81.129
Balance at 31 December 2010	**(1.111.274)**	**(34.036)**	**(50.042)**	**(1.195.352)**

	Provisions /impairment losses	Other / Provisions	Accrued expenses	Other	Total
Balance at 1 January 2009	**205.017**	**548.730**	**3.076**	**454.715**	**1.211.538**
Charged / (credited) to the income statement	122.167	85.574	(3.076)	(413.701)	(209.036)
Balance at 31 December 2009	**327.184**	**634.304**	**-**	**41.014**	**1.002.502**
Charged / (credited) to the income statement	33.515	(192.634)	3.072	(22.619)	(178.666)
Balance at 31 December 2010	**360.699**	**441.669**	**3.072**	**18.395**	**823.836**

16. Retirement benefit obligations

	31/12/2010	31/12/2009
Balance sheet obligations for :		
Pension benefits	1.103.497	1.173.731
Total	**1.103.497**	**1.173.731**
Income statement charge		
Pension benefits	844.074	234.650
Total	**844.074**	**234.650**

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

	31/12/2010	31/12/2009
Present value of unfunded obligations	1.494.998	1.534.594
Unrecognized actuarial losses	(391.501)	(360.863)
Liability in the Balance Sheet	**1.103.497**	**1.173.731**

The amounts recognized in the income statement are as follows:

	31/12/2010	31/12/2009
Current service cost	199.715	129.716
Interest cost	85.937	87.133
Net actuarial losses recognized during the year	9.837	17.801
Losses on curtailment	548.584	-
Total, included in staff costs (note 21)	**844.074**	**234.650**

The total charge is allocated as follows:

	31/12/2010	31/12/2009
Cost of goods sold	451.362	126.968
Selling costs	292.046	79.958
Administrative expenses	100.665	27.724
	844.074	**234.650**

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

	31/12/2010	31/12/2009
Balance at the beginning of the year	1.173.731	1.008.718
Total expense charged / (credited) in the income statement	844.074	234.650
Contributions paid	(914.307)	(69.637)
Balance at the end of the year	**1.103.497**	**1.173.731**

The principal actuarial assumptions used were as follows:

	31/12/2010	31/12/2009
	%	%
Discount rate	5,60	5,60
Future salary increases	4,50	4,50

17. Provisions

	Warranties	Unused compensated absences	Litigation & tax provisions	Other provisions	Total
Balance at 1 January 2009	1.054.321	31.880	232.989	1.855.234	3.174.425
Provisions for the year	-	-	42.893	283.000	325.893
Provisions used during the year	-	-	(175.239)	(1.661.731)	(1.836.970)
Balance at 31 December 2009	**1.054.321**	**31.880**	**100.643**	**476.503**	**1.663.347**
Additional provisions	419.789	-	16.272	-	436.060
Provisions used during the year	(696.260)	(31.880)	(100.643)	(127.443)	(956.226)
Balance at 31 December 2010	**777.850**	**-**	**16.272**	**349.060**	**1.143.181**

Analysis of total provisions:

	31/12/2010	31/12/2009
Current liabilities	577.000	956.171
Non- current liabilities	566.181	707.176
Total	**1.143.181**	**1.663.347**

Provisions for repairs or materials replacement concerning projects under warranty period, included in the warranties

18. Trade and other payables

	31/12/2010	**31/12/2009**
Trade payables	3.037.398	3.248.104
Amounts due to related parties (note XX)	1.409.088	3.410.170
Accrued expenses	840.997	594.733
Social security and other taxes	1.110.593	1.385.321
Advances from customers	34.374.087	22.832.087
Other liabilities	24.794	71.641
Total	**40.796.956**	**31.542.057**
Non-current liabilities		
Current liabilities	40.796.956	31.542.057
	40.796.956	**31.542.057**

Trade and other payables are denominated in the following currencies:

	31/12/2010	**31/12/2009**
Euro (EUR)	5.055.156	14.088.031
US Dollar (USD)	35.719.143	17.436.512
Great Britain Pound (GBP)	22.138	8.896
Othes	520	8.618
	40.796.956	**31.542.057**

The average credit payment terms of the Company's liabilities are 90 days.

19. Sales by nature

	1/1-31/12/2010	**1/1-31/12/2009**
Sales of products	36.723.166	37.089.318
Sales of goods	560	1.287
Revenue from services	6.568.546	6.146.214
Total	**43.292.272**	**43.236.819**

20. Expenses by nature

	Note	1/1-31/12/2010	1/1-31/12/2009
Employee benefit expense	21	(19.418.101)	(18.765.756)
Inventory cost recognised in cost of goods sold		(14.455.514)	(13.528.985)
Depreciation of PPE		-	-
-Freehold property	6	(1.689.799)	(1.844.382)
-Leasehold property		-	-
Depreciation of investment property	8	(86.786)	(87.523)
Amortisation of intangible assets	7	(349.392)	(371.053)
Impairment of inventories		(440.227)	(543.200)
Subcontractors' fees		(1.732.897)	(1.285.967)
Repairs and maintenance		(997.043)	(994.960)
Operating lease payments		-	-
-buildings		-	(55.989)
-Vehicles and machinery		(208.844)	(225.036)
-Furniture and other equipment		(106)	(103)
Transportation and travelling expenses		(1.117.614)	(1.002.171)
Advertisement		(404.020)	(375.669)
Telecommunication, lighting & heating		(973.247)	(921.665)
Third party fees		(717.516)	(1.370.547)
Taxes and duties		(376.218)	(487.449)
Other expenses		(331.722)	(809.692)
Total		**(43.299.046)**	**(42.670.145)**
Split by function:			
Cost of goods sold		(29.602.501)	(31.091.518)
Selling costs		(9.277.489)	(7.010.618)
Administrative expenses		(4.419.057)	(4.568.009)
		(43.299.046)	**(42.670.145)**

21. Employee benefits

	1/1-31/12/2010	1/1-31/12/2009
Wages and salaries	14.460.584	14.386.109
Social security costs	3.602.984	3.581.693
Other employers' contributions and expenses	372.460	410.304
Pension costs - defined contribution plans	138.000	153.000
Pension costs - defined benefit plans (note 16)	844.074	234.650
Total	**19.418.101**	**18.765.756**

The total number of employees as at 31/12/2010 was 499 (2009: 512).

22. Other operating income

	1/1-31/12/2010	1/1-31/12/2009
Income from grants	52.340	137.560
Rental income	398.529	358.781
Other	23.173	35.244
Total	**474.043**	**531.584**

23. Other gains/ (losses) –net

	1/1-31/12/2010	1/1-31/12/2009
Net foreign exchange gains / (losses)	(48.246)	(56.173)
Gains/ (losses) from sale of PPE	(4.914)	(477)
Total	**(53.160)**	**(56.650)**

24. Finance costs – net

	1/1-31/12/2010	1/1-31/12/2009
Finance expenses		
-Bank borrowings	(84.874)	(63.834)
- Letters of credit and related costs	(155.337)	(154.162)
- Other	(36.698)	(137.606)
- Net foreign exchange gains / (losses)	299.738	(112.961)
	22.829	(468.563)
Finance income		
-Interest income	111.306	51.184
	111.306	51.184
Total	**134.135**	**(417.380)**

25. Income tax expense

	1/1-31/12/2010	1/1-31/12/2009
Current tax	335.830	46.555
Deffered tax (Note 15)	97.537	240.910
Total	**433.367**	**287.465**

The income tax rate for the year 2010 and 2009 was 24% and 25% respectively. The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity, as follows:

	1/1-31/12/2010	1/1-31/12/2009
Profit before tax	**548.244**	**624.228**
Tax calculated at tax rates applicable to Greece	131.578	156.057
Income not subject to tax	(209.581)	(468.694)
Expenses not deductible for tax purposes	253.915	566.793
Differences in tax rates	(74.303)	(11.416)
Tax audit differences	279.961	-
Social responsibility tax	31.454	-
Provision for unaudited tax years	16.272	42.893
Other	4.072	1.831
Tax charge	**433.367**	**287.465**

The company's results have been charged with the amount of € 279.961 that regards additional taxes and other charges due the tax audit for the years 2008 and 2009.

26. Profit per share

	31/12/2010	31/12/2009
Number of shares	23.103.305	23.103.305
Net Profit before taxes	**624**	**3.406**
Income tax	(287)	(358)
Net Profit before taxes	337	3.048
Profit per shares	**0,015**	**0,132**

27. Cash generated from operations

	Note	1/1-31/12/2009	1/1-31/12/2008
Profit for the year		**114.876**	**336.764**
Adjustments for:		-	-
Tax	25	433.367	287.465
Depreciation of PPE	6	1.689.799	1.844.382
Depreciation of investment property	6	86.786	87.523
Amortisation of intangible assets	7	349.392	371.053
Loss on sale of PPE	23	4.914	477
Interest income	24	(111.306)	(51.184)
Interest expense	24	(22.829)	468.563
Received treasury shares of the parent company		138.000	153.000
		2.682.999	**3.498.043**
Changes in working capital			
(Increase) / decrease in Inventories		548.953	1.300.635
(Increase)/ decrease in trade and other receivables		(10.233.834)	(12.307.261)
Increase/ (decrease) in trade and other payables		9.269.247	6.146.569
Increase/ (decrease) in provisions		(435.794)	(1.511.078)
Increase/ (decrease) in retirement benefit obligations		(70.234)	165.013
		(921.662)	**(6.206.122)**
Cash generated from operations		**1.761.337**	**(2.708.079)**

28. Commitments

Capital commitments

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

Operating lease commitments

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

	31/12/2010	31/12/2009
Up to 1 year	418.145	389.211
Από 2-5 έτη	1.520.261	1.456.296
Πέραν των 5 ετών	922.977	1.166.778
	2.861.384	**3.012.286**

The lease payments relate to rentals of motor vehicles.

29. Contingent liabilities/receivables

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

	31/12/2010	31/12/2009
Guarrantees for advance payments	5.877.875	8.259.792
Guarrantees for good performance	7.340.431	7.354.978
Guarrantees for participation in contests	705.854	307.000
	13.924.160	**15.921.771**

the receivables concerning revenue from property rental aw follows:

	31/12/2010	31/12/2009
Up to 1 year	418.145	389.211
Από 2-5 έτη	1.520.261	1.456.296
Πέραν των 5 ετών	922.977	1.166.778
	2.861.384	**3.012.286**

30. Related party transactions

The following transactions are carried out with related parties:

	1/1-31/12/2010	1/1-31/12/2009
Sales of goods / services:		
To parent company	-	-
To other ralated parties	292.638	480.599
	292.638	**480.599**
Purchases of goods / services:		
From parent company	315.938	574.886
From other related parties	921.289	1.021.793
	1.237.227	**1.596.679**
Sales of fixed assets:		
To other ralated parties	150	-
	150	**-**
Purchases of fixed assets:		
From other related parties	13.986	272.300
	13.986	**272.300**
Rental Income		
From other related parties	**398.529**	**358.781**

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

	31/12/2009	31/12/2009
Receivables from related parties:		
From other related parties	258.039	102.350
	258.039	**102.350**
Liabilities to related parties:		
To parent company	937.014	2.947.818
To other ralated parties	472.074	462.353
	1.409.088	**3.410.170**

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. Other related parties are companies within the Intracom Holdings Group, as well as companies in which the major shareholder of Intracom Holdings Group holds an interest share.

Key management compensation

Total amount of € 910.625 has been paid by the Company as director's remuneration and key management compensation for the year 2010 (2009: € 909.566).

31. Dividends

The Board of Directors of the Company, will propose to the Shareholders at the General Meeting, a non-distribution of dividend, and the transfer of the year's profit to the retaining earnings account in order to strengthen the company's working capital.

The Annual General Meeting held on June 27th, 2010 approved a dividend of € 0,0087 per share (totaling € 200.000) for the year 2009. The dividend was paid during 2010.

32. Events after the balance sheet date

There were no significant events that took place after the current balance sheet date as at 31 December 2010.

33. Notes and Information

INTRACOM DEFENSE ELECTRONICS

INTRACOM S.A.DEFENSE ELECTRONICS SYSTEMS

COMPANY'S No 48500/04/B/01/232(05) IN THE REGISTER OF SOCIETES ANONYMES

21 MARKOPOULOU AVENUE, 19400 KOROPI, ATTICA, HELLAS

FINANCIAL DATA AND INFORMATION FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2010

(In terms of article 135 of Law 2190, for Companies publishing annual financial statements in accordance with IAS/IFRS)

The purpose of the following data is to provide users with general financial information about the financial condition and the results of operations of INTRACOM S.A. DEFENSE ELECTRONICS SYSTEMS. We recommend users that, before proceeding to any kind of investing activity or transaction with the Company, to access the company's website where the financial statements under the provisions of International Financial Reporting Standards and the certified auditor accountant's report are published.

COMPANY'S INFORMATION DATA

Authority in charge:	Municipality of Eastern Attica
Date of approval financial statements (from which derived the concise financial information) :	29/04/2011
Board of Directors	Socrates P. Kokkalis (Chairmain) Dimitios X. Klonis (Vice Oresident) George J. Troullinos (Memder - C.E.O)
Certified Auditors Accountants:	Zoe D. Sofou (L.C. Accosiation of Certified Auditors 14701)
Certified Auditing Firms:	"SOL" S.A. CERTIFIED AUDITORS ACCOUNTANTS
Type of Review Opinion:	With no qualification
Web address:	www.intracomdefense.com

CONDESED STATEMENT OF FINANCIAL POSITION

(Amounts in Euro)

	31.12.2010	31.12.2009
ASSETS		
Property,Plant &Equipment	40.705.585	40.963.244
Investment Properties	9.605.683	10.705.821
Intangible assets	1.375.180	1.635.929
Inventories	30.652.180	31.201.133
Trade and Other receivables	40.627.191	30.393.357
Other current assets	6.006.689	5.133.542
TOTAL ASSETS	**128.972.507**	**120.033.025**
EQUITY AND LIABILITIES		
Share capital	67.923.717	67.923.717
Other equity components	15.509.071	15.456.195
Capital and reserves attributable to Company Shareholders (a)	83.432.788	83.379.911
Minority interests (b)		
Total Equity (c) = (a) + (b)	**83.432.788**	**83.379.911**
Provisions / Ither long term liabilities	2.041.195	2.154.886
Short term borrowings	2.000.000	2.000.000
Other short-term liabilities	41.498.524	32.498.228
Total liabilities (d)	**45.539.719**	**36.653.114**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**128.972.507**	**120.033.025**

CONDESED STATEMENT OF CHANGES IN EQUITY

(Amounts in Euro)

	31.12.2010	31.12.2009
Total equity at beginning of the year (1/1/2010 and 1/1/2009 respectively)	**83.379.911**	**84.390.148**
Total comprrehensive income for the year	114.876	336.764
Distributed Dividends	(200.000)	(1.500.000)
Other equity movements	138.000	153.000
Total equity at the end of the year (31/12/2010 and 31/12/2009 respectively)	**83.432.788**	**83.379.911**

CONDESED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Euro)

	31.12.2010	31.12.2009
Turnover	**43.292.272**	**43.236.819**
Gross profit	**13.689.772**	**12.145.301**
Earnings Before interest & Tax	**15.579**	**682.827**
Profit before tax	**548.244**	**624.228**
Less: taxes	**(433.367)**	**(287.465)**
Total comprrehensive income for the year	**114.876**	**336.764**
Attributable to:		
Equity holders of the company	114.876	336.764
	114.876	**336.764**
Earnings After Tax per share (in €)	0,00	0,01
Proposed dividend per Share (in €)	0,00	0,01
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	**2.141.556**	**2.985.785**

STATEMENT OF CASH FLOWS

(Amounts in Euro)

Indirect Method	**31.12.2010**	**31.12.2009**
Operating activities		
Profit Before Tax	**548.244**	**624.228**
Plus / Minus Adjustments for:		
Depreciation	2.125.977	2.302.958
Provisions / impairment	(506.028)	(1.346.065)
Results (income, expenses, profit and losess) from investing activities	31.608	102.293
Interest expenses and related costs / Interest income and related income	(22.829)	468.563
Plus / Minus Adjustments for Working Capital Changes related to operating activities.		
Decrease / (increase) in inventories	548.953	1.300.635
Decrease / (increase) in receivables	(10.233.834)	(12.307.261)
(Decrease) / increase in liabilities (other than banks)	9.269.247	6.146.569
Less:		
Interest expenses and related costs paid	22.829	(468.563)
Income tax paid	(264.965)	1.031.125
Total inflow / (outflow) from operating activities (a)	**1.519.201**	**(2.145.517)**
Investing activities		
Purchase of PPE and intagible assets	(514.496)	(902.902)
Proceeds from sales of PPE and intangible assets	2.151	1.308
Interest received	111.306	51.184
Total inflow / (outflow) from investing activities (b)	**(401.038)**	**(850.410)**
Financing activities		
Dividends paid to Shareholders	(200.000)	(1.500.000)
Total inflow / (outflow) from financing activities (c)	**(200.000)**	**(1.500.000)**
Net increase / (decrease) in cash and cash equivelants for the period (a) + (b) + (c)	**918.162**	**(4.495.928)**
Cash and cash equivalents at beginning of period	**4.797.158**	**9.293.085**
Cash and cash equivalents at end of period	**5.715.320**	**4.797.158**

ADDITIONAL INFORMATION

1. The Company's tax returns have been audited by the tax authorities up to the fiscal year 2009. The company's results have been charged with the amount of € 279.961 that regards additional taxes and other charges due to the tax audit for the years 2008 and 2009.
2. The Company's Financial statements are included in the consolidated statements of INTRACOM HOLDINGS S.A., which is located in Greece. INTRACOM HOLDINGS S.A participates in the company's equity with 100%. The consolidation method that used is the purchase method.
3. The amount of € 138.000 in the Company's changes in equity, pertains to the dispensation of INTRACOM HOLDINGS free share titles to company employees, charging the Company's results with an equivalent credit of profits carried forward, according to the provisions of IFRS 2.
4. There are no pledges on the Company's assets.
5. There no legal disputes which may materially affect the financial posistion of the Company. The amounts for warranty provisions is € 777.850 and for other provisions is € 349.060. The provisions for unaudited tax years amounts to € 16.272.
6. Number of employees at the end of the current period : 499 (2009 :512)
7. The sales and purchases by the company to group other companies for the current year amounted to € 480.599 and € 1.868,979 respectively whereas the balances receivable and payable by/ to to group other companies at the end of the current period amounted to € 258.039 and € 1.409,088 respectively.
8. The Board members and senior management remuneration amount for the year 2010 to € 910.625 (2008:€ 909.566)
9. The accounting policies that have been used for the financial statements preparations are consistent with those used in the previous financial year.
10. Differences between amounts presented in the financial statements and corresponding amounts in the notes result from rounding differences

KOROPI, 29 April 2011

THE CHAIRMAN OF THE BOARD OF DIRECTORS	VICE CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	FINANCIAL AND ADMINISTRATIVE DIRECTOR	ACCOUNTING MANAGER
S.P. KOKKALIS I.D.No. AI 091040/05.10.2009	D.CH.CLONIS A.Δ.T. P 539675/06.11.1995	G.JI. TROULLINOS I.D.NO. S 681748/21.07.1999	K. D. PALMOS I.D.No. S 063087/15.10.1995 License No 16941 Class A'	E. J. KOUFOPOULOS I.D.No. K 892341/16.07.1976 License No 5271 Class A'