INTRACOM SA
DEFENSE ELECTRONIC SYSTEMS

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

31 December 2007

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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(Translation from the Original Greek Auditors' Report)

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 balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the 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 (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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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 the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 company, as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors includes the information that is forecasted by the articles 43rd paragraph 3 and 16 paragraph of 9 kwd. N. 2190/1920 and is consistent with the aforementioned financial statements.

Athens, May 15, 2008

The Certified Auditors Accountants

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Balance sheet

ASSETS	Note	31/12/2007	31/12/2006
Non-current assets			
Property, plant and equipment	5	43.968	43.475
Intangible assets	6	400	1.452
Investment property	7	10.140	11.989
Trade and other receivables	8	54	5
		54.562	**56.922**
Current assets			
Inventories	9	36.947	38.506
Trade and other receivables	8	26.180	36.012
Current income tax assets		1.917	1.318
Cash and cash equivalents	10	10.438	17.833
		75.482	**93.670**
Total assets		**130.044**	**150.592**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	67.924	67.924
Reserves	12	9.180	9.213
Retained earnings		5.939	5.055
Total equity		**83.042**	**82.192**
LIABILITIES			
Non-current liabilities			
Borrowings	13	-	102
Deferred income tax liabilities	14	484	487
Retirement benefit obligations	15	698	404
Provisions for other liabilities and charges	16	754	218
		1.937	**1.211**
Current liabilities			
Trade and other payables	17	41.843	45.589
Current income tax liabilities		681	462
Borrowings	13	2.102	20.547
Provisions for other liabilities and charges	16	440	591
		45.065	**67.189**
Total liabilities		**47.002**	**68.399**
Total equity and liabilities		**130.044**	**150.592**

The notes on pages 8 to 37 are an integral part of these financial statements.

Income statement

	Note	1/1 - 31/12/2007	1/1 - 31/12/2006
Sales	18	79.285	78.793
Cost of goods sold	19	(58.344)	(57.492)
Gross profit		**20.941**	**21.301**
Selling and research costs	19	(11.003)	(9.154)
Administrative expenses	19	(6.474)	(6.267)
Other income	21	575	745
Other gains/(losses) - net	22	252	91
Operating profit		4.291	6.715
Finance costs	23	(965)	(2.664)
Finance income	23	227	41
Finance costs - net	23	(738)	(2.623)
Profit before income tax		**3.553**	**4.092**
Income tax expense	24	(1.004)	(1.444)
Profit for the year		**2.550**	**2.647**

The notes on pages 8 to 37 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 2006		**67.924**	**9.128**	**4.093**	**81.145**
Profit for the year		-	-	2.647	2.647
Net profits recognised during the year		-	-	2.647	2.647
Transfer	12	-	85	(85)	-
Dividends relating to year 2005	29	-	-	(1.600)	(1.600)
Balance at 31 December 2006		**67.924**	**9.213**	**5.055**	**82.192**
Balance at 1 January 2007		**67.924**	**9.213**	**5.055**	**82.192**
Profit for the year		-	-	2.550	2.550
Net profits recognised during the year		-	-	2.550	2.550
Transfer	12	-	(34)	34	-
Dividends relating to year 2006	29	-	-	(1.700)	(1.700)
Balance at 31 December 2007		**67.924**	**9.180**	**5.939**	**83.042**

The notes on pages 8 to 37 are an integral part of these financial statements.

Cash flow statement

	Note	1/1 - 31/12/2007	1/1 - 31/12/2006
Cash flows from operating activities			
Cash flows from operating activities	25	15.677	5.496
Interest paid		(965)	(2.664)
Income tax paid		(1.386)	(1.688)
Net cash from operating activities		**13.326**	**1.144**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)	5	(771)	(2.711)
Purchase of intangible assets	6	(53)	(325)
Proceeds from sale of PPE	5	23	39
Interest received		227	41
Net cash from investing activities		**(574)**	**(2.957)**
Cash flows from financing activities			
Dividends paid		(1.600)	-
Proceeds from borrowings		2.000	52.375
Repayments of borrowings		(20.151)	(32.224)
Repayments of finance leases		(396)	(591)
Net cash from financing activities		**(20.147)**	**19.560**
Net increase/(decrease) in cash and cash equivalents		**(7.395)**	**17.748**
Cash and cash equivalents at beginning of year		17.833	86
Cash and cash equivalents at end of year	10	**10.438**	**17.833**

The notes on pages 8 to 37 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 2007 have been published on its website at ***www.intracom.com*.**

These financial statements have been approved for issue by the Board of Directors on 24/4/2008 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 2007, in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union (EU).

These financial statements have been prepared under the historical cost convention.

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.

New standards, interpretations and amendments to published standards

Standards effective in 2007

IFRS 7, Financial Instuments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. These new disclosures are included in note 3, as well as in the other notes to the financial statements.

The amendments to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. These new disclosures are presented in note 3 of the annual financial statements for the year 2007.

Interpretations not yet effective that have been early adopted by the Company

IFRIC 11 – IFRS 2: Group and Treasury share Transactions

This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. Intracom Holdings has adopted IFRIC 11 in the financial statements of year 2006. The interpretation did not have any impact on the Company's financial statements.

Interpretations effective in 2007 that are not relevant/have no impact to the Company

IFRIC 7 – Applying the restatement approach under IAS 29

This interpretation is effective from 1/3/2006 and provides guidance on how to apply requirements of IAS 29 in a reporting period in which a company identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. The interpretation is not relevant to the Company's operations.

IFRIC 8 – Scope of IFRS 2

This interpretation requires IFRS 2 Share-Based Payments to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. The interpretation is not relevant to the Company's operations.

IFRIC 9 – Reassessment of embedded derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The interpretation is not relevant to the Company's operations.

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 10 requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The interpretation did not have any impact on the Company's financial statements.

Standards that are not yet effective and have not been early adopted by the Company

Amendment to IAS 23 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009)

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after the effective date. No changes will be made for borrowing costs incurred to this date that have been expensed. The interpretation has not yet been endorsed by the European Union.

Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)

The amendment clarifies two issues: The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Company expects that this Interpretation will have no impact on its financial statements.

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. Intracom Holdings Group is in the process of assessing the impact of this standard on its financial statements and will adopt IFRS 8 from 1 January 2009. The interpretation does not have any impact on the Company's financial statements.

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

IFRS 3R 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 (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 and IAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests. The revised standard has not yet been endorsed by the European Union.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company will make all necessary changes to the presentation of its financial statements for 2009. The amendment has not yet been endorsed by the European Union.

Interpretations that are not yet effective and have not been early adopted by the Company

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

IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. The Company expects that this interpretation will have no impact on its financial statements, since it does not have any concession arrangements. The interpretation has not yet been endorsed by the European Union.

IFRIC 13 – 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008)

IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company expects that this interpretation will have no impact on its financial statements as no such schemes currently exist. The interpretation has not yet been endorsed by the European Union.

IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008)

IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice. The Company expects that this interpretation will have no impact on its financial position or performance as it does not operate any funded plans. The interpretation has not yet been endorsed by the European Union.

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.

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.

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 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.

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 2006 and 2007. 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 2007 and 2006 respectively.

Increase in EUR/USD rate by	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
-12,00%	(476)	178
-9,00%	(357)	134
-6,00%	(238)	89
-3,00%	(119)	45
3,00%	119	(45)
6,00%	238	(89)
9,00%	357	(134)
12,00%	476	(178)

Price risk

The Entity has no exposure to price risk.

(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.

(d) 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. Moreover, the Company has reduced its borrowings at 31 December 2007 to €2.102 in comparison with €20.649 at 31 December 2006.

The following tables present the sensitivity of the Company's net profit in possible fluctuations of the interest rates for the years 2006 and 2007. The analysis takes into consideration borrowings and cash and cash equivalents of the Company as at 31st December 2007 and 2006 respectively.

Financial instruments in Euro

Change in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
-100	(55)	48
-75	(41)	36
-50	(27)	24
-25	(14)	12
25	14	(12)
50	27	(24)
75	41	(36)
100	55	(48)

Financial instruments in USD

Change in interest rates (Base units)	Effect on net profit 31/12/2007	Effect on net profit 31/12/2006
-100	(31)	(24)
-75	(23)	(18)
-50	(15)	(12)
-25	(8)	(6)
25	8	6
50	15	12
75	23	18
100	31	24

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 - 31/12/2007	1/1 - 31/12/2006
Total borrowing (note 13)	2.101.539,47	20.648.503,63
Less: Cash and cash equivalents (note 10)	-10.438.239,73	-17.833.327,48
Net debt	**-8.336.700**	**2.815.176**
Total equity	83.042.081,07	82.192.480,98
Total capital	**74.705.381**	**85.007.657**
Gearing ratio	-11,16%	3,31%

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. Property, plant and equipment

	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Cost						
Balance at 1 January 2006	54.261	18.928	65	2.270	-	75.525
Additions	2.017	1.051	88	1.063	-	4.219
Disposals	(1.507)	(6.549)	-	(25)	-	(8.081)
Transfer to investment property (note 7)	(11.886)	-	-	-	-	(11.886)
Balance at 31 December 2006	**42.885**	**13.430**	**154**	**3.308**	**-**	**59.777**
Balance at 1 January 2007	42.885	13.430	154	3.308	-	59.777
Additions	31	381	41	233	86	771
Disposals	-	-	-	(11)	(23)	(34)
Transfer from investment property (note 7)	1.849	-	-	-	-	1.849
Balance at 31 December 2007	**44.765**	**13.811**	**195**	**3.531**	**63**	**62.364**
Accumulated depreciation						
Balance at 1 January 2006	5.204	12.426	65	1.599	-	19.295
Depreciation charge	653	1.450	7	244	-	2.354
Disposals	-	(4.872)	-	(24)	-	(4.897)
Transfer to investment property (Note 7)	(450)	-	-	-	-	(450)
Balance at 31 December 2006	**5.407**	**9.004**	**72**	**1.819**	**-**	**16.302**
Balance at 1 January 2007	5.407	9.004	72	1.819	-	16.302
Depreciation charge	680	990	19	329	-	2.017
Disposals	-	-	-	(10)	-	(10)
Transfer from investment property (note 7)	88	-	-	-	-	88
Balance at 31 December 2007	**6.175**	**9.994**	**90**	**2.137**	**-**	**18.396**
Net book amount at 31 December 2006	**37.478**	**4.426**	**82**	**1.489**	**-**	**43.475**
Net book amount at 31 December 2007	**38.589**	**3.817**	**104**	**1.394**	**63**	**43.968**

Assets held under finance lease included above are as follows:

	31/12/2007	31/12/2006
Cost	2.838	2.838
Accumulated depreciation	(2.473)	(2.392)
Net book amount	**365**	**446**

6. Intangible assets

	Trademarks and licences	Software	Total
Cost			
Balance at 1 January 2006	40	3.752	3.792
Additions	-	325	325
Balance at 31 December 2006	**40**	**4.076**	**4.117**
Balance at 1 January 2007	40	4.076	4.117
Additions	-	53	53
Balance at 31 December 2007	**40**	**4.130**	**4.170**
Accumulated depreciation			
Balance at 1 January 2006	32	1.552	1.584
Amortisation charge	8	1.072	1.080
Balance at 31 December 2006	**40**	**2.624**	**2.664**
Balance at 1 January 2007	40	2.624	2.664
Amortisation charge	-	1.106	1.106
Balance at 3 1December 2007	**40**	**3.730**	**3.770**
Net book amount at 31 December 2006		**1.452**	**1.452**
Net book amount at 31 December 2007		**400**	**400**

7. Investment property

Cost	
Balance at 1 January 2006	746
Transfer from property, plant and equipment (note 5)	11.886
Balance at 31 December 2006	**12.632**
Balance at 1 January 2007	12.632
Transfer to property, plant and equipment (note 5)	(1.849)
Balance at 31 December 2007	**10.783**
Accumulated depreciation	
Balance at 1 January 2006	82
Transfer from property, plant and equipment (note 5)	450
Depreciation charge	110
Balance at 31 December 2006	**643**
Balance at 1 January 2007	643
Transfer to property, plant and equipment (note 5)	(88)
Depreciation charge	88
Balance at 31 December 2007	**643**
Net book amount at 31 December 2006	**11.989**
Net book amount at 31 December 2007	**10.140**

Rental income for 2007 and 2006 amounted to € 454 and € 597 respectively (note 21).

8. Trade and other receivables

	31/12/2007	31/12/2006
Trade receivables	21.034	28.782
Less: provision for impairment	-	-
Trade receivables - net	21.034	28.782
Prepayments to creditors	1.409	1.835
Receivables from related parties (note 28)	92	105
Other prepayments	1.621	3.295
Accrued income	47	65
Other receivables	2.032	1.935
Total	**26.235**	**36.017**
Non-current assets	54	5
Current assets	26.180	36.012
	26.235	**36.017**

The fair value of receivables approximates their carrying amounts.

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

	31/12/2007	31/12/2006
Not past due and not impaired at the balance sheet date	14.162	19.374
Impaired at the balance sheet date	-	-
Not impaired at the balance sheet date but past due in the following periods:		
< 90 days	1.775	-
90-180 days	2.402	6.641
180-270 days	1.205	249
270-365 days	4	235
1- 2 yrs	43	1.764
>2 yrs	1.442	519
	6.872	9.408
	21.034	28.782

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:

	31/12/2007	31/12/2006
Euro	23.612	34.680
US dollar	2.616	1.337
Other	6	-
	26.235	**36.017**

9. Inventories

	31/12/2007	31/12/2006
Raw & auxiliary materials	22.532	21.910
Semi-finished goods	7.705	8.251
Finished goods	6.520	7.130
Work in progress	871	1.549
Merchandise	117	149
Total	**37.745**	**38.991**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	645	353
Semi-finished goods	151	131
Finished goods	2	-
	798	**484**
Net realisable value	**36.947**	**38.506**

10. Cash and cash equivalents

	31/12/2007	31/12/2006
Cash at bank and in hand	413	457
Short-term bank deposits	10.025	17.377
Total	**10.438**	**17.833**

The effective interest rate on short-term bank deposits in Euro and USD was 3,79% and 5,12% respectively.

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

Cash and cash equivalents are analysed in the following currencies:

	31/12/2007	31/12/2006
Euro	388	337
US Dollar	3.048	2.394
Japanese Yen	7.000	15.100
Other	2	3
	10.438	**17.833**

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.

11. Share capital

	Number of ordinary shares	Share capital
Balance at 1 January 2006, 31 December 2006 and 31 December 2007	**23.103.305**	**67.924**

As at 31 December 2007 the share capital of the Company was divided into 23.103.305 shares with nominal value € 2,94 each.

12. Reserves

	Statutory reserves	Extraordinary reserves	Tax free reserves	Total
Balance at 1 January 2006	1	-	9.128	9.128
Transfer from retained earnings	85	-	-	85
Balance at 31 December 2006	**86**	**-**	**9.128**	**9.213**
Balance at 1 January 2007	86	-	9.128	9.213
Transfer to retained earnings	150	341	(525)	(34)
Balance at 31 December 2007	**236**	**341**	**8.603**	**9.180**

(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.

13. Borrowings

	31/12/2007	31/12/2006
Non-current borrowings		
Finance lease liabilities	-	102
Total non-current borrowings	**-**	**102**
Current borrowings		
Bank loans	2.000	20.151
Finance lease liabilities	102	396
Total current borrowings	**2.102**	**20.547**
Total borrowings	**2.102**	**20.649**

The bank loans have been guaranteed by the parent company, Intracom Holdings.

The weighted average interest rate for the Company's borrowings for 2007 was around 5,54% (2006: 4,67%).

	31/12/2007	31/12/2006
Finance lease liabilities- minimum lease payments		
Not later than 1 year	103	410
Between 2 and 5 years	-	103
Total	**103**	**513**
Less: Future finance charges on finance leases	(1)	(16)
Present value of finance lease liabilities	**102**	**497**
Present value of finance lease liabilities		
Not later than 1 year	102	396
Between 2 and 5 years	-	102
Total	**102**	**497**

Total borrowings are denominated in Euro.

14. 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:

	31/12/2007	31/12/2006
Deferred tax assets:		
To be recovered after more than 12 months	571	426
To be recovered within 12 months	195	407
	765	**832**
Deferred tax liabilities		
To be settled after more than 12 months	(1.109)	(1.085)
To be settled within 12 months	(141)	(235)
	(1.250)	**(1.320)**
	(484)	**(487)**

The total movement in deferred tax, is as follows:

	31/12/2007	31/12/2006
Balance at the beginning of the year	(487)	(662)
Credited to the income statement (note 24)	3	174
Balance at the end of the year	**(484)**	**(487)**

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

Deferred tax assets:

	Provision for obsolete inventories	Other provisions	Accrued expenses	Other	Total
Balance at 1 January 2006	-	319	-	282	601
(Charged) / credited to the income statement	121	(22)	219	(87)	231
Balance at 31 December 2006	**121**	**298**	**219**	**195**	**832**
Balance at 1 January 2007	121	298	219	195	832
(Charged) / credited to the income statement	78	170	(170)	(145)	(67)
Balance at 31 December 2007	**200**	**468**	**49**	**50**	**765**

Deferred tax liabilities:

	Accelerated tax depreciation	Provision for bad debts	Other	Total
Balance at 1 January 2006	(1.192)	-	(71)	(1.263)
(Charged) / credited to the income statement	42	(73)	(26)	(57)
Balance at 31 December 2006	**(1.150)**	**(73)**	**(97)**	**(1.320)**
Balance at 1 January 2007	(1.150)	(73)	(97)	(1.320)
(Charged) / credited to the income statement	55	-	15	70
Balance at 31 December 2007	**(1.095)**	**(73)**	**(82)**	**(1.250)**

15. Retirement benefit obligations

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

	31/12/2007	31/12/2006
Present value of unfunded obligations	1.485	1.471
Unrecognised actuarial losses	(787)	(1.067)
Liability on the balance sheet	**698**	**404**

The amounts recognized in the income statement are as follows:

	1/1-31/12/2007	1/1-31/12/2006
Current service cost	130	101
Interest cost	64	43
Net actuarial losses recognised during the year	136	99
Curtailments	152	-
Total, included in staff costs (note 20)	**482**	**244**

	31/12/2007	31/12/2006
Balance at the beginning of the year	**404**	**396**
Total expense charged in the income statement	482	244
Contributions paid	(188)	(236)
Balance at the end of the year	**698**	**404**

The principal actuarial assumptions used were as follows:

	31/12/2007	31/12/2006
Discount rate	4,70%	4,10%
Future salary increases	4,50%	4,50%

16. Provisions

	Warranties	Unused compensated absences	Other	Total
Balance at 1 January 2006 και 31 December 2006	754	32	22	808
Provisions for the year	386	-	-	386
Balance at 31 December 2007	**1.140**	**32**	**22**	**1.194**

Analysis of total provisions:

	31/12/2007	31/12/2006
Current liabilities	440	591
Non- current liabilities	754	218
Total	**1.194**	**808**

17. Trade and other payables

	31/12/2007	31/12/2006
Trade payables	6.146	4.948
Prepayments from customers	25.669	31.082
Amounts due to related parties (note 28)	7.983	6.687
Accrued expenses	729	1.769
Social security and other taxes	1.315	1.074
Other liabilities	1	30
Total	**41.843**	**45.589**

Trade and other payables are denominated in the following currencies:

	31/12/2007	31/12/2006
Euro	32.195	43.344
US Dollar	9.635	2.245
Other	13	
	41.843	**45.589**

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

18. Sales by nature

	1/1 - 31/12/2007	1/1 - 31/12/2006
Sales of goods	248	614
Sales of products	65.657	66.313
Revenue from services	13.380	11.866
Total	**79.285**	**78.793**

	1/1 - 31/12/2007	1/1 - 31/12/2006
Local sales	27.066	25.513
Sales to European Union	40.628	37.060
Sales to other European countries	2	22
Sales to third countries	11.590	16.197
Total	**79.285**	**78.793**

19. Expenses by nature

	Note	1/1 - 31/12/2007	1/1 - 31/12/2006
Employee benefit expense	20	18.680	16.984
Inventory cost recognised in cost of goods sold		30.310	32.982
Depreciation of PPE			
-Freehold property	5	1.936	1.786
-Leasehold property	5	81	568
Depreciation of investment property	7	88	110
Amortisation of intangible assets	6	1.106	1.080
Impairment of inventories		314	432
Repairs and maintenance		581	464
Operating lease payments			
-Vehicles and machinery		199	173
-Furniture and other equipment		-	2
Advertising costs		368	286
Telecommunication, lighting & heating		1.000	988
Taxes and duties		948	2.156
Transportation		678	645
Debit balances writen off		-	542
Net losses from exchange differences		-	13
Third party fees		16.153	8.934
Impairment of receivables		-	302
Other		3.380	4.465
Total		**75.821**	**72.913**

	1/1 - 31/12/2007	1/1 - 31/12/2006
Split by function:		
Cost of goods sold	58.344	57.492
Selling costs	11.003	9.154
Administrative expenses	6.474	6.267
	75.821	**72.913**

	1/1 - 31/12/2007	1/1 - 31/12/2006
Split of depreciation and amortisation by function:		
Cost of goods sold	1.410	1.907
Selling costs	1.527	1.202
Administrative expenses	274	436
	3.211	**3.545**

20. Employee benefits

	1/1 - 31/12/2007	1/1 - 31/12/2006
Wages and salaries	14.315	13.226
Social security costs	3.524	3.167
Other employers' contributions and expenses	358	348
Pension costs - defined benefit plans (note 15)	482	244
Total	**18.680**	**16.984**

The total number of employees as at 31/12/2007 was 525 (2006: 534).

21. Other operating income

	1/1 - 31/12/2007	1/1 - 31/12/2006
Rental income (note 7)	454	597
Grants	15	7
Other	105	140
Total	**575**	**745**

22. Other gains/ (losses) –net

	1/1 - 31/12/2007	1/1 - 31/12/2006
Net gains from exchange differences	72	90
Other gains	180	-
Total	**252**	**91**

23. Finance costs – net

	1/1 - 31/12/2007	1/1 - 31/12/2006
Interest expense		
- Bank borrowings	633	2.108
- Finance leases	19	35
- Other	258	483
Net losses from exchange differences	55	37
	965	2.664
Interest income		
Interest income from banks	(227)	(41)
	(227)	(41)
Total	**738**	**2.623**

24. Income tax expense

	1/1 - 31/12/2007	1/1 - 31/12/2006
Current tax	1.007	1.619
Deffered tax (note 14)	(3)	(174)
Total	**1.004**	**1.444**

The income tax rate for the years 2007 and 2006 was 25% and 29% 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 - 31/12/2007	1/1 - 31/12/2006
Profit before tax	3.553	4.092
Tax calculated at tax rates applicable to Greece (2007:25%, 2006:29%)	888	1.187
Income not subject to tax	-	(150)
Expenses not deductible for tax purposes	(68)	473
Effect of change in tax rates	-	(65)
Other taxes (L.3614/07, article 47)	184	-
	1.004	**1.444**

The Company has not been audited by the tax authorities since 2002 and consequently its tax liabilities have not been rendered final.

25. Cash generated from operations

	Note	1/1 - 31/12/2007	1/1 - 31/12/2006
Profit for the year		2.550	2.647
Adjustments for:			
Tax	24	1.004	1.444
Depreciation of PPE	5	2.017	2.354
Amortisation of intangible assets	6	1.106	1.080
Depreciation of investment property	7	88	110
Interest income	23	(227)	(41)
Interest expense	23	965	2.664
		7.502	**10.259**
Changes in working capital			
Inventories		1.559	1.388
Trade and other receivables		9.782	20.718
Trade and other payables		(3.847)	(26.877)
Provisions for other liabilities and charges		386	-
Retirement benefit obligations		294	8
		8.175	**(4.763)**
Cash generated from operations		**15.677**	**5.496**

26. 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:

	31/12/2007	31/12/2006
No later than 1 year	73	131
Later than 1 year and no later than 5 years	48	84
	121	**215**

The lease payments relate to rentals of motor vehicles.

27. Contingent liabilities

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

	31/12/2007	31/12/2006
Guarantees for advance payments	18.746	35.359
Guarantees for good performance	9.517	13.046
Guarantees for participation in contests	977	859
	29.241	**49.264**

28. Related party transactions

The following transactions are carried out with related parties:

	1/1 - 31/12/2007	1/1 - 31/12/2006
Sales of goods / services:		
To other related parties	**1.233**	**2.169**
Purchases of goods / services:		
From parent company	3.392	3.371
From other related parties	8.496	5.207
	11.888	**8.579**
Rental income:		
From other related parties	**426**	**560**

	1/1 - 31/12/2007	1/1 - 31/12/2006
Purchases of fixed assets:		
From parent company	9	151
From other related parties	76	3.526
	85	**3.676**
Disposals of fixed assets:		
To other related parties	**-**	**1.546**

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.

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

	31/12/2007	31/12/2006
Receivables from related parties:		
From parent company	49	85
From other related parties	42	19
Total (note 8)	**92**	**105**
Payables to related parties		
To parent company	5.817	4.060
To other related parties	2.166	2.627
Total (note 17)	**7.983**	**6.687**

Key management compensation

Total amount of € 1.022 has been paid by the Company as director's remuneration and key management compensation for the year 2007 (2006: € 853).

29. Dividends

The Directors propose a dividend of € 0,074 per share (totalling € 1.700) for the year 2007. The proposed dividend will be submitted for formal approval at the shareholders' Annual General Meeting. This dividend will be accounted for as an appropriation of retained earnings in the following year.

The Annual General Meeting held on 28/6/2007 approved a dividend of € 0,074 per share (totalling € 1.700) for the year 2006. The dividend was paid during 2008. Correspondingly, the dividend of total value € 1.600 for the year 2005 was paid during the year 2007.

30. Reclassifications

Certain balance sheet amounts for 2006 have been reclassified compared to the published annual financial statements of 2006 to conform to the current year's presentation as follows:

- The amounts of € 461 and € 21 have been reclassified from «Current income tax assets» to «Current income tax liabilities» and «Trade and other payables» respectively.

31. Events after the balance sheet date

The tax audit for the years 2002 to 2006 is in progress at the date of approval of these financial statements. There are no other significant events after the balance sheet date.