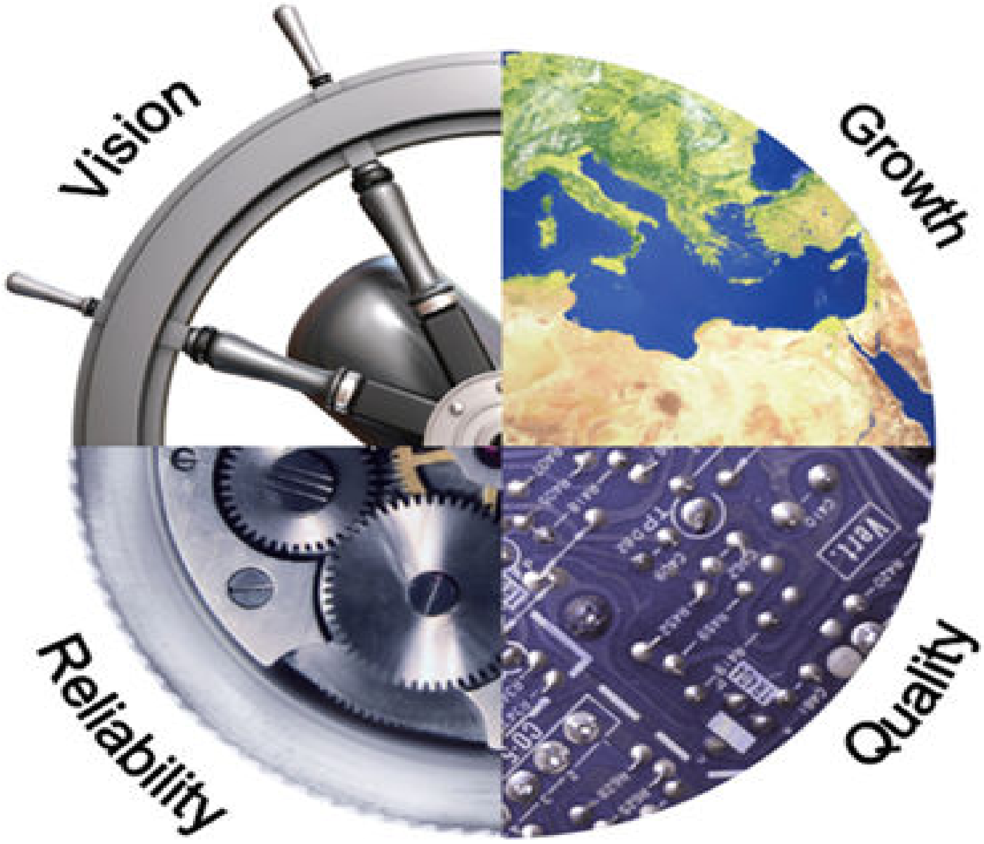

Annual Financial Report

For the period 1st January 2010 – 31st December 2010

«SPACE HELLAS S.A. »
Company's Reg. No: 13966/06/B/95
Mesogion Av. 312 Ag. Paraskevi

The annual financial report of 2010 has been prepared in accordance with art. 5, Law 3556/2007, has been approved by the Board of Directors at 28th March 2011 and has been uploaded at the URL address **http://www.space.gr.**

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1 STATEMENTS OF MEMBERS OF THE BOARD (In accordance with article 4 par.2 of Law 3556/2007)

The Members of the Board of Directors

Dimitrios S. Manolopoulos, President of the Board, executive member
Paraskevas D. Drosinos Chief Executive Officer, executive member
Georgios P. Lagogiannis executive member.

acting by virtue of the aforementioned membership and especially designated, we declare and certify that, as far as we know:

1. The annual financial statements of the Group and of company SPACE HELLAS SA for the financial year from January 1, 2010 to December 31, 2010, which were prepared according to International Financial Reporting Standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company, as well as of the consolidated companies as a whole, according to par. 3 to 5 of article 4 of L. 3556/2007 and
2. The enclosed report of the Board of Directors reflects in a true manner the development, performance and financial position of the Company and of the businesses included in Group consolidation, taken as a whole, including the description of the principal risks and uncertainties.

Agia Paraskevi, 28 March 2011

The Designated members of the Board of Directors

The President of the Board	Chief Executive Officer	Member and General Manager
D. Manolopoulos	P.Drosinos	G. Lagogiannis

2 ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1.1.2010 – 31.12.2010

This Report of the Board of Directors of SPACE HELLAS, submitted to the Shareholders, refers to the financial year financial year from January 1, 2010 to December 31, 2010 and is compliant to the provisions of the Greek Companies' Act, Codified Law 2190/1920 (art 136) as well as art. 4 § 7 L.3556/2007 and L 3874/2010 and related HCMC circulars.

This report is divided in subsection with the aim to present in a fair, summarized, yet substantial manner all the information in accordance with the abovementioned legal framework in order to provide substantial and well documented information regarding the activities of the company and the Group for the related period.

The sections of the report provide information regarding:

- The financial position of the Group and the Company, and additional related information for the financial year 2010.
- The important issues that took place during the financial year 2010 and their impact on the financial statements.
- The perspectives and strategic aims of the Group and the Company,
- The risk and uncertainties of the Group and the Company,
- The Group's Corporate Governance practices,
- The transactions with related parties during 2010
- The important issues that took place after the end of the financial year 2010.

The present report refers to the consolidated financial statements and whenever deemed necessary refers also to the company financial data.

The present report is included unedited in Annual Financial Report of year 2010, along with the financial statements and the rest of the necessary information, the relevant declarations and the explanatory notes.

The Annual Report is available in the URL address, http:/www.space.gr, together with the financial statements and the auditor's report.

2.1 FINANCIAL POSITION – PERFORMANCE – OTHER INFORMATION

2.1.1 FINANCIAL DATA

Despite the unfavorable economic environment the Group has achieved satisfactory results. The realization of our strategy, as disclosed in the financial figures, has led to the accomplishment of our goals both for the budget as well as for the preservation of the market share.
For year 2011, we are expecting new challenges as the awaited recovery will be delayed for at least six months. Thus, our goals are the optimization of the capital structures and liquidity as well the reinforcement of our market position to the extent the economic environment will allow.
The increased productivity together with the preservation of the acquired know-how, will be the blend for better results.
The company's activities were fully compliant with the legal framework as well as with the statutory goals.
The following table presents a comparison of the financial results for the years 2010 and 2009 respectively.

2.1.1.1 Year's total income

TOTAL INCOME STATEMENT						
	GROUP			COMPANY		
Amounts in € thousand	01.01-31.12.2010	01.01-31.12.2009	VARIATION %	01.01-31.12.2010	01.01-31.12.2009	VARIATION %
Revenue	50.105	49.687	0,84%	49.192	49.167	0,05%
Gross profit/loss	12.825	13.623	-5,86%	12.417	13.359	-7,05%
Gross profit margin	26%	27%		25%	27%	
EBITDA	3.000	2.420	23,97%	2.649	2.136	24,02%
EBIT	2.073	1.554	33,40%	1.721	1.270	35,51%
Earnings before taxes	414	318	30,19%	88	34	158,82%
Earnings after taxes	127	469	-72,92%	-164	213	-177,00%
Other comprehensive income after taxes	-406	-84	383,33%	-409	-84	386,90%
Total income after taxes	-279	385	-172,47%	-573	129	-544,19%

The Group's turnover amounted to € 50.105 thousand compared to € 49.687 thousand of year 2009 showing a small though remarkable increase taking into account the economic instability and the continuing economic recession.

The Group's Gross profit amounted to € 12.825 thousand compared to € 13.623 thousand of the previews period showing a decrease of 5,86%, attributable to the efforts to maintain its competitive advantage and its market position.

The Group's EBITDA amounted to € 3.000 thousand compared to € 2.420 thousand of the previews period showing a increase of 23,97%, as result of the optimization of expenses as well as the continuous efforts for cost reductions and increase of productivity with the minimum impact on the company's growth.
The Group's EBIT amounted to € 2.073 thousand compared to € 1.554 thousand of the previews period showing an increase of 33,40%.

The Group's earnings before taxes amounted to € 414 thousand compared to € 318 thousand of the previews period. The increase of EBITDA is not fully reflected in the earnings before taxes because of the increased cost of interest for the entire year 2010.

The Group's earnings after taxes amounted to € 127 thousand compared to € 469 thousand of the previews period.

The extraordinary taxation for the year 2009 (fiscal year 2010) has no effect o the Group's results as it has no application for the Group.

The other comprehensive income after taxes amount to € -406 thousand and concern the loss from the cancellation of the Stock option Plan for the amount of € -409 thousand and profit for currency exchange differences from the consolidation of sub-subsidiaries fort the amount of € 3 thousand.

2.1.1.2 Assets

BALANCE SHEET (Assets)						
	GROUP			COMPANY		
Amounts in € thousand	01.01-31.12.2010	01.01-31.12.2009	VARIATION %	01.01-31.12.2010	01.01-31.12.2009	VARIATION %
Total Assets	57.462	53.310	3,89%	56.525	55.165	2,47%
Total noncurrent receivables	13.671	13.282	2,93%	12.808	12.795	0,10%
Inventories	3.224	3.298	-2,24%	3.224	3.298	-2,24%
Trade receivables	31.981	26.416	21,07%	31.799	26.282	20,99%
Other receivables	8.586	12.314	-30,27%	8.694	12.790	-31,03%

The Group's Total Assets amounts to € 57.462 thousand compare to € 53.310 thousand of year 2009

The Group's noncurrent receivables' net value amounts to € 13.671 thousand compare to € 13.282 thousand of year 2009.

There are no real liens on non-current assets or property except the underwriting, amounting to € 800 thousand, dated 24 September 2008 and the underwriting, amounting to € 400 thousand, dated 10 December 2010 on the property situated at 6 Loch. Dedousi St., Cholargos, Athens as well as, the underwriting amounting to € 650 thousand, dated 27 April 2010, on the property situated in Romania belonging to the sub-subsidiary Space Hellas System Integrator Srl.

The Groups' inventories of goods, raw and auxiliary materials and consumables amount to € 3.224 thousand almost at same amount of year 2009 (€ 3.298 thousand).

The Group's Trade receivables amount to € 31.981 thousand compare to € 26.416 thousand of year 2009. Attributable primarily to the contribution to the company's turnover of the last quarter. More specifically, the last quarter's turnover was almost the 34% of the total turnover. Moreover, taking into account the average period before collection exceeds 90 days, the last quarter's sales and especially the sales on November and December at the end of year 2010, have not reached their due dates.

The Group's other receivables amount to € 8.586 thousand compare to € 12.314 thousand of year 2009

2.1.1.3 Liabilites

BALANCE SHEET (Liabilities)						
	GROUP			COMPANY		
Amount in € thousand	01.01-31.12.2010	01.01-31.12.2009	VARIATION %	01.01-31.12.2010	01.01-31.12.2009	VARIATION %
Total Liabilities	57.462	53.310	3,89%	56.525	55.165	2,47%
Shareholders' Equity	14.884	14.750	0,91%	14.045	14.209	-1,15%
Long term loans	1.608	1.366	17,72%	1.067	1.366	-21,89%
Other long term liabilities	802	1.046	-23,33%	1.426	1.532	-6,92%
Short term loans	22.765	23.114	-1,51%	22.700	23.114	-1,79%
Other short term liabilities	17.403	15.034	15,76%	17.287	14.944	15,68%

The Shareholders' equity amounts to € 14.884 thousand compare to € 14.750 thousand of year 2009.

The long term loans amounts to € 1.608 thousand compare to € 1.366 thousand of year 2009 and concern a) the mortgage loan ending at 2013 for the construction of new premises (4 floor building) on 6 Loch. Dedousi Str., Cholargos, Athens. The loan amounts to € 216 thousand after interest and principal payments, b) the loan of € 850 thousand and 3 years duration after the final bank disbursement, contracted with the European Investment Bank at 21 July 2009. This loan is financing the company's operating activities and c) the loan of € 650 thousand ending at 2020, contracted at 2t April 2010 and received from SPACE HELLAS SYSTEM INTEGRATOR S.R.L. for the purchase of investment building. The loan amounts to € 542 thousand after interest and principal payments.

The Group's other long term liabilities amount to € 802 thousand compare to € 1.046 thousand of year 2009. The decrease is attributed mainly to the employees' retirement benefits program updated with the new demographic data regarding the company's employees.

The Group's short term loans amounting to € 22.765 thousand compare to € 23.114 thousand of year 2009 show a decrease.

The Group's other short term liabilities amount to € 17.403 thousand compare to € 15.034 thousand of year 2009.

Both the Group and the company monitor its Liabilities to ensure consistency in payments and preserve its good reputation

2.1.1.4 Cash Flow

CASH FLOW STATEMENT						
	GROUP			COMPANY		
Amount ins € thousand	01.01-31.12.2010	01.01-31.12.2009	VARIATION %	01.01-31.12.2010	01.01-31.12.2009	ΜΕΤΑΒΟΛΗ %
Total cash inflow/(outflow) from operating activities	-527	-6.238	-91,55%	-1.198	-6.487	-81,53%
Total cash inflow/(outflow) from investing activities	-1.749	-1.598	9,45%	-750	-1.203	-37,66%
Total cash inflow/(outflow) from financing activities	-106	9.477	-101,12%	-713	9.477	-107,52%

Cash flow from operating activities, presented in a negative € 527 thousand because the turnover during the last quarter was too high, resulting in the accumulation of uncollected debts at the end of the year.

Cash flows from investing activities, presented in a negative € 1.749 thousand. The purchase of a new building in Romania as well as the purchase of fixed equipment (back up), which are necessary to meet contractual obligations and improve the quality of maintenance services to our customers, are the major causes of this development.

The cash flow from financing activities is negative amounting to € 106 thousand. This is reflecting the economic conditions characterising year 2010.

2.1.1.5 Performance ratios

	RATIOS	GROUP		COMPANY	
		2010	2009	2010	2009
A.	**LIQUIDITY RATIOS**				
A1.	CURRENT RATIO	109,02%	110,17%	109,33%	111,33%
A2.	QUICK RATIO	100,99%	101,53%	101,26%	102,67%
A3.	ACID TEST RATIO	4,88%	11,38%	3,86%	11,05%
A4.	WORKING CAPITAL TO CURRENT ASSETS	0,8	0,09	0,9	0,10
B.	**CAPITAL STRUCTURE RATIOS**				
B1.	DEBT TO EQUITY	286,08%	274,97%	302,47%	288,24%
B2.	CURRENT LIABILITIES TO NET WORTH	269,88%	258,62%	284,72%	267,85%
B3.	FIXED ASSETS TO NET WORTH	89,14%	86,81%	88,32%	86,69%
B4.	OWNER'S EQUITY TO TOTAL LIABILITIES	34,96%	36,37%	33,06%	34,69%
B5.	CURRENT ASSETS TO TOTAL ASSETS RATIO	76,21%	75,99%	77,34%	76,81%
C.	**ACTIVITY RATIOS**				
C1.	INVENTORIES TURNOVER RATIO	11,43 multiple	11,32 multiple	11,28 multiple	11,24 multiple
C2.	FIXED ASSETS TURNOVER RATIO	3,78 multiple	3,88 multiple	3,97 multiple	3,99 multiple
C3.	DAYS OF SALES OUTSTANDING (D.S.O)	243,41 days	217,48 days	250,92 days	222,98 days
C4.	ASSET TURNOVER RATIO	0,87 multiple	0,90 multiple	0,87 multiple	0,89 multiple
C5.	OWNER'S EQUITY TURNOVER RATIO	3,37 multiple	3,36 multiple	3,50 multiple	3,46 multiple
D.	**PROFITABILITY RATIOS**				
D1.	GROSS PROFIT MARGIN	25,60%	27,42%	25,24%	27,17%
D2.	NET PROFIT MARGIN	0,83%	0,64%	0,18%	0,07%
D3.	RETURN OF INVESTMENT	9,01%	8,03%	7,23%	6,33%
D4.	EFFICIENCY OF TOTAL ASSETS	2,78%	2,16%	0,63%	0,24%
D5.	RETURN ON TOTAL CAPITAL EMPLOYED	3,41%	3,64%	2,84%	3,13%
D6.	FINANCIAL LEVERAGE RATIO	0,33 multiple	0,05 multiple	0,05 multiple	0,02 multiple
E.	**OPERATING EXPENSES RATIOS**				
E1.	OPERATING RATIO	97,38%	97,97%	97,97%	98,53%
E2.	INTEREST RATIO	1,27 multiple	1,19 multiple	1,06 multiple	1,02 multiple
E3.	OPERATING EXPENSES TO NET SALES	22,97%	25,39%	23,21%	25,70%
E4.	LOANS TO TOTAL ASSETS	42,42%	44,26%	43,15%	45,26%

2.1.1.6 Own Shares – Cancellation of Stock Option Plan

With the General Meeting's decision on 30th June 2010, the company decided to proceed the cancellation of 500.000 own ordinary shares. For the purchase of these shares the company, had paid in year 2007, the amount of 811.245,08 €, in order to establish a Stock option plan expired at 31.03.2010. At the due date no option was exercised. Therefore the company, according to art. 16 Codified Law 2190/1920, has proceeded to the decrease of the share capital.

2.1.1.7 Share Capital

With the General Meeting's decision on 30th June 2010, the company decided the following:
Decrease of the Share Capital by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.
Increase of the Shares' nominal value from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each.

2.1.1.8 Dividend policy

Unless the Shareholders' Ordinary General Meeting decides otherwise, according to the current legislation, the company is legally obliged to distribute to its shareholders, at least the 35% of the earnings that are distributable according to IFRS, after the calculation of taxes and legal reserve. For year 2010 there were no distributable earnings.

2.1.1.9 Participating interests and investments

Corporate name	Acquisition cost		Ownership percentage		Consolidation method	Country
Amounts in € thousand	31.12.2010	31.12.2009				
Subsidiaries			**Direct**	**Indirect**		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	396	396		99%	Full Consolidation	Romania
Total Subsidiaries	**430**	**430**				
Associates & Joint Ventures						
JOINT-VENTURE "EMY" MODERNIZATION	389	389	67,5%	-	Equity method	Greece
JOINT-VENTURE ALKYONA	49	49	99%	-	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	3	3	35%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	3	3	50%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	**457**	**457**				
Other investments						
MOBICS L.T.D.	150	120	19,32%	-	-	Greece
Total Other investments	**150**	**120**				
Total Shareholding	**1.037**	**1.007**				

2.1.1.10 Commitments -Guarantees

The contingent liabilities for letters of guarantee granted both for the Company and the Group are the Following:

Contingent Liabilities	Group		Company	
Amounts in € thousand	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Guarantee letters to secure good performance of contract terms *	5.873	6.171	5.873	6.171
Total contingent liabilities	**5.873**	**6.171**	**5.873**	**6.171**

** The guarantee letters to secure good performance issued to joint ventures amounted to€ 946 thousand and € 508 at 31.12.2010 and31.12.2009 respectively.*

2.1.1.11 Excess clause provisions and Disputed claims

There are no cases are that might have significant impact on the financial position both of the Group and the Company.

2.1.1.12 Other contigent liabilities

The company has formed a cumulative provision for the amount of € 122 thousand to cover the possibility of additional charges for the event of tax audit from the tax authorities for the year 2010, since the company has been audited up to year 2008. The remaining domestic Group companies (Note 4.7.25) are in the process of settlement of tax pending affairs, year 2009 included, according to Law 3888/2010.

Except the above mentioned there are no other contingent liabilities.

2.1.2 OTHER INFORMATION

2.1.2.1 Branches

The operating branches (except the company's headquarters on Mesogion Ave 312) as at 31.12.2010 are the following:

A/A	Establishment	Address
1.	Cholargos	302 Ave. Mesogion Cholargos
2.	Cholargos	6 Loch. Dedousi Str, Cholargos
3.	Thessaloniki	G.-I. Kar. & P. Kyrillou, Thessaloniki
4.	Athens	Em. Mpenaki 59, Athens
5.	Patra	Gkotsi 26-28 Patra
6.	Crete	Eth. Antistaseos 101 Crete
7.	Ioannina	Tsirigotaki 14 & Kaniggos, Ioannina
8.	Rhodes	Ethn. Antistaseos 48, Rhodes

The company periodically monitors and evaluates the effectiveness of its geographic expansion through its branches.

2.1.2.2 Personnel figures

The Group's Management is supported by a team of expert and valuable staff contributing to the Group's development

The table below is showing the staff that has been employed on average during the years 2010 and 2009 as well as the remuneration received (salary and social security contributions):

Employees (average numbers)												
Amounts in € thousand	GROUP						COMPANY					
	Persons		Total salary		Social security charges		Persons		Total salary		Social security charges	
Years	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Total	230	252	7.718	8.355	1.799	1.935	230	252	7.718	8.355	1.799	1.935

2.2 SIGNIFICANT FACTS DURING YEAR 2010 AND THEIR IMPACT ON THE FINANCIAL STATEMENTS

Significant facts that took place during the period from 1st January to 31st December 2010 are the following:

- **Shareholders' Ordinary General Meeting at 30-06-2010,** The most important issues of the meeting were the following:
  - **Cancellation of the Stock Option Plan** that had been decided with the General Meeting's decision at 29.07.2007. At the due date no option was exercised.
  - **Decrease of the Share Capital** by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.
  - **Increase of the Shares' nominal value** from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share

capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each.

- **Modification of art. 3 of the Association (company's purpose)** in order to include the study, supervision, execution, deployment, management, maintenance and technical support of all kind of projects regarding energy, Renewable Energy Sources production systems, comprising wind, solar, photovoltaic and hydroelectric, as well as the sale, resale and distribution of electric energy.
- **Election of new member in the Audit Committee** of L 3693/08 for the replacement of resigned member.

2.3 FUTURE PERSPECTIVES AND STRATEGIC GOALS BOTH AT A CORPORATE AND GROUP LEVEL

The year ended at 31.12.2010 was a very difficult year for the international financial system and for the Greek economy as well. The financial crisis in the country coupled with the growing recession has created a very difficult business environment. The projected recovery initially estimated in the first half of 2011 has passed for the second half of 2011. Our estimation is that the whole year of 2011 will be another critical year as a whole.

The Group's management by closely monitoring these developments continues its strategy to the same routes designed in previous years.

Financial management aims are:

- Conservation of funds to address the risks of prolonged recession.
- Strengthening cash position and working capital of the group with the aim of improving the efficiency of capital.
- Forecast and continuous assessment of future investment and operational needs.

Commercial management aims are:

- Trade operations as technology providers of solutions and services to the business environment.
- Exploitation of the cooperation with British Telecom and its global partner network.
- Participation in major IT projects in the public and private sector in order to exploit opportunities while taking manageable risks.
- Development of resellers' network for mobile telecommunications

With regard to the first commercial management aim, that is, "technology providers", the company continues the well designed promotion of nine products/technology solutions and telecommunication and security software. The company continuously monitors the efficiency of this operational route by grouping, in three wider businesses, namely, telecommunications, information technology and security, in order, through the resources multiplexing, to maximize the efficiency and productivity.
The sales department has increased its efforts to enhance the promotion of the Groups products and services by combining solutions and services of different technologies at very competitive prices.

Furthermore, the major technological developments in IT and Telecommunications in the form of Managed Services seem to be very interesting. Technologies for Virtualization, Data Center & Cloud Services are essential components of the proposed solutions. Our company invests systematically in order to be technologically up to date and ready to promote such solutions and services. This aim is supported by the company's upgraded status of BT Alliance Partner in Greece and Cyprus for the sale, supply and support of a fuller range of products and services from BT's portfolio beyond the international connectivity. BT Alliance program was officially launched in 2008 and includes over one hundred associates in more than fifty countries.

With regard to the third commercial management aim, that is "Participation in major IT projects", the bad situation we faced in 2010 following the expiry of the financing of projects of the 3rd series of EU's Co financed Development Programmes (3rd CDP), has significantly improved . Funding problems related to the three frozen projects (DORY - EMY4 - 3G Hellenic Police), previously included in the 3rd CDP, totalling approximately € 10 million, assumed by our company, were finally resolved by bypassing their funding source from the 3rd CDP and include them to the National Strategic Reference Framework (NSRF). Moreover, Information Society SA, the Managing Authority of the projects has ordered the resumption of the works for the projects EMY4 and 3G ΕΛ.ΑΣ. (Hellenic Police), while the resumption of works is expected also for project DORY, albeit with possible cuts.

Meanwhile, there is an ongoing project (project acronym NVIS), for the Foreign Ministry, of € 7 million, for the automation of issuance of Visas, concerning the central IT systems as well as the biometric systems at 135 embassies and consulates in our country and abroad as well.

Another ongoing project, according to the contract between the company and the Social Insurance Institute, concerns the computerization of laboratories (LIS). The project's budget amounts to € 2 million will be implemented in cooperation with ALAPIS SA (50%) and will be delivered within 2011.

Our company has participated in several proposals in the NSRF and Digital Convergence programs as well, where funding is secured from EU funds. Having acquired expertise in implementing several projects in Greece, the company has also submitted proposals abroad for similar projects.

Finally, with regard to the fourth commercial management aim, that is "resellers' network for mobile telecommunications", after three years from its revival, this activity is on progress in the form of multiple networks through the stipulation of agreements with all the active network providers, and was overcome the breakeven point. Nevertheless, the telecom market has been seriously affected from the economic crisis

The overall estimate for the company's prospects is that despite the crisis we are optimistic because our forces are alive, the organization, infrastructure and personnel of the company is in excellent condition and also is considered respectable and trustworthy, which will allow, to withstand the challenges of the times as well as to prepare the development for the better days to come.

2.4 RISK MANAGEMENT AND HEADGING POLICY

The Group and the Company in the day to day business, is exposed to a series of financial and business risks and uncertainties associated with both the general economic situation as well as the specific circumstances typical of the industry.

The Group's expertise, its highly trained and skilled staff and its state of the arte equipment, together with the development of new products will allow the Group to maintain its competitive advantage and to penetrate in new markets as well.

Furthermore, continuously adaptive to the new business environment, our structures together with the significant amount of ongoing projects allows to believe that the Group will meet the critical needs of the coming year and will help minimize uncertainties.

The Group is exposed to the following:

❑ Financial Risk Factors

The Group is exposed to various financial risks, including unpredictable fluctuations in exchange rates and interest rates, market risks, credit risks and liquidity risks. The overall risk management program of the Group seeks to minimize the possible adverse effects of these fluctuations on the financial performance of the Group

Risk management policy is applied by the Group's management, through the assessment of the risks associated with the Group's activities and functions and carry out the design of the methodology by selecting the appropriate financial products in order to achieve risk reduction,

The financial instruments used by the Group consist mainly of bank deposits, transactions in foreign currency at current prices or short term currency futures, bank overdrafts, accounts receivable and payable.

➢ Foreign Exchange Risk

The Group's exposure to foreign exchange risk arises from actual or anticipated cash flows in foreign currency (imports - exports). The Group's management constantly monitors the fluctuations and the tendency of foreign currencies and evaluates each case individually, taking appropriate action where necessary, through agreements against interest rate risks. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities disclosed in a currency different from the entity's functional currency. For the foreign exchange risk which arises from future commercial transactions and recognized assets and liabilities, the company uses currency futures as required.

The main trading currencies of the Group are the Euro, USD and GBP.

In table below there is sensitivity analysis of the earnings before taxes due to currency exchange rate changes

sensitivity analysis due to currency exchange rate changes	Currency	Exchange rate variation	Effect on profit before tax
Amounts of year 2010 in € thousand	USD	1,5%	-120
		-1,5%	120
Amounts of year 2009 in € thousand	USD	1,5%	-100
		-1,5%	100

- **Price Risk**

The Group is not exposed to securities price risk. The Group is exposed in risk due to the variations of the value of the goods used for trade and of the raw-materials used. In order to face the risk of impairment of inventories, a rationalized warehouse management aims to minimize the stock according to progress of the production needs. The level of the inventories in relation to the Group's turnover is significantly low. Our aim is to minimize the warehouse retention time in order to minimize the risk of impairment of inventories.

- **Interest Rate Risk**

The fluctuations in the interest rate markets have a moderate impact on the Group's income and the Group's operating cash flows

It is the policy of the Group to continuously review interest rate trends and the tenor of financing needs. In this respect, decisions are made on a case by case basis as to the tenor and the fixed versus floating cost of a new loan. Thus, the amount of short term borrowings is variable. All short term borrowings are based on floating rates. Consequently, the impact of the interest rate (EURIBOR) fluctuations is directly related to the amount of loans.

For medium and long-term loans both the amounts of loans as well as the interest rates are decreasing. Thus the interest rate risk exposure is relatively low.

In conclusion, taking into account the existing banking relations as well as the approved credit limits, in the short and medium term no particular risks are expected that could significantly affect the operations of the Group...

The careful monitoring and the interest risk management decrease the risk of significant impact on profits due to short term fluctuations.

Sensitivity analysis of Group's borrowings due to interest rate changes:

Sensitivity analysis of Group's borrowings due to interest rate changes	Currency	Interest rate variation	Effect on profit before tax
Amounts of year 2010 in € thousand	EURO	1%	-180
		-1%	180
Amounts of year 2009 in € thousand	EURO	0,5%	-90
		-0,5%	90

- **Credit Risk**

The Group has no significant credit risk.

Trade accounts receivable consist mainly of a large, widespread customer base where the predominant position is held by Banking and Public sectors. The Group's Financial Management Department monitors the financial position of their debtors on an ongoing basis

Each client's credit exposure is monitored by an independent entity, taking into account the client's financial position, the amount of previews transactions and other factors and tests the credit limits granted to the client.

The credit limits granted are fixed taking into account internal and external evaluations and are always within the limits approved by the Board of directors.

Appropriate provision for impairment losses is made for specific credit risks. At the end of year 2010 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.

Taking into account the Group's customer base and the relevant liquidity risk, the exposure at the credit risk will be moderate. The post-dated collection of receivables is an important issue but is not related to our customers credit ability.

To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

- **Liquidity Risk**

The Group's liquidity is obtained through the use of available of funding and the raise up of the credit limits received whenever needed in order to finance particular projects (project basis funding). The Group maintains excellent relationships with the Banking institutions and thus ensures adequate funding for the execution of the Group's business plans.
The Group's strategic planning determines the form of funding as well as the financial tools to be used.
Borrowings include the floating and fixed rate outstanding principal at year end plus accrued interest up to maturity.
The table below summarizes the maturity profile of financial liabilities at 31 December 2010 based on contractual undiscounted payments.

The table below summarizes the maturity profile of financial liabilities at 31 December 2010 based on contractual undiscounted payments

Group								
	Total		**Less than 1 Year**		**1 to 5 years**		**>5years**	
Amounts in € thousand	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Borrowings	**24.373**	**24.480**	22.765	23.114	1.608	1.366	-	-
Trade and other payables	**17.414**	**15.042**	17.403	15.034	-	-	11	8

Company								
	Total		**Less than 1 Year**		**1 to 5 years**		**>5years**	
Amounts in € thousand	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Borrowings	**23.767**	**24.480**	22.700	23.114	1.067	1.366	-	-
Trade and other payables	**17.922**	**15.438**	17.287	14.944	624	486	11	8

- **Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains a strong investment grade credit rating and healthy capital ratios in order to support its operations and maximize shareholder value.

The group's policy is to maintain leverage targets in line with an investment grade profile

Gearing ratio	**Group**		**Company**	
Amounts in € thousand	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Short term Borrowings	22.765	23.114	22.700	23.114
Long term Borrowings	1.608	1.366	1.067	1.366
Less: cash and cash equivalents	-1.959	-4.341	-1.545	-4.206
Net Debt	**22.414**	**20.139**	**22.222**	**20.274**
Equity	14.884	14.750	14.045	14.209
Total capital employed	**37.298**	**34.889**	**36.267**	**34.483**
Gearing ratio	**60,09%**	**57,72%**	**61,27%**	**58,79%**

The increase in the gearing ratio in 2010 is attributable to the conjuncture of the reduction of cash the company, which was not covered by the reduction of total lending. This increase is temporary and is expected to reverse within the next year.

2.5 STATEMENT OF CORPORATE GOVERNANCE

2.5.1 CORPORATE GOVERNANCE CODE APLLIED

The corporate governance code is drawn up in compliance with current legislation, and in particular wit Law 2190/1920, Law 3016/2002, Law 3873/2010 and Law 3884/2010, as applicable. The text is codified and amended whenever decided by the Board of Directors. In order to provide better information to the company's shareholders, the corporate governance code includes laws and Company's Act regulations that prevail against it.
The Corporate Governance Code is prepared by the Board of Directors of the company. After approval by the Board of Directors the code is uploaded on the company's website of the company in a non-editable format. The Corporate Governance Code comes into effect from its upload to the company's website.

The code of corporate governance of the company includes the following chapters:

2.5.1.1 Chapter A'- Board of Directors

This chapter contains the obligations and duties of Board members and the method of election and function of the Board of Directors of the Company, the Board of Directors composition and the distinction of members in non-executive and executive members, with specific references to role of the executive members, the Chairman of the Board, Vice-Presidents and CEO ,their responsibilities, the duties of non-executive members, policy of fees and obligations of Board members to uphold the company's interest.

2.5.1.2 Chapter B' – General Meeting:

This chapter describes the functioning of the general meeting of the shareholders, the shareholders' rights before the general assembly, the process of identifying those entitled to attend the general meeting, the quorum, the proceedings of the general meeting, the syntax of the minutes. Reference is also made in the compliance with the principle of equality of shareholders and the ways to publish the results of the General Assembly

2.5.1.3 Chapter C' – Minority interest

A reference is made to minority interest of CL 2190/1920 (Article 39 - 40 a).

2.5.1.4 Chapter D' – Internal Control System – Risk Management Controls:

There is a description of the Company's Internal Audit Division with detail description of the functions and duties. It also describes the functioning of the Audit Committee and a description of how the supervision of the Internal Audit is made as well as responsibilities of the Board in relation to Internal Audit and the Audit Committee.

2.5.2 CORPORATE GOVERNANCE PRACTICES APPLIED

The Corporate Governance Code of the company contains corporate practices of transparency in relation to operating procedures with regard to the company's management, to ASE information, shareholders equal treatment and protection of the corporate interests.
In particular:
I. Board of Directors:
The Board of Directors is composed of seven members, three (3) of which are executive members, two (2) of which are independent non-executive members and two (2) of which are non-executive members. The number of non-executive directors should not be less than 1 / 3 of the total number of members. Among the non-executive directors must include at least two (2) independent members. The positions of the President of the Board and CEO cannot be assumed by the same person

The Board of Directors has the following composition:

Name	Position
Manolopoulos Dimitrios	President, executive member
Drosinos Paraskevas	CEO, executive member
Mpellos Christos	A΄Vice President, non executive member
Manolopoulos Spyridon	B' Vice President, non executive member
Lagogiannis Georgios	Executive member
Chouchoulis Dimitrios	Independent - non executive member
Kapopoulos Lysandros	Independent - non executive member

The responsibilities of the executive members are decided by the Board of Directors, as well as the delegation of responsibilities to third - non-staff members, in particular executive officers. For the current year, responsibilities were delegated to the company's Executive Director of the company, which is also executive board member, as well as to the Chief Commercial Officer and Chief Financial Officer. To better coordinate the management of corporate affairs, the Board may appoint a committee of senior executives. Regarding the right to bind the company through the signature, this is delegated for a certain monetary limit. Beyond this limit the decision of the Board is required.

The Board of Directors, in accordance with Law 3016/2010, takes decisions for matters relating to any fees paid to company executives, internal auditors as well as for the overall remuneration policy of the company. According to the articles of Association, to the members of the Board may be paid a compensation of an amount determined by a special decision of the ordinary general meeting of shareholders. Wages and other compensation of non-executive directors are determined in accordance with the Law 2190/1920. The process of setting fees is characterized by objectivity, transparency and professionalism and is free from conflicts of interest.

Each board member is required to strictly comply with the confidentiality requirements in relation to information accessed during of the company which became known to it in its capacity as a consultant. The board members and any third party entrusted with this responsibility are forbidden to pursue their own interests contrary to the interests of the company. The board members and any third person entrusted with responsibilities must promptly disclose to the other board members of the same interests that might arise in transactions of the Company which fall to their duties and any other conflict own interests with those of the company or affiliates for the purposes of paragraph 5 of Article 42 e of Law 2190/1920, which arise in the course of their duties.

Consultants being involved in any way in the company's management as well as executive directors are prohibited to act, without permission of the General Assembly, for own interests or on behalf of others for matters that fall into the corporate aims or to participate as personally liable partners in companies that pursue such aims.

II. General Meeting

The call of the General Meeting is posted on the company's website together with the total number of shares and voting rights at the time of the call and the documents to be submitted to the General Meeting, a draft decision on every matter on the agenda proposed or in case no decision has been proposed for approval by the Board, a comment on all aspects of the agenda and any draft decisions proposed by shareholders upon receipt by the company as well as the forms to be used for the exercise of voting rights and, where applicable, for the exercise voting rights by correspondence, unless these forms are sent directly to each shareholder.
If for technical reasons this information is not available, the company provides information through the website on how to supply the relevant forms in hardcopy form and send mail without charge to each interested shareholder.
The call of the General Assembly, in order to enhance transparency in informing shareholders, is published in Communication System "Hermes" which is considered reliable and has a wide range. Particular attention is paid to issues of conflict of interest of the shareholders' representatives who wish to participate in the meeting. The shareholder's representative must notify the company before the commencement of the general meeting, any specific event, which may be useful to shareholders for the assessment of the risk the representative is in conflict of interests with the shareholders. For the purposes of this paragraph a conflict of interests may be appear, in particular where the agent:

a) is a shareholder who has controlling rights on the company or other legal person or entity controlled by a shareholder, who has control of the company,

b) is a member of the board or the management of the company or controlled by a shareholder that has control of the company or other legal person or entity controlled by a shareholder who has control of the company

c) is officer or public auditor of the company or controlled by a shareholder that has control of the company or other legal person or entity controlled by a shareholder who has control of the company,

d) is husband/wife or first degree relative to one of the individuals abovementioned in paragraphs a) to c)

The appointment and dismissal of the shareholder representative takes place in writing and communicated in the same form to the company at least 3 (three) days before the designated date of the meeting.
Besides the President of the Board, at a general meeting present, the CEO, the General Manager of the company, Chief Commercial Officer, Chief Financial Officer or legal advice where appropriate, the Internal Auditor and regular statutory auditor of the Company and, if necessary, provide feedback and information on issues of responsibility raised for discussion and answer questions from shareholders on these issues.
The President of the General Assembly, according to the circumstances, provides the necessary time to the shareholders in order to ask questions. The discussions and decisions taken by the General Assembly are recorded and summarized in a special book. The Secretary keeps the minutes of the General Assembly making sure to list all of the points of view or questions that the shareholders might make and responses to these questions.
The President of the Meeting, at the request of a shareholder, is required to file in the book of minutes an accurate summary of his opinion. This book contains also a list, in accordance with paragraph 2 of Article 27 of Law 2190/1920, of the shareholders that were present or represented at the general assembly. Each share confers

the right to vote. All shareholders' rights arising from the share is mandatory according to the proportion of capital represented by shares
The company ensures equal treatment for all shareholders of the same position. During the meeting all shareholders' request for speech is accepted, and the points of view as well as the questions submitted and responses received are all recorded.
The company publishes on its website under the responsibility of the Board of Directors, the voting results within five (5) days from the date of the meeting, identifying for each decision at least the number of shares for which votes were valid, the proportion of share capital represented by these votes, the total number of valid votes as well as the number of votes for and against each resolution and the number of abstentions.

Minority interests are listed in CL 2190/1920 Article 39 – 40a

III. Internal Control System – Risk Management Controls

In compliance with the law, a full time employee is responsible for the internal control department. This person is independent, not subordinate to any other unit of the company, and assists the Board of directors in the exercise of its duties in order to safeguard the interests of the company and its shareholders.
The Internal Audit Division is supervised by the Audit Committee consisting of two (2) non-executive directors and one independent non-executive Board member. All members of the Audit Committee are appointed by the General Meeting of shareholders. The supervision of the internal audit is undertaken by non-executive directors to ensure legal, efficient and unbiased internal and external controls on the company, as well as communication between the audit members and the Board.
The Board reviews the effectiveness of internal control within the corporate strategy with regard to the management the main risks the company is facing, in particular, in financial matters. This review covers the essential audits, including financial and operational audits, compliance testing and monitoring of risk management systems. The Board through the Audit Committee has direct and regular contact with the public auditors in order to receive from the latter regular updates in relation to the proper functioning of the internal control system.

2.5.3 SHAREHOLDERS' GENERAL MEETING

2.5.3.1 General Meeting description of functions:

The General Meeting is the supreme body of the company, is entitled to decide for each case of a company in accordance with the statutes and its decisions are binding on the all the shareholders including those who are absent and those who disagree. The General Meeting of shareholders is required to meet at the company's headquarters or another municipality within the region or in the region or another neighboring municipality at least once each fiscal year and within six (6) months from the end of this year.
The call of the General Meeting, which includes at least the building with exact address, the date and time of meeting, agenda items clearly reported, the shareholders entitled to participate and precise instructions on how the Shareholders will be able to participate in the meeting and to exercise their rights, should be posted in a conspicuous position the company's premises and published in accordance with the provisions of Article 26 paragraph 2 of Law 2190/1920. Apart from the above invitation should include:

a) Information regarding:

aa) The rights of shareholders of paragraph 2, a 2, 4 and 5 of Article 39 of Law. 2190/1920, indicating the period within which may be exercised any right within the time limits set out in paragraphs of Article 39 of Law 2190/1920, as above, or alternatively, the deadline by which these rights can be exercised provided that detailed information about these rights and conditions for their exercise will be available with express reference to the call to the address (domain name) of the company's website.

bb) The procedure for proxy voting and, in particular the forms used for the proxy vote, and the methods provided in the statute, article 28 paragraph 3 of a CL 2190/1920, to receive electronic notifications of for the appointment and removal of the agents.

b) Specifies the record date as provided for in Article 28 a, paragraph 4 of Law 2190/1920, pointing out that only persons who are shareholders at that date are entitled to participate and vote at general meetings

c) Discloses the place where is available the full text of documents and draft decisions according to cases c and d of paragraph 3 of Article 27 of Law 2190/1920, and the way to access them.

d) Indicates the company's URL, where is available the information of paragraph 3 of Article 27 of Law 2190/1920

The invitation is also uploaded at the company's website along with the total number of shares and voting rights at the time of the call and the documents to be submitted to the General Meeting, a draft decision on any matter of the agenda as proposed or, if no resolution is proposed for approval, comment of the Board on each item on the agenda and any draft resolutions proposed by shareholders upon receipt by the company and the forms to be used for the proxy voting right and, where applicable, the right to vote by mail, unless these forms are sent directly to each shareholder. If for technical reasons this information is not available, the company provides information through the website on how to supply the relevant forms in hardcopy form and send mail without charge to each interested shareholder.

The call of the General Assembly, in order to enhance transparency in informing shareholders, is published in Communication System "Hermes" which is considered reliable and has a wide range.
The company may publish in the publication media listed by the Law 2190/1920 a summary of the call which includes at least the building with exact address, day and hour of the meeting, the shareholders entitled to attend as well as express reference to the website address where the full text of the call and other information regarding the meeting will be available. Call for a general meeting is not required in the event that the shareholders present or represented are representing the entire share capital and none of them objects to carrying out of the meeting and to the decision making.

2.5.3.2 **Minority rights before the Call for the General Meeting:**

Ten days before the regular general meeting each shareholder can get the company's annual financial statements and the reports of the Board of Directors and the independent auditors' report.
Twenty-four hours before each general meeting must be posted at a conspicuous place in the premises of the company a list of shareholders entitled to vote at the general meeting indicating, if any, their representatives, the number of shareholders and votes of each and the address of shareholders and representatives. From the day of publication of the call for the General Meeting until the day of the meeting, at least the following information should be uploaded to the website:

a) The call for the General Meeting
b) The total number of shares and voting rights at the date of the call, including separate totals for each class of shares if the company's capital is divided into several classes of shares
c) The documents to be submitted to the General Assembly
d) A draft decision on any matter on the agenda as proposed or, if no decision has been proposed for approval by the Board, the comment of the Board on each item on the agenda and any draft resolutions proposed by shareholders right after their receipt by the company.
e) The forms that should be used for the exercise of proxy voting rights and, where applicable, the right to vote by mail, unless these forms are sent directly to each shareholder.

2.5.3.3 **General Meeting participation rights:**

Each shareholder is entitled to attend and vote at a General Meeting. The exercise of these rights does not require the shareholders' share blocking nor similar procedure, that would limit the ability to sell and transfer the shares during the interval between the record date, as defined in paragraph 4 of Article 28a of Law 2190/1920, and the date of relevant general meeting. A shareholder participates in the general meeting and votes either in person or through agents. An agent that is acting for more shareholders may vote differently for each shareholder. Legal entities participate in the General Assembly by stating as their representatives up to three (3) individuals. A shareholder may appoint a representative for a single meeting or for as many meetings will take place within a certain time. The representative will vote in accordance with the instructions of the shareholder, if any, and is required to preserve the voting instructions for at least one (1) year from the submission of the General Meeting minutes to the competent authority or, in case the decision is subject to publicity, from the date of registration at the Companies Registry. Failure of the representative with the instructions received do not affect the validity of decisions of the General Assembly, even when the representative's vote was decisive for the decision making.
The shareholder's representative must notify the company before the commencement of the general meeting, any specific event, which may be useful to shareholders for the assessment of the risk the representative is in conflict of interests with the shareholders. For the purposes of this paragraph a conflict of interests may be appear, in particular where the agent:

a) is a shareholder who has controlling rights on the company or other legal person or entity controlled by a shareholder who has control of the company,
b) is a member of the board or the management of the company or controlled by a shareholder that has control of the company or other legal person or entity controlled by a shareholder who has control of the company
c) is officer or public auditor of the company or controlled by a shareholder that has control of the company or other legal person or entity controlled by a shareholder who has control of the company,
d) is husband/wife or first degree relative to one of the persons abovementioned in paragraphs a) to c)

The appointment and dismissal of the shareholder representative takes place in writing and communicated in the same form to the company at least 3 (three) days before the designated date of the meeting.
However, if the shareholder holds shares in a company, which appear in more than one securities account, this restriction does not prevent a shareholder to appoint different representatives for the shares held in each securities account in respect of a general meeting.

Entitled to participate to the general meeting is a shareholder which appears in the records of the organization, which has the administration of the company's securities. The presentation of relevant written certificate of such organization would make proof of membership. As a shareholder should exist at the beginning of the fifth day before the day of the general meeting (record date) and a written statement or electronic certification of the shareholding should reach the company by the third day before the general meeting. In the repetitive General Meeting shareholders may participate under the same standard conditions as above. Shareholding must exist at the beginning of the fourth day preceding the meeting day of the repeated general meeting (date of recording repetitive General Meetings), and a written statement or electronic certification of the shareholding should reach the company no later by the third day before the general meeting. The Board has prepare in the list of persons entitled to vote at a general meeting in accordance with Article 27 paragraph 2 of Law 2190/1920, all shareholders who have complied with the provisions of Article 28 a of Law 2190/1920. The company considers eligible to participate and vote at the general meetings the person who results to be shareholder at the relevant record date. A shareholder that does not comply with these regulations would participate in the General Assembly only after permission.

2.5.3.4 **Quorum:**

The General Assembly is in quorum and convenes validly on the issues on the agenda, when are present shareholders or agents representing one fifth (1 / 5) at least the paid up share capital. If such a quorum fails to achieve, the General Assembly shall meet again within twenty (20) days from the date of the cancelled meeting, while the call should take place at least ten (10) days before. This new meeting will form a quorum and will validly deliberate on the issues of the original agenda regardless of the percentage of issued share capital will be represented in it. In case the quorum is not achieved, new call is not required if the initial call provided also the location and timing, by law, for the repeated general meeting, provided there is at least ten (10) full days between the cancelled meeting and repetitive.
Exceptionally, the General Assembly is in quorum and convenes validly on the issues agenda when are present shareholders or agents representing two-thirds (2 / 3) of the issued share capital, for decisions on: **a)** extending the duration or termination of the company **b)** the change of nationality of the company, **c)** the change of corporate purpose, **d)** increase the share capital, when not required by the Association according to the article 13 paragraph 1 and 2 of Law 2190/1920 or when required by laws or rules or though capitalization of reserves, **e)** reduction of share capital, in all cases except in those contained in paragraph 6 of article 16 of Law 2190/1920, **f)** changing the order of appropriation of the profits, **g)** the enhancement of the obligations of shareholders **h)** merger, split, conversion, revival of the company, **i)** the provision or renewal of authority to the Board to increase share capital pursuant to Article 13 paragraph 1 of Law 2190/1920, **j)** in any other case where the law or the Company provides for the receipt of a decision by the General Assembly requires a quorum of this paragraph.
If the aforementioned quorum is not achieved in the first session, the General Assembly convenes for a repeat hearing within twenty (20) days of the cancelled meeting and the call is required at least ten (10) full days before. The meeting is valid for items on the original agenda, when the quorum is the half (1 / 2) the paid up share capital at least.
When even this quorum is not achieved, or in case of a decision with regard to increase of capital, the General Meeting at its last repetitive meeting achieves the required quorum is when the shareholders that are present or represented are representing one fifth (1 / 5) paid up capital at least. In case the quorum is not achieved, new call is not required if the initial call provided also the location and timing, by law, for the repeated general meeting, provided there is at least ten (10) full days between the cancelled meeting and repetitive.

2.5.3.5 **General Meeting hearing procedure:**

Temporary president of the General Assembly is the Chairman of the Board or in case of impediment is his deputy or a person appointed by the Board or the General Meeting. The temporary president appoints a temporary Secretary from the present shareholders. Until the approval of the list of shareholders entitled to vote, the General Meeting proceeds to elect the President and a Secretary who is also responsible for the voting process. The final President of the General Meeting of shareholders and the Secretary are elected by secret ballot, unless the General Assembly decides or the law provides otherwise. Besides the President of the Board, at a general meeting present, the CEO, the General Manager of the company, Chief Commercial Officer, Chief Financial Officer or legal advice where appropriate, the Internal Auditor and regular statutory auditor of the Company and, if necessary, provide feedback and information on issues of responsibility raised for discussion and answer questions from shareholders on these issues. The President of the General Assembly, according to the circumstances, provides the necessary time to the shareholders in order to ask questions.
The decisions of the General Assembly are limited to agenda items, unless the present or represented shareholders representing the entire share capital and no shareholder objects to discuss and decide on other issues. The agenda is set by the Board and includes proposals to the General Assembly as well as suggestions of accountants or shareholders representing one twentieth (1 / 20) of the paid up share capital.

2.5.3.6 **General Meeting's minutes:**

The discussions and decisions taken by the General Assembly are recorded in summarized in a special book.
The Secretary keeps the minutes of the General Assembly making sure to list all of the points of view or questions that the shareholders might make and responses to these questions.
At the request of the chairman of the shareholder meeting is required to record the minutes accurate summary of the opinion. In the same book and list of registered shareholders present or represented at the general assembly to be drawn up in accordance with paragraph 2 of Article 27 of Law 2190/1920.

2.5.3.7 **Principle of quality:**

Each share confers the right to vote. All shareholders' rights arising from the share is mandatory according to the proportion of capital represented by shares
The company ensures equal treatment for all shareholders of the same position. During the meeting all shareholders' request for speech is accepted, and the points of view as well as the questions submitted and responses received are all recorded.

2.5.3.8 **Publication of the General Meeting's voting results:**

The company publishes on its website under the responsibility of the Board of Directors, the voting results within five (5) days from the date of the meeting, identifying for each decision at least the number of shares for which votes were valid, the proportion of share capital represented by these votes, the total number of valid votes as well as the number of votes for and against each resolution and the number of abstentions.

2.5.4 COMPOSITION AND REGULATION OF THE BOARD OF DIRECTORS AND OTHER CORPORATE BODIES

2.5.4.1 **Board of Direcotrs - Obbligations and duties – Mode of operation:**

Foremost obligation and duty of the Board of Directors of the Company is the continuing pursuit of the preservation and expansion of long-term economic value of the company and the pursuit of corporate interest. More specifically, the Board sets the strategy and the development policy and preserves the property of the company, exercises control over all activities of the company and oversee its management. The Board of Directors decides on matters relating to any fees paid to managers, internal auditors of the company and its general policy of pay. The responsibilities of the Board are determined by the Company, and existing legislation. According to the articles of association and the Law 2190/1920 after the election by the General Meeting, the Board is established as a body and proceeds to the election of the President, Vice President and Managing Director. At the same meeting decides the delegation to members or third parties.
The Board shall meet at the headquarters of the company, whenever the law, the Statute or the company's needs require. The Board may meet valid and elsewhere, outside the headquarters of the company, domestically or abroad, if all its members are present or represented and no one objects to holding the meeting and to take decisions. Two (2) of the members, with a request to the President or his deputy, may request the convening of the Board, which will convene within seven (7) days of the request. In the above request, the members are required to mention the issues on the agenda to be addressed by the Board, otherwise invalid. In case of refusal of the President or his deputy to convene the Board within the above deadline, members are allowed to ask for a meeting of the Board within five (5) days after the end of seven days, notifying the relevant Call the other Board members.
The Board is convened by the President or his deputy with a call or facsimile or email communicated to members at least two (2) business days before the meeting. The invitation should indicate clearly the issues of the agenda, otherwise the decision making is allowed only if all Board members are present and none of these objects.
Each member who is not present in the meeting can validly be represented only by another member appointed by the absent member by written letter, telex or facsimile addressed the Board. Each member can validly represent only one absent member.
The Board achieves the reqired quorum and convenes validly when the present or represented memberes are half plus one, but never the number of these members may be less than three. Resulting fraction is disregarded.
During the meetings of the Board the secretary is a member or the counsel of the company, if requested. The Secretary keeps the minutes of the meetings of the Board of care to record all members' views expressed. Unless otherwise provided by law, the decisions of the Board are valid when taken by the absolute majority of present and represented members. Each member has one vote and when represents an absent member, has two (2) votes. In the event of a tie, the President of the Board gives the casting vote. The minutes of the Board signed by the President or Vice President or CEO (if he does not have the position of the President) and Board member designated by the Board of Directors. Copies of the minutes are officially issued by such persons without requiring further validation.

2.5.4.2 **Members of the Board of Directors:**

According to the association, the company is managed by the Board consisting of three (3) to nine (9) members. The members of the Board, which can be shareholders of the company or other persons (not shareholders) are elected by the General Meeting of shareholders of the company for five years, automatically extended until the first Annual General Meeting following the expiry of their term, but which may not exceed six years. For the election to the board of the company take into consideration the experience in managing corporate affairs of the candidates, the level of professional training, experience and previous experience especially in managerial positions, knowledge of rules and market conditions.
If for any reason a vacancy of member or members arises, the remaining members can continue to manage and represent the company, without replacing the missing members, provided that the number is more than half of the members, as had before the occurrence of the vacancy. In each case the members may not be less than three (3). To Board of Directors may elect such members to replace members who resigned, die or lost their status in

any other way. This election by the Board shall be taken by the remaining members, if at least three (3), valid for the remainder of the member being replaced. The decision of the election shall be published according in article 7b of CL 2190/1920 and announced by the Board at the next General Meeting, which can replace the elected members, even if not included on the agenda.
The members have participated in all meetings of the Board. The continuing absence of a member from the meetings for one (1) year without sufficient cause or without permission of the Board, is equivalent to resignation from the Board, but applies only when the Board decides so and the relevant decision is recorded in the minutes.
The Board of Directors, which runs the company is composed of seven members and three (3) executive members, two (2) independent non-executive members and two (2) non-executive members. The number of non-executive directors should not be less than 1 / 3 of the total number of members. Among the non-executive members must include at least two (2) independent members.

2.5.4.2.1 Executive members of the Board of Directors:

The Executive Directors of the Company exercise their powers according to the association and the applicable legislation and in particular to the provisions of Law 2190/1920 and provide services to the company, exercising management functions and representation. Powers are granted to the executive directors by decision of the Board. Specifically, with the Board's decision for delegation the executive members have management responsibilities, representing the company, among others, to the public administration, public entities or private sector entities, banks, representing the company to the courts and Independent Authorities and have authorized signature rights up to the financial limit set by the Board in its decision. Beyond this limit, the Board shall decide at a special. By decision of the Board the executive members may authorize third - non-members - persons to carry out specific -isolated acts. The Board of Directors may decide to delegate to third - non-members - persons exercising the powers of the executive members, especially to executives of the company such as the Executive Director, the Chief Commercial Officer and Chief Financial Director.

2.5.4.2.2 President of the Board of Directors:

The President of the Board works with the CEO and other members of the Board for the development and achievement of the company's goals in accordance with the provisions of the association and applicable law. In this context, the President of the Board of Directors:

1. Convenes the meetings of the Board members and determine the issues on the agenda.
2. Presides at the meetings of the Board.
3. Works closely with the CEO to ensure the implementation of decisions of the Board.
4. Convenes special meetings of the Board if required.
5. When a committee where necessary, sets chairmen of committees, in cooperation with the Chief Executive proposes the committee members.
6. Collaborates with the CEO on the preparation of the agenda of meetings of the Board.
7. Collaborates with the CEO to provide guidance and direction of the new Board members.
8. Represents the company before any authority in accordance with the Board of Directors decision of the delegation.

The President of the Board reports to the Board of Directors.

2.5.4.2.3 Vice President of the Board of Directos:

According to the association, the Board by decides and elects one or more Vice Presidents. The company has two non-executive Vice Presidents of the Board who participate in all meetings and are responsible for promoting corporate issues in accordance with the provisions of Law 3016/2002 and the association.

2.5.4.2.4 Chief Executive Officer:

The CEO is an executive board member and cooperates with the President and the Board members for the development and implementation of company goals. In this context, the CEO:

1. Participates in determining the strategy of the company, along with the President and other executive members of the Board.
2. Participates in setting goals and how to implement them.
3. He is responsible, along with the President and other board members, for determining the remuneration policy of the company.
4. Promotes the image and vision of the company.
5. Participates in the approval process of investments.
6. Promotes and form collaboration agreements with foreign firms (representation, marketing, supply products, etc.).
7. Works with banks and decide on matters of finance and lending.
8. Coordinates and directs the actions of the marketing department in terms of marketing policy of products and services.
9. Co-decides in recruitment.

10. Co-decides and approve the general operating expenses of the company.
11. Collaborates with other management staff on organizational issues.
12. Co-decides in the formulation of pricing and discount policy.
13. Take decisions and set priorities particularly on investment, financing, pricing and products.
14. Directs the activities of the staff, particularly in the marketing department.
15. Exchanges information and views with appropriate seriousness and conviction.
16. Participates in regular meetings with:
    - The President, the Board, banks, subsidiaries,
    - Other departments, foreign firms, Customers, Suppliers.
17. Takes care for the budgeting at the start of each fiscal year.
18. Ensures the preparation of annual reports within three months from the end of the financial year.
19. He is responsible for supervising and managing the operation of electronic management information system (MIS), which is organized by the Security Division. Also, ensures that the continued proper functioning of electronic communication systems and in particular the website of the company is sufficiently monitored by the competent department
20. Decides on the internal organization and take all necessary steps for the upgrading and development of the staff, proposes to the Board for approval the necessary new regulations, organization charts, educational and training issues of personnel.
21. Implements the decisions of the Board.

The CEO reports to the Board of the company.

2.5.4.2.5 Indipendent non executive members of the Board of Directors:

The independent non-executive directors during their term of office should not hold shares of more than 0.5% of the share capital of the company and not being dependent to the company or to persons connected with the company according the meaning of article 4 § 1 of Law 3016/2002. Dependency relationship exists when the independent non-executive board member:
A) Maintain business or other business relationship with the company or affiliated companies by to the meaning of article 42e paragraph 5 of Law 2190/1920, which, by its nature, is substantially affecting the company's business with particular regard to major supplier of goods or services or a major customer of the company.
B) He is Chairman of the Board, CEO or executive of the company or of an affiliated company by the meaning of article 42 paragraph 5 of Law 2190/1920, whenever applicable, or is related through employment or paid office with the company or its affiliates.
C) Has a second degree affinity or is husband/wife of an executive board member or manager or shareholder that possesses the majority of the shares of the company or of its affiliates, by the meaning of article 42e paragraph 5 of Law 2190/1920, whenever applicable.
D) is appointed pursuant to Article 18 paragraph 3 of Law 2190/1920.
Independent members can submit, separately or together, various reports different from those of the Board, to the ordinary or extraordinary general meeting of the company, if they deem it necessary. Company within twenty (20) days of the formation of the Board of Directors as a body submits to the Securities and Exchange Commission the minutes of the General Meeting where the independent members are elected, in order to verify the compliance with the provisions of Law 3016/2002. Similarly are presented the minutes of the Board, where is determined the status of each member of the Board as an executive, non-executive, and temporary independent member to replace another member who resigned or been removed and for some reason was deposed.

2.5.4.3 **Remunaration policy:**

The Board of Directors, in accordance with Law 3016/2010, decides for matters relating to any kind of fees paid to company executives, internal auditors and the overall remuneration policy as well. According to the articles of association, the members of the Board may receive compensation of an amount determined by special decision of the ordinary general meeting of shareholders. The process of setting fees is characterized by objectivity, transparency and professionalism and is free from conflicts of interest.

2.5.4.4 **Obbligations of memebers of the Board of Directors for the protection of corporate interest:**

Each board member is required to strictly comply with the confidentiality requirements in relation to information accessed during of the company which became known to it in its capacity as a consultant. The board members and any third party entrusted with this responsibility are forbidden to pursue their own interests contrary to the interests of the company. The board members and any third person entrusted with responsibilities must promptly disclose to the other board members of the same interests that might arise in transactions of the Company which fall to their duties and any other conflict own interests with those of the company or affiliates for the purposes of paragraph 5 of Article 42e of Law 2190/1920, which arise in the course of their duties. Consultants being involved in any way in the company's management as well as executive directors are prohibited to act, without permission of the General Assembly, for own interests or on behalf of others for matters that fall into the corporate aims or to participate as personally liable partners in companies that pursue such aims.

2.5.5 MAIN FESTURES OF THE COMPANY'S INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT, WITH FOCUS ON THE PROCESSES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS:

2.5.5.1 Interan Control System:

The internal control system is organizationally structured in the Internal Audit Division, the Audit Committee and the Board of Directors, with distinct functions. The main characteristics of the Internal Control System, with regard to risk management, are: **a)** identification and assessment of risks associated with the reliability of financial statements, **b)** management planning and monitoring of financial ratios **c)** preventing and uncover fraud, **d)** roles and responsibilities of directors, **e)** year ending procedures' manual, including consolidation and **f)** assurance of computer systems for the information provided.
In particular, there are established and applied processes to identify and assess risks with regard to the reliability of financial statements. Their completeness and adequacy are continuously evaluated. There are established and applied processes performed by the Accounts and Finance Department, relating to the collection, agreement and monitoring of financial aggregates for the preparation of financial statements. The company's accounting system provides timely and accurate recording of each transaction. The processing and preservation of accounting data takes place in a way that ensures the production and publication of reliable financial statements in accordance with the provisions of applicable law. Also, ensures the safe keeping of records which will enable effective controls at a later time. Finally, the Board, the management, relevant officers and directors of the company obtain promptly all information required to effectively exercise their duties. The Company in establishing its procedures takes seriously into account the possibility of identifying fraud and for this reason the safeguards and controls operate across a wide range of operations. The Company has adopted procedures, operational, computerized or not and internal controls relating to the preparation of financial statements (quarterly and annual financial statements). These procedures also relate to the safeguards and controls that have been developed for risk-assessment. The responsibilities and roles of managers are clearly demarcated by the administration. A clear picture can be obtained from the company's organization chart from with the resulting responsibilities, rights and duties. The manual for year ending procedures and consolidation is recorded and in full compliance with current legislative framework.
The company uses information systems that meet the working environment, are updated according to the information need and legislative changes as well, ensuring the security of information from external accesses. There is a specialized IT services, the Department of Information Technology, functionally and administratively independent from end users, in which there is a clear separation of duties. The quantitative and qualitative adequacy of IT services is obtained though the application of specific procedures giving access to authorized persons only. The physical plant where information is managed, accessed and stored is safeguarded with respective procedures.

2.5.5.2 Internal Audit Division:

The Internal Audit Division is included in the Company's organizational chart where its responsibilities are defined in the Internal Regulations and No. 1420/2009 board of Directors decision. The Internal Audit Department monitors the implementation and continued compliance with the Rules and Operations of the Company, reports to the board any conflicts of private interests of Board members or directors with the interests of the company and examines and evaluates the adequacy and effectiveness of the structure of internal control systems and the quality performance of other systems with regard to the achievement of the company's goals through regular inspections. The Internal Audit Division is designated by the Board of Directors, is composed of independent individuals, which are not subordinated to any other unit of the company. Informs, in written and documented form at least once every quarter the Board on the review conducted. Finally, provides, upon approval by the Board any information requested in writing to public authorities and cooperate with them. The work is carried on with respect to the current legislation.

2.5.5.3 Supervision of Internal Audit Division / Audit Committee:

The Audit Committee consists of two (2) non-executive members and one independent non-executive Board member. All members of the Audit Committee are appointed by the General Meeting. The supervision of the internal audit is undertaken by non-executive directors to ensure legal, efficient and unbiased internal and external controls on the company, as well as communication between the audit members and the Board.
The audit committee reports to the Governing Board.

Main responsibilities of the Audit Committee are:

- Monitoring of the effective operation of internal control and risk management system and monitoring of the proper functioning of the internal audit unit of the company.
- Monitoring of the progress of the statutory audit of parent and consolidated financial statements.
- Identification of the framework of activity of Internal Audit.
- Provision of instructions to the Internal Audit Division to perform its work.
- Update on a regular basis for the progress of the Internal Audit and confirm that significant problems and weaknesses are identified, and relevant suggestions have been communicated and discussed timely with management, which has taken the necessary corrective actions.

- Review of the process for the provision of financial and administrative information towards the company's management.
  - Review and approval of annual audit plans.
  - Review of internal audit reports which the committee itself or the company's management have classified as important.
  - Consideration of the content of the independent auditor reports on the financial statements of the company and the appropriate responses.

2.5.5.4 Board of Directors:

The Board reviews the effectiveness of internal control system within the corporate strategy. This review covers the essential controls, including financial and operational controls, compliance testing and monitoring of risk management systems.

2.6 CERTIFICATIONS

Aiming to customer satisfaction, Space Hellas has a consistent policy towards quality targeting mainly to

- Assure the delivery of high quality products and services fulfilling the technical requirements and in alignment with the market needs.
- The continuous improvement of our products and services in all their aspects as well as the improvement of all the company's business processes

The Company's Quality Management System, established since 1996, and contributes significantly in the accomplishment of the above mentioned aims, through the use of design and monitoring methods for quality performance and standards in all the business processes.

The company has obtained the ISO certification for a Quality Management Systems as following:

- Quality Assurance EN ISO 9002:1994 1996 - 1999
- Quality Assurance EN ISO 9001:1994 1999 - 2003
- Quality Assurance EN ISO 9001:2000 2004 - 2009
- Quality Assurance EN ISO 9001:2008 2010 - 2013

Furthermore, in February 2009, the company received the certification ISO/IEC 27001:2005 "Information Security Management Systems (ISMS)" at corporate level, for all of its commercial activities.
This accomplishment is a special distinction enhancing the company's competitive advantage. The Company's Department of Information Security, offers a wide variety of products and services, in accordance with the EU directives, in the field of Certification and Compliance, part of which are the ISO/IEC 27001:2005, ADAE, BS 25999 Business Continuity Management, PCI DSS Standard, Bank of Greece requirements, SOX.

2.7 CORPORATE SOCIAL RESPONSABILITY

The Group is operating in a continuously changing globalised environment, facing the day to day challenges as part of the social and economic process. With regards to the Corporate Social Responsibility (CSR) principles, the Group has assumed free willing commitments beyond the accomplished, common legal and contractual demands. The active care for the people at business and social level is in close relation with the Group's culture. Pillar of the Group's development is its human resource, recognizing that its reputation and the all the successfully completed works are achievements of its staff.
The Management's primary concern is the good working relationships the excellent working environment and the efficient corporate structure. The state of the art equipment allows our employees exploited all of their talents and skills contributing to the Group's success.
The Group's priorities are the continuous improvement of the working conditions, the safety and the training of its employees, contributing in this manner to society. The Group responds to the society needs with donations to Public Benefit foundations.
Finally, the Group, environmentally aware, takes part on the recycling scheme of Collective System of Alternative Management of Waste Materials of Electrical and Electronic Equipment. Furthermore, our providers of electronic equipment certified RoHS (Registration of Hazardous Substances); therefore the packing material is free of Hazardous Substances and heavy metals.

2.8 IMPORTANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The sales to and purchases from related parties, during 2010, are made at normal market prices. There are no transactions of unusual nature or content with significant impact on the Group or the subsidiaries or related parties. All of the transactions with related parties are free of any special condition or clause.
The tables below summarize the transactions and the account balances with related parties carried out during year 2010 and 2009 respectively.

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Company	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
JOINT-VENTURE "EMY" MODERNIZATION	-	70	80	-	2.753	3.552	-	-
JOINT-VENTURE ALKYONA	-	-	137	66	765	665	613	478
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	519	10	-	15	25	-	-
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	-	-	-1.470	-1.469	-	-
Joint Ventures	**-**	**589**	**227**	**73**	**2.083**	**3.055**	**613**	**478**
MOBICS L.T.D.	-	9	31	30	-	-	37	-
SPACE CONSULTING S.A.	26	26	90	-	627	733	-	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	-	-	519	509	12	284	15	-
SPACE VISION S.A.	169	4	245	138	210	581	-	-
Associates	**195**	**39**	**885**	**677**	**849**	**1.598**	**52**	**-**
Total Company	**195**	**628**	**1.112**	**750**	**2.932**	**4.653**	**665**	**478**

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Group	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
JOINT-VENTURE "EMY" MODERNIZATION	-	70	80	-	2.753	3.552	-	-
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Total Group	**195**	**628**	**1.112**	**750**	**2.932**	**4.653**	**665**	**478**

From the above table the transactions between the Company and related parties have been eliminated from the consolidated financial statements. The great part of the receivables concerns the Joint venture "EMY" MODERNIZATION which has obtained the final acceptance at 16 February 2011, which, in turn will produce significant collection of these receivables. The company has formed an impairment provision for the amount of € 100 thousand, concerning JOINT-VENTURE ALKYONA

Both the services from and towards the related parties as well as the sales and purchase of goods are concluded with the same trade terms and conditions as for the non related parties

Table of Key management compensation:

Amounts in € thousand	Group		Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Salaries and other employee benefits	**1.348**	**1.446**	**1.348**	**1.446**
Receivables from executives and members of the Board	**13**	**1**	**13**	**1**
Payables to executives and member of the Board	**98**	**130**	**98**	**130**

The amounts "Payables to executives and member of the Board" concerns remunerations owed to the Board of directors.

Tables of Guarantees to third parties

Amounts in € thousand	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Guarantees to third parties on behalf of subsidiaries and joint ventures	**3.218**	**2.517**	**3.218**	**2.517**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**3.218**	**2.517**	**3.218**	**2.517**

2.9 SIGNIFICANT POST-BALANCE SHEET EVENTS:

There are no post balance sheet events, concerning the company or the Group, that need to be mentioned except the final conclusion of the Joint venture "EMY" MODERNIZATION (obtained final acceptance) at 16 February 2011.

2.10 EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TOWARDS THE SHAREHOLDERS' ORIDNARY GENERAL MEETING OF "SPACE HELLAS S.A.", PURSUANT TO ARTICLE 4, PARAGRAPHS 7 AND 8, LAW 3556/2007

The explanatory report of the Board of Directors contains the detailed information required by virtue of the art.4 para. 7, Law 3371/2005 and it is integral part of the Annual Report of the Board of Directors.

i. *Structure of the Company's share capital.*

With the Decision of the Shareholders' Ordinary General Meeting of 30.06.2010 the Share capital was modified as follows:

Decrease of the Share Capital by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.
Increase of the Shares' nominal value from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each and listed in the Athens Stock Exchange in the sector "Telecommunications equipment" under the "Medium and Small Capitalization" category.

ii. *Limitations on transfer of Company shares.*

The Company shares may be transferred as provided by the law and the Articles of Association provide no restrictions as regards the transfer of shares.

iii. *Significant direct or indirect holdings in the sense of articles 9 to 11, L.3556/2007.*

At 31.12.2010 the following shareholders held more than 5% of the total voting rights of the Company:

Name and Surname	Percentage
Dimitrios Manolopoulos	32,02%
ALPHA BANK S.A.	19,33%
Mpellos Panagiotis	17,61%
Drosinos Paraskevas	15,03%

No other entity possesses a percentage greater than 5% of the total company's voting rights.

iv. *Shares conferring special control rights.*

None of the Company shares carry any special rights of control.

v. *Limitations on voting rights.*
The articles of Association make no provision for any limitations on voting rights.

vi. *Agreements among Company shareholders.*
The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.
.

vii. *Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association.*
The articles of Association regarding the appointment or replacement of Board of Directors members as well as the alteration of its provisions are in accordance to the provisions of Law 2190/1920.

viii. *Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/20.*
The Shareholders' General Meeting, following a relevant decision, can confer to the Board of Directors the right, lasting for 5 years, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal.

The board of Directors, with the authority conferred by the Shareholders' General Meeting, following a relevant decision, can purchase own shares. The purchase cannot exceed the 1/10 of the paid-up share capital.
There is no such decision of the Shareholders' General Meeting.

ix. *Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer*
There is no such an agreement.

x. *Significant agreements with members of the Board of Directors or employees of the Company.*
The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to of a public offer.

Agia Paraskevi, 28 March 2011

The President of Board

D. MANOLOPOULOS

The Board of Directors

3 INDEPENDENT AUDITOR'S REPORT

PKF Euroauditing SA.

Accountants &
business advisers

To the Shareholders of **SPACE HELLAS S.A.**

Report on the Company and Consolidated Financial Statements

We have audited the accompanying company and consolidated financial statements of SPACE HELLAS SA and its subsidiaries which comprise the company and consolidated statement of financial position as of 31 December 2010 and the company and consolidated 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 Company and Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these company and consolidated 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 company and consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the company and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 company and consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the company and consolidated financial statements present fairly, in all material respects, the financial position of SPACE HELLAS SA and its subsidiaries as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal Matters

a) The Director's Report includes statement of Corporate Governance, which comprises the information as defined by paragraph 3d of article 43a, of Codified Law 2190/1290.

b) We confirm that the information given in the Director's Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1290.

Athens, 29 March 2011

PKF EUROAUDITING S.A.
Certified Public Accountants
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4 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st JANUARY 2010 TO 31st DECEMBER 2010

4.1 TOTAL COMPREHENSIVE INCOME STATEMENT

Amounts in € thousand	NOTES	GROUP 01.01-31.12.2010	GROUP 01.01-31.12.2009	COMPANY 01.01-31.12.2010	COMPANY 01.01-31.12.2009
Revenue	4.7.1	50.105	49.687	49.191	49.167
Cost of sales		-37.280	-36.064	-36.774	-35.808
Gross profit		**12.825**	**13.623**	**12.417**	**13.359**
Other income	4.7.2	531	547	496	547
Administrative expenses	4.7.3	-5.191	-6.111	-5.157	-6.103
Research and development cost	4.7.3	-332	-470	-332	-470
Selling and marketing expenses	4.7.3	-4.896	-5.196	-4.894	-5.196
Other expenses	4.7.4	-864	-839	-808	-867
Earnings before taxes, investing and financial results		**2.073**	**1.554**	**1.722**	**1.270**
Interest & other similar income		340	405	339	403
Interest and other financial expenses		-1.771	-1.695	-1.745	-1.693
Profit/(loss) from revaluation of investments in subsidiaries - associated companies		-228	54	-228	54
Profit/(loss) before taxes		**414**	**318**	**88**	**34**
Less: Taxes	4.7.5	-287	151	-252	179
Profit after taxes (A)		**127**	**469**	**-164**	**213**
- Company Shareholders		127	469	-	-
- Minority Interests in subsidiaries		0	0	-	-
Other comprehensive income after taxes (B)		**-406**	**-84**	**-409**	**-84**
Total comprehensive income after taxes (A) + (B)		**-279**	**385**	**-573**	**129**
- Company Shareholders		-279	385	-	-
- Minority Interests in subsidiaries		0	0	-	-
Earnings per share - basic (in €)		0,0197	0,0182	-0,0173	0,0109
SUMMARY OF INCOME STATEMENT					
Profit before interest, taxes, depreciation and amortization (EBITDA)		**3.000**	**2.420**	**2.649**	**2.136**
Less depreciation		**927**	**866**	**927**	**866**
Profit before interest and taxes, (EBIT)		**2.073**	**1.554**	**1.722**	**1.270**
Profit before taxes		**414**	**318**	**88**	**34**
Profit after taxes		**127**	**469**	**-164**	**213**
Other comprehensive income after taxes		**-406**	**-84**	**-409**	**-84**
Total comprehensive income after taxes		**-279**	**385**	**-573**	**129**

Notes

Current year

- *The amount of € 406 thousand charged directly to Equity concerns € -409 thousand loss from the cancellation of the stock option plan and € 15 thousand currency exchange differences from the consolidation of sub-subsidiary. SPACE SYSTEM INTEGRATOR S.R.L..*
- *The earnings per share have been calculated taking into account the weighted average number of ordinary shares in issue which, for the period was 6.456.530 as resulted after the decision of the General Meeting's decision at 30-6-2010 as follows: 1. decrease of the total number of shares due to cancellation of 500.000 own shares following the cancellation of the stock option plan. 2. Decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares due to reverse split. After the above operations the Share capital amounts to 10.330.448,00€ and is divided in 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each. The above operations have not changed the weighted average number of ordinary shares in issue. The earnings per share of the previews period are reformed in order to be comparable with those of the current period.*

Previews period

- *The amount € - 84 thousand charged directly to equity concerns expenses net of defferd taxes related to the capitalization of the share premium reserves.*

4.2 FINANCIAL POSITION STATEMENT

Amounts in € thousand	Note	GROUP		COMPANY	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
ASSETS					
Non-current assets					
Property, plant & equipment	4.7.6	11.293	11.131	11.293	11.131
Investment properties	4.7.8	1.000	0	0	0
Goodwill	4.7.9	428	428	428	428
Intangible assets	4.7.7	403	476	403	476
Investments in subsidiaries	4.7.11	0	396	34	34
Investments in associates	4.7.11	475	703	578	578
Other noncurrent receivables		72	148	72	148
Total Non-current assets		**13.671**	**13.282**	**12.808**	**12.795**
Current assets					
Inventories	4.7.12	3.224	3.298	3.224	3.298
Trade debtors	4.7.13	31.981	26.416	31.799	26.282
Other debtors	4.7.14	5.060	5.601	5.582	6.212
Financial assets		12	12	12	12
Advanced payments	4.7.15	1.555	2.360	1.555	2.360
Cash and cash equivalents	4.7.16	1.959	4.341	1.545	4.206
Total Current assets		**43.791**	**42.028**	**43.717**	**42.370**
TOTAL ASSETS		**57.462**	**55.310**	**56.525**	**55.165**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share Capital	4.7.17	10.330	10.530	10.330	10.530
Share premium	4.7.17	53	53	53	53
Stock option plan reserve	4.7.20	0	202	0	202
Treasury shares	4.7.20	0	-811	0	-811
Fair value reserves		3.435	3.435	3.435	3.435
Other Reserves		674	671	671	671
Retained earnings		388	670	-444	129
Equity attributable to equity holders of the parent		**14.880**	**14.750**	**14.045**	**14.209**
Minority interests		**4**	**0**	**-**	**-**
Total equity		**14.884**	**14.750**	**14.045**	**14.209**
Non-current liabilities					
Other non-current liabilities	4.7.19	11	8	635	494
Long term loans	4.7.18	1.608	1.366	1.067	1.366
Provisions	4.7.23	122	70	122	70
Retirement benefit obligations	4.7.20	126	625	126	625
Deferred income tax liability	4.7.21	543	343	543	343
Total Non-current liabilities		**2.410**	**2.412**	**2.493**	**2.898**
Current liabilities					
Trade and other payables	4.7.22	15.241	13.909	15.193	13.855
Income tax payable		2.162	1.125	2.094	1.089
Short-term borrowings		22.765	23.114	22.700	23.114
Total Current liabilities		**40.168**	**38.148**	**39.987**	**38.058**
Total Equity and Liabilities		**57.462**	**55.310**	**56.525**	**55.165**

4.3 STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Company's Equity:

Amounts in € thousand	Share Capital	Share premium	Fair value reserves	Stock option plan reserves	Treasury shares	Other Reserves	Retained earnings	Amounts in € thousand
Changes in the Shareholders equity for the year 2009 (01/01-31/12/2009)								
Balance at 1 January 2009 as previously reported	**8.424**	**10.255**	**3.435**	**144**	**-811**	**671**	**-8.096**	**14.022**
Profit for the year	0	0	0	0	0	0	213	**213**
Share Capital increase/ (decrease)	2.106	0	0	0	0	0	0	**2.106**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	-84	**-84**
Treasury shares purchased	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	58	0	0	0	**58**
Capitalisation of the Share premium with concurrent offsetting of previews years' losses for the increase of the Share capital	0	-10.202	0	0	0	0	8.096	**-2.106**
Balance at 31 December 2009	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**129**	**14.209**
Changes in the Shareholders equity for the year 2010 (01/01-31/12/2010)								
Balance at 1 January 2010 as previously reported	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**129**	**14.209**
Profit for the year	0	0	0	0	0	0	-164	**-164**
Share Capital increase/ (decrease)	-200	0	0	0	0	0	0	**-200**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	0	**0**
Treasury shares purchased	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	0	0	0	0	**0**
Cancellation of Stock Option Plan and own shares	0	0	0	-202	811	0	-409	**200**
Balance at 31 December 2010	**10.330**	**53**	**3.435**	**0**	**0**	**671**	**-444**	**14.045**

Notes:

Current year

- *Decrease of Share capital through cancellation of own shares due to the cancellation of the Stock Option Plan. The amount of € - 409 thousand charged directly to equity concerns the net loss due the cancellation of the Option Plan.*

Previews year

- *Capitalisation of the Share premium with concurrent offsetting of previews years' losses for the increase of the Share capital.*
- *The amount of € - 84 thousand charged directly to equity concerns expenses net of deferred tax related to the capitalization of the share premium reserve.*

Statement of Changes in Group's Equity:

Amounts in € thousand	Share Capital	Share premium	Fair value reserves	Stock option plan reserves	Treasury shares	Other Reserves	Non controlling interests	Currency exchange differences	Accumulated profit / (loss)
Changes in the Shareholders equity for the year 2009 (01/01-31/12/2009)									
Balance at 1 January 2009 as previously reported	**8.424**	**10.255**	**3.435**	**144**	**-811**	**671**	**0**	**-7.811**	**14.307**
Profit for the year	0	0	0	0	0	0	0	469	469
Share Capital increase/ (decrease)	2.106	0	0	0	0	0	0	0	**2.106**
Dividends distributed (profits)	0	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	0	-84	**-84**
Treasury shares purchased	0	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	58	0	0	0	0	**58**
Capitalisation of the Share premium with concurrent offsetting of previews years' losses for the increase of the Share capital	0	-10.202	0	0	0	0	0	8.096	**-2.106**
Balance at 31 December 2009	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**0**	**670**	**14.750**
Changes in the Shareholders equity for the year 2010 (01/01-31/12/2010)									
Balance at 1 January 2010 as previously reported	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**0**	**670**	**14.750**
Profit for the year	0	0	0	0	0	0	0	127	**127**
Share Capital increase/ (decrease)	-200	0	0	0	0	0	0	0	**-200**
Dividends distributed (profits)	0	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	4	0	**4**
Treasury shares purchased	0	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	0	0	3	0	0	**3**
Cancellation of Stock Option Plan and own shares	0	0	0	-202	811	0	0	-409	**200**
Balance at 31 December 2010	**10.330**	**53**	**3.435**	**0**	**0**	**674**	**4**	**388**	**14.884**

Notes:

Current year

- *Decrease of Share capital through cancellation of own shares due to the cancellation of the Stock Option Plan. The amount of € 406 thousand charged directly to Equity concerns € -409 thousand loss from the cancellation of the stock option plan and € 15 thousand currency exchange differences from the consolidation of sub-subsidiary. SPACE SYSTEM INTEGRATOR S.R.L..*

Preview year

- *Capitalisation of the Share premium with concurrent offsetting of previews years' losses for the increase of the Share capital.*
- *The amount of € - 84 thousand charged directly to equity concerns expenses net of deferred tax related to the capitalization of the share premium reserve.*

4.4 CASH FLOW STATEMENT

Amounts in € thousand	GROUP 01.01-31.12.2010	GROUP 01.01-31.12.2009	COMPANY 01.01-31.12.2010	COMPANY 01.01-31.12.2009
Cash flows from operating activities				
Profit/(Loss) Before Taxes	414	318	88	34
Adjustments for:				
Depreciation & amortization	927	866	927	866
Capitalization expenses net of deferred taxes	0	-84	0	-84
Provisions	29	116	29	116
Foreign exchange differences	180	235	163	235
Net (profit)/Loss from investing activities	-51	-458	-39	-427
Interest and other financial expenses	1.771	1.695	1.745	1.693
Plus or minus for Working Capital changes:				
Decrease/(increase) in Inventories	74	-223	74	-223
Decrease/(increase) in Receivables	-3.953	-4.722	-4.303	-4.721
(Decrease)/increase in Payables (excluding banks)	877	-2.270	858	-2.304
Less:				
Interest and other financial expenses paid	-1.771	-1.694	-1.745	-1.693
Taxes paid	976	-17	1.005	21
Total cash inflow/(outflow) from operating activities (a)	**-527**	**-6.238**	**-1.198**	**-6.487**
Cash flow from Investing Activities				
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	-409	0	-13
Purchase of tangible and intangible assets	-2.105	-1.620	-1.105	-1.620
Proceeds from sale of tangible and intangible assets	16	27	16	27
Proceeds from sale/liquidation of subsidiaries	0	0	0	0
Interest received	340	404	339	403
Dividends received	0	0	0	0
Total cash inflow/(outflow) from investing activities (b)	**-1.749**	**-1.598**	**-750**	**-1.203**
Cash flow from Financing Activities				
Proceeds from Borrowings	4.428	13.893	3.778	13.893
Payments of Borrowings	-4.534	-4.416	-4.491	-4.416
Total cash inflow/(outflow) from financing activities (c)	**-106**	**9.477**	**-713**	**9.477**
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	**-2.382**	**1.641**	**-2.661**	**1.787**
Cash and cash equivalents at beginning of period	**4.341**	**2.700**	**4.206**	**2.419**
Cash and cash equivalents at end of period	**1.959**	**4.341**	**1.545**	**4.206**

4.5 GENERAL INFORMATION FOR SPACE HELLAS S.A.

4.5.1 General Information

The company operating under the corporate name "SPACE HELLAS S.A", by virtue of the revised Deed of Association (revision date 08.07.2007) and approved by the Ministry of Development (decision K2-10518), was founded in 1985, (Deed of Association, upon power of attorney n.86369/15.07.1985, approved by the Refecture of Attica, EM 4728/1.8.85, and published in the Official Gazzete of Greece, ΦΕΚ 2929/8.8.85 ΤΑΕ & ΕΠΕ).The company's duration has been set to 100 years, its legal address is Mesogion Ave 312, Agia Paraskevi, Attica, Greece. On 30.06.2008, the descision of the General Meeting, approved by the Ministerial Decision K2 9624/1-9-2008 (registerd in the Societers Anonymes Register at 01.09.2008) and published in the Official Gazette of Greece (ΦΕΚ 10148/3.9.2008 ΤΑΕ & ΕΠΕ), has extended the company's up to year 2049.
The company's S.A. Register Number (ΑΡ.Μ.Α.Ε.) is 13966/06/B/86/95 and the Tax Register Number (ΑΦΜ) is 094149709

4.5.2 Operating Activities

Space Hellas is active in the Telecommunications and Information Technology market, offering a broad spectrum of high technology applications. Covering the needs of each individual customer is our top priority; Space Hellas cooperates with the largest manufacturers on a worldwide scale, offering solutions that meet even the most sophisticated demands. Space Hellas products are addressed to enterprises, telecoms organizations and highly complex, state-of-the-art technology projects.

The company is active in the following market segments

- Network infrastructure and data networking.
- Telecomunication services at national and international level
- IT Applications and Services
- Enterprise telephony.
- Mobile and satelite communication systems and services
- Information and network security systems
- Electromechanical and network infrastructure -computer rooms
- Structured cabling
- Security and surveillance systems
- Telecom network infrastructures
- System Integration
- Mobile telephony selling network
- Research and Development projects at national and international level

4.5.3 Board of Directors

By virtue of the company's decision, dated 01.07.2010, registered in the S.A. register (Ministry of Development decision K2-6435/07-07-2010), the Board of Directors is composed of the following members:

- Dimitrios S. Manolopoulos, President of the Board, executive member
- Paraskevas D. Drosinos Chief Executive Officer, executive member
- Christos P. Mpellos, A' Vice-president of the Board, non executive member
- Manolopoulos D Spyridon, B' Vicepreseident, indipendent non executive member
- Georgios P. Lagogiannis executive member.
- Dimitrios E. Chouchoulis indipendent non-executive member.
- Lysandros K. Kapopoulos indipendent non-executive member.

The incumbency of the Board od Directors will end at 30.06.2015.

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Furthermore, the modification of article 10 of the Association, approved at the Shareholders' Ordinary General Meeting of year 2009, allows increasing the members of the Board of Directors up to 9 members.

4.5.4 GROUP STRUCTURE

The following table shows the group's companies, which are included in the consolidated financial statements, the ownership percentage and the consolidation method:

Corporate name	**Ownership percentage**		**Consolidation method**	**Country**
Amounts in € thousand	**Direct**	**Indirect**		
Subsidiaries				
SPACE HELLAS (CYPRUS) LTD	100%		Full consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.		99%	Full consolidation	Romania
Associates & Joint Ventures				
JOINT-VENTURE "EMY" MODERNIZATION	67,5%		Equity method	Greece
JOINT-VENTURE ALKYONA	99%		Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	35%		Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	50%		Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	50%		Equity method	Greece
Other investments				
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	19,32%		-	Greece

4.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.6.1 GENERAL INFROMATION

The accompanying financial statements of the period from 1st January to 31st December 2010 comprise the individual as well as the consolidated financial statements.
SPACE HELLAS S.A is the parent company of the Group. The company's shares are ordinary registered shares and have been listed in ASE since 29.09.2000. The company operates in the IT and Telecommunications market since 1985, offering integrated solutions and services to Private and Public entitles at a national and international level. The company's legal address is Mesogion Ave 312, Agia Paraskevi, Attica, Greece. The URL address is www.space.gr.
The annual financial statements of the company and the Group for the year ended at 31.12.2010 have been approved by the Board of Directors with the decision No 1875/28th March 2011.
It should be noted that the published, in the press, brief financial data aim to provide the user with general information but do not present a full picture of the Company's and Group's financial results and position, according to International Accounting Standards. It should be also noted that, for simplification purposes, the published, in the press, brief financial data contain summarizations or reclassifications of certain figures.

4.6.2 BASIS OF PREPARATION

The financial statements as at 31st December 2010, have been approved for issue by the Board of Directors on March 28, 2011 have been prepared taking into account the going concern principle as well as the historical cost convention, as modified by the revaluation of certain equity investments, investment property, and derivative instruments at fair value and fully comply with the International Financial Reporting Standards (I.F.R.S.) and issued Interpretations by International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, (EC regulation 1606/2002) as at December 31, 2009

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relative section.
The Management must make judgments and estimates regarding the value of assets and liabilities which are uncertain. Estimates and associated assumptions are based mainly on past experience. Actual results may differ from these estimates.

4.6.3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations whose application is mandatory for the periods beginning January 1, 2010, onwards (except if mentioned otherwise below). The Group's and the Company's Management's assessment regarding the effect of these new standards and interpretations is as follows:

4.6.3.1 Standards and interpretations mandatory for 2010

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 that a change in ownership interest of a subsidiary to be 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 minority interests. The Group applies these changes since 1st January 2010.

IFRS 2 (Amendment) "Share-based Payment" The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group 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 Group's financial statements.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" This amendment clarifies that entities should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

IFRIC 12 - Service Concession Arrangements The interpretation is applicable to entities participating in concession arrangements. It has no application to the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. The interpretation has no application to the Group.

IFRIC 17 "Distribution of Non-cash Assets to Owners The interpretation defines that the obligation for the distribution of non cash assets to owners is measured at fair value on the date that the distribution is approved. Any difference, on the period end and the settlement date, between the fair value of the asset and the obligation is recognized in the income statement. The interpretation has no application to the Group.

IFRIC 18 "Transfer of Assets from Customers The interpretation clarifies issues relating to tangible assets transferred from customers in exchange of continuous supply of goods and services. The interpretation has no application to the Group.

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

The amendments set out below describe the key changes toy IFRSs following the publication in April 2009 of the results of the IASB's annual improvements project. These amendments, unless otherwise stated the following amendments are effective for annual periods beginning on or after January 1st 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group's financial statements.

IFRS 2 Share-based Payment Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such noncurrent assets or discontinued operations

IFRS 8 Operating Segment Information Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker

IAS 1 Presentation of Financial Statements The terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

IAS 7 Statement of Cash Flows
Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2009 upon cash settlement.

IAS 17 Leases The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.

IAS 18 Revenue The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent.

IAS 36 Impairment of Assets The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes

IAS 38 Intangible Assets Clarifies that if an intangible asset acquired in business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also, clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

IAS 39 Financial Instruments: Recognition and Measurement
The amendment clarifies that: a) a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. b) the scope exemption for contracts between an acquirer and a vendor in a business combination and c) gains and losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

IFRIC 9 Reassessment of Embedded Derivatives The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or business under common control or the formation of a joint venture. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

4.6.3.3 Standards and interpretations mandatory after 1st January 2011

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 amortized 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 is required 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 in profit 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 Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2013.

IAS 12 Deferred tax: Recovery of Underlying Assets (Amended) The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU.

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

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

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

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

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

4.6.3.4 Amendments to standards that form part of IASB's annual improvements project for year 2010

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2010. Early application is permitted in all cases. This annual improvements project has not yet been endorsed by the EU.

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

IFRS 7 Financial Instruments: Disclosures, This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 Presentation of Financial Statements, This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements

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

IAS 34 Interim Financial Reporting, This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

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

4.6.4 Accounting Methods

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

4.6.5 Property, Plant And Equipment

Fixed assets are reported in the financial statements at the fair value or at the acquisition cost or deemed cost as determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets
Buildings are measured at fair value as at 31.12.2008, less accumulated depreciation and less any accumulated impairment loss. Land held for the production or management is presented at its fair value. As the useful period of life cannot be determined, the relevant carrying amounts are not subject to depreciation.
The fair value is assessed based on valuations by external independent values every three or four years, unless factors of the market indicate impairment risk of the value, so as to assure that the carrying value does not differ significantly from the fair value.
Other assets are measured at cost less accumulated depreciation and any accumulated impairment losses
Intangible assets include goodwill, concessions and industrial property rights, as well as the computer software. Concessions and industrial property rights are no subject to depreciation because of the difficulty to estimate with accuracy their commercial value.
Depreciation on other assets (except land which is not depreciated) is calculated using the straight-line method over its estimated useful lives, as follows:

Description	Useful live (in years)
Buildings and buildings installations	50
Buildings and buildings installations in third parties	12
Plant and machinery	16
Plant and machinery Leased	10
Furniture	16
Fittings	10
Office equipment	10
Telecommunication equipment	10
Other equipment	10
Electronics equipment	5
Cars	5
Trucks	10
Other means of transportation	5
Intangible assets	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

4.6.6 INVESTMENT PROPERTY

Investment properties are held to earn rental income and profit from increased capital value at disposal. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied properties from investment properties.
Investment properties are treated as long-term assets and carried at fair value which represents the open market value, and is tested at the end of the year. Changes in fair values are recorded in net income and are included in other operating income.

4.6.7 IMPAIRMENT OF ASSETS

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results.
Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or cash generating unit- CGU) is greater than its recoverable amount.
Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

4.6.8 GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture and associate at the date of acquisition.
Goodwill on acquisitions of subsidiaries and joint ventures are included in intangible assets and disclosed at the acquisition cost. This cost equals the consolidation cost that exceeds the company's share to the assets and liabilities of the acquired entity.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

The Group performs its annual impairment test of goodwill as at 31 December. When needed, impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount (typically the value in use) of the cash-generating units is less than their carrying amount an impairment loss is recognized

4.6.9 CONSOLIDATION

4.6.9.1 Subsidiaries.

Subsidiaries are entities (including special purpose entities) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. Note 1.6(a) outlines the accounting policy on goodwill. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests.
The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.
Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless cost cannot be recovered. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

4.6.9.2 Associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.
Under this method the Group's share of the post-acquisition profits or losses of associates is recognized in the income statement and its share of post acquisition movements in other reserves is recognized in other reserves. The cumulative post-acquisition movements in balance sheet assets and liabilities are adjusted against the carrying amount of the investment.

4.6.9.3 Joint Ventures

Joint ventures are consolidated using the full consolidated method. Under this method the investment is initially recognized at cost and is subsequently valued for the cumulative post-acquisition movements in balance sheet assets and liabilities and adjusted against the carrying amount of the investment. The share of the post-acquisition profits or losses of the joint ventures is recognized in the income statement.

4.6.9.4 Other investments

Other investments concern non listed companies with ownership percentage less than 20% and with absence of control on the voting rights. In accordance with IAS 32 and 39 these investments are disclosed in acquisition cost less provisions for impairments...

4.6.10 Inventories

Inventories are disclosed in the lower value between acquisition cost and net realizable value, that is, the selling price less its cost of sale. The cost of sale is calculated using the weighted average method, including expenses related to the acquisition of inventories, such as transport cost, freights etc.
Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

4.6.11 Trade Receivables

Trade receivables are recognized at their acquisition cost (invoice value) less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the 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 recognized in other expenses in the income statement.
All trade receivables are considered collectable.

4.6.12 Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities o three months or less.

4.6.13 Reserves

The company is obliged according to the applicable commercial law 2190/1920 art. 44 and 45 to form as legal reserve of 5% of their annual net profits up to 1/3 of the paid up share capital.. This reserve cannot be distributed during the operational life of the company, but can be used to cover loses.
Based on existing Greek tax law, tax exempt reserves under special laws are exempt from income tax, provided that they are not distributed to shareholders. The Group does not intend to distribute these reserves and has thus not provided for the tax liability that would arise in the event that these reserves were to be distributed. Any distribution from these reserves can only occur following the approval of shareholders in a general meeting and after the applicable taxation is paid by the Company.

4.6.14 Share Capital

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange since 29-9-2000. All shares are ordinary and nominal. With the General Meeting's decision on 30th June 2010, the company decided the following:
-Decrease of the Share Capital by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.

-Increase of the Shares' nominal value from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share capital is fully paid up, amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each..

4.6.15 REVENUE AND EXPENSE RECOGNITION

Revenue: Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon delivery and customer acceptance) and the realization of the related receivable is reasonably assured. Revenue arising from services is recognized on an accrual basis in accordance with the substance of the relevant agreements
Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Expenses are recognized in the income statement on an accrual basis. Payments realized for Operating leases are transferred in the income statement as expenses, during the time of use of the leased element. The expenses from interest are recognized on an accrued basis.

4.6.16 PROVISIONS

Provisions, according to IAS 37, are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain
The Group recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.
Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognized in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided in advance.
Long-term provisions are determined by discounting the expected future cash flows and taking the risks specific to the liability into account.

4.6.17 FINCANCIAL INSTRUMENTS

Financial instruments at fair value

The financial assets and liabilities reflected on the statement of financial position include cash and cash equivalents, trade and other accounts receivable, investments, trade accounts payable and short and long term liabilities
These accounts are presented as assets, liabilities or equity components based on the substance and the contents of the related contractual agreements from which they are derived. Interest, dividends, profit o losses which result from financial assets or liabilities are recognized as income or expenses, respectively.

The value at which the Group's financial assets and liabilities are disclosed in the financial statements does not differ from their fair value.

Financial Risk Factors

The Group's activities give rise to a variety of financial risks, including foreign exchange, interest rate, credit and liquidity risks. The Group's overall risk management program focuses on the volatility of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group as a whole.

Risk management is carried out by the Group's management which evaluates the risk associated to the Group's activities and functions, and designs the policy by using the appropriate financial tools in order to mitigate the risk.

The Group's financial instruments consist mainly of deposits with banks, bank overdrafts, and trade accounts receivable and payable.

- **Foreign Exchange Risk**

The Group's foreign exchange exposure arises from actual or anticipated cash flows (exports/ imports) in currencies other than its base currency.
Exposures related to future trade agreements and recognized elements of assets and liabilities are managed through the use of forward exchange contracts when needed. Exposure arises when trade agreements and recognized elements of assets and liabilities are presented in currencies different from the functional and presentation currency of the Entity, which is the Euro.
The Group has no significant elements for assets and liabilities that are expressed in currency different than the Euro. Thus there is no substantial currency exchange risk.
The main foreign transaction currencies are USD and GBP.

- **Price Risk**

The Group is not exposed to securities price risk. The Group is exposed in risk due to the variations of the value of the goods used for trade and of the raw-materials used. In order to face the risk of impairment of inventories, a rationalized warehouse management aims to minimize the stock according to progress of the production needs. The level of the inventories in relation to the Group's turnover is significantly low.

- **Interest Rate Risk**

The fluctuations in the interest rate markets have a moderate impact on the Group's income and the Group's operating cash flows.
It is the policy of the Group to continuously review interest rate trends and the tenor of financing needs. In this respect, decisions are made on a case by case basis as to the tenor and the fixed versus floating cost of a new loan. Thus, the amount of short term borrowings is variable. All short term borrowings are based on floating rates.
For medium and long-term loans both the amounts of loans as well as the interest rates are decreasing. Thus the interest rate risk exposure is relatively low.

- **Credit Risk**

Trade accounts receivable consist mainly of a large, widespread customer base where the predominant position is held by Banking and Public sectors. The Group's Financial Management Department monitors the financial position of their debtors on an ongoing basis.
Each client's credit exposure is monitored by an independent entity, taking into account the client's financial position, the amount of previews transactions and other factors and tests the credit limits granted to the client. The credit limits granted are fixed taking into account internal and external evaluations and are always within the limits approved by the Board of directors.
Appropriate provision for impairment losses is made for specific credit risks. At the end of year 2010 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.
Taking into account the Group's customer base and the relevant liquidity risk, the exposure at the credit risk will be moderate. The post-dated collection of receivables is an important issue but is not related to our customers credit ability. To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

- **Liquidity Risk**

The Group's aim is to enforce liquidity primarily through the time matching to receivables and payables and secondly through the availability of funding. The monitoring of the budget execution and the prompt response to the budget deviations enables to timely balance cash inflows and outflows. The Group's liabilities due within 6 month period and are all covered with sufficient borrowing and as well collection of receivables.

- **Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains a strong investment grade credit rating and healthy capital ratios in order to support its operations and maximize shareholder value.
The group's policy is to maintain leverage targets in line with an investment grade profile.

4.6.18 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

4.6.19 EMPLOYEE BENEFITS

Short-term benefits: Short-term benefits to the employees (apart from the benefits for the termination of the labour relationship) in cash and in goods are recorded for as an expense when they become payable. Any outstanding amount is recorded as a liability, while in the case where the amount already paid exceeds the amount of the benefits; the company records the excess amount as its asset (prepaid expense) only to the extent that the prepayment will lead to the reduction of future payments or to a return.

Benefits after exiting from the service: The benefits comprise defined benefit plans as well as defined contribution plans.

Defined contribution plan: A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit plan: The liability in respect of defined benefit pension or retirement plans, including certain unfunded termination indemnity benefit 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. The defined benefit obligation is calculated at periodic intervals by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates applicable to high quality corporate bonds or government securities which have terms to maturity approximating the terms of the related liability.
Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the estimated benefit liability at the beginning of every period, are recognized in other income/expenses in the income statement over the average remaining service lives of the related employees (corridor approach)..

4.6.20 LEASES

Leases where all 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.
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or 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 liabilities. 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. Property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset or the lease term.

4.6.21 INCOME TAX AND DEFERRED TAX

The tax for the period comprises current income tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to Equity. In such case the related tax is, accordingly, booked directly to Equity.
Current income tax is calculated using the financial statements of every company included in the consolidated financial statements, along with the applicable tax law in the respective countries. The charge from income tax consists in the current income tax calculated upon the results of the Group companies, as they have been reformed in their taxation return applying the applicable tax rate.
Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax 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 and loss, it is not accounted for.
Deferred income tax assets are recognized only to the extent that is it probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income taxation is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

4.6.22 FOREIGN CURRENCY TRANSACTIONS

Items included in the financial statements of each entity in the Group are measured in the functional currency, which is the currency of the primary economic environment in which each Group entity operates. The consolidated financial statements are presented in Euros, which is the functional, and presentation currency of the Company and the presentation currency of the Group.
Gains or losses resulting from foreign currency re-measurements are reflected in the accompanying statements of income. Gains or losses resulting from transactions are also reflected in the accompanying statements of income.
The operating results and financial position of all group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency at the closing rate at the date of the balance sheet.

4.7 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4.7.1 OPERATING SEGMENTS

Business segment is a distinct part of the Company and the Group which provides products and services subject to different grades of risk and performance that is different from those of other business segments.
Geographical segments provide products or services within a particular economic environment that is subject to risks and performances that are different from those of components operating in other economic environments.
The Group and the company's segments are based on the products and services provided.

- **Primary segment – Business segments**

The Group organizes its activities in three segments:

- Technology providers of solutions and services to the business environment. (Value Added Solutions)
- IT projects (integraton)
- Resellers' network for mobile telecommunications.

The segment consolidated results for the current and previews period are as follows:

GROUP												
	Technology Solutions and Services			Integration projects			Mobile telecommunications			Total		
	year			year			year			year		
Amounts in € thousand	2010	2009	VARIATION %	2010	2009	VARIATION %	2010	2009	VARIATION %	2010	2009	VARIATION %
Revenue	41.190	34.240	20,30	6.045	13.387	-54,84	2.870	2.060	39,32	**50.105**	**49.687**	0,84
Gross profit	9.880	9.045	9,23	2.025	3.900	-48,08	950	678	40,12	**12.825**	**13.623**	-5,86
EBIT	2.350	1.272	84,75	440	1.050	-58,10	210	98	114,29	**3.000**	**2.420**	23,97
Earnings before taxes	-	-	-	-	-	-	-	-	-	**414**	**318**	30,19
Earnings after taxes	-	-	-	-	-	-	-	-	-	**127**	**469**	-72,92

- **Secondary segment – Geographical segment**

Excpet SPACE HELLAS CYPRUS LTD (Cyprus) and SPACE HELLAS SYSTEM INTEGRATOR S.R.L. (Romanis) with developping, yet small impact at Group's level, the Group is operating mainly in Greece.

4.7.2 OTHER OPERATING INCOME

Amounts in € thousand	GROUP		COMPANY	
	01.01-31.12.2010	01.01-31.12.2009	01.01-31.12.2010	01.01-31.12.2009
Service provision	27	26	27	26
Income from property leases	128	86	128	86
Income from technical equipment leases	32	0	32	0
Government Grants	109	148	109	148
Other extraordinary income	57	76	57	76
Currency exchange gains	170	98	135	98
Gains from renegotiation of agreements	0	44	0	44
Other extraordinary gains	7	16	7	16
Prior year's income	1	53	1	53
Total other operating income	**531**	**547**	**496**	**547**

4.7.3 OPERATING EXPENSES

The administrative expenses, the R&D cost as well as the Distribution cost result to be decreased compared to year 2009 for 11,53% , mainly because of the containment of the operation cost, though maintaining the company's growth trends

Amounts in € thousand	GROUP			COMPANY		
	01.01-31.12.2010	01.01-31.12.2009	VARIATION %	01.01-31.12.2010	01.01-31.12.2009	VARIATION %
Payroll expenses	6.432	7.451	-13,68	6.432	7.451	-13,68
Third parties' fees and expenses	904	1.082	-16,45	869	1.074	-19,09
Third parties' utilities and services	1.594	1.624	-1,85	1.594	1.624	-1,85
Taxes and dues	176	200	-12,00	176	200	-12,00
Sundry expenses	689	786	-12,34	688	786	-12,47
Depreciations	543	506	7,31	543	506	7,31
Provisions	81	128	-36,72	81	128	-36,72
Total operating expenses	**10.419**	**11.777**	**-11,53**	**10.383**	**11.769**	**-11,78**

4.7.4 OTHER OPERATING EXPENSES

amounts in € thousand	GROUP		COMPANY	
	01.01-31.12.2010	01.01-31.12.2009	01.01-31.12.2010	01.01-31.12.2009
Extraordinary expenses	191	52	191	52
Loss from currency exchange	353	332	297	333
Extraordinary loss legal dispute	12	33	12	33
Interest paid in relation to project advancements	0	55	0	55
Prior years' expenses	36	2	36	2
Provisions for receivables of doubtful collection	162	158	162	158
Extraordinary losses	81	7	81	7
Losses from renegotiation of agreements	29	73	29	73
Losses from winding up of subsidiary	0	127	0	154
Total other operating expenses	**864**	**839**	**808**	**867**

4.7.5 INCOME TAX

The income tax expense imputed the results as following:

Income Tax		GROUP		COMPANY	
Amounts in € thousand	NOTE	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Current Income Tax		-35	-28	0	0
Provision charged for the tax unaudited fiscal years		-52	-70	-52	-70
Deferred tax imputed to results	5.7.20	-200	249	-200	249
Total		**-287**	**151**	**-252**	**179**

In 2008 the Greek state passed the tax reform law 3697/2008, according to which the tax rates will be reduced by 1% each year for the years 2010 to 2014. At year 2014, the tax rate will be 20% while for the years 2010 and 2009 the tax rate is 24% and 25% respectively. The deferred tax has been calculated using the tax rate that will be in force at the time of the settlement.

The Greek tax authorities issue Greek circulars and interpretations in several cases regarding the application of the Greek Tax Law. The income tax statements are submitted to the tax authorities but the results stated for tax purposes are considered provisory until the final tax audit. The tax losses to the extent of their recognition from the tax authorities can be deductable for the next five years starting from the year where the loss appeared.
According to L. 3845/2010 all the entities are subject to extraordinary taxation when the income for 2010 exceeds € 100 thousand, paying a lump sum as social contribution. This contribution applies to the accounting results whenever these are greater than the tax results. The extraordinary taxation has no application for the Group

Income Tax reconciliation	GROUP		COMPANY	
Amounts in € thousand	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Earnings before taxes	**414**	**318**	**88**	**34**
Tax calculated at the statutory tax rate 24% (25% for 2009)	100	80	22	8
Expenses not deductible for tax purposes	89	16	89	16
Provision for tax unaudited fiscal years	52	70	52	70
Effect of changes in future tax rates and tax revaluation	43	-20	43	-20
Unused recognized tax losses	-36	-165	-36	-165
Permanent tax differences	82	-97	82	-88
Effect of different tax rates in other countries	-43	-35	0	0
Total	**287**	**-151**	**252**	**-179**

4.7.6 Property, Plant And Equipment

Property, plant and equipment of the Group:

Amounts in € thousand	Land	Buildings and buildings installation	Plant and machinery	Motor Vehicles	Furniture's & Fittings	Total
Opening Balance 01.01.2009	**1.955**	**5.627**	**4.235**	**48**	**2.444**	**14.309**
Plus: Additions	0	1.157	267	20	98	**1.542**
Minus: Disposals	0	0	24	9	48	**81**
Ending balance 31.12.2009	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Depreciation at 01.01.2009	**0**	**619**	**1.736**	**28**	**1.550**	**3.933**
Plus: Depreciation expense	0	227	343	5	193	**768**
Minus: Depreciation of disposed elements	0	0	8	7	47	**62**
Ending balance 31.12.2009	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Net Book Value at 31.12.2009	**1.955**	**5.938**	**2.407**	**33**	**798**	**11.131**
Opening Balance 01.01.2010	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Plus: Additions	0	80	725	160	110	**1.075**
Minus: Disposals	0	0	167	0	250	**417**
Ending balance 31.12.2010	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Depreciation at 01.01.2010	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Plus: Depreciation expense	0	250	380	8	187	**825**
Minus: Depreciation of disposed elements	0	0	99	0	230	**329**
Ending balance 31.12.2010	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Net Book Value at 31.12.2010	**1.955**	**5.768**	**2.684**	**185**	**701**	**11.293**

Property, plant and equipment of the Company:

Amounts in € thousand	Land	Buildings and buildings installation	Plant and machinery	Motor Vehicles	Furniture's & Fittings	Total
Opening Balance 01.01.2009	**1.955**	**5.627**	**4.235**	**48**	**2.444**	**14.309**
Plus: Additions	0	1.157	267	20	98	**1.542**
Minus: Disposals	0	0	24	9	48	**81**
Ending balance 31.12.2009	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Depreciation at 01.01.2009	**0**	**619**	**1.736**	**28**	**1.550**	**3.933**
Plus: Depreciation expense	0	227	343	5	193	**768**
Minus: Depreciation of disposed elements	0	0	8	7	47	**62**
Ending balance 31.12.2009	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Net Book Value at 31.12.2009	**1.955**	**5.938**	**2.407**	**33**	**798**	**11.131**
Opening Balance 01.01.2010	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Plus: Additions	0	80	725	160	110	**1.075**
Minus: Disposals	0	0	167	0	250	**417**
Ending balance 31.12.2010	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Depreciation at 01.01.2010	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Plus: Depreciation expense	0	250	380	8	187	**825**
Minus: Depreciation of disposed elements	0	0	99	0	230	**329**
Ending balance 31.12.2010	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Net Book Value at 31.12.2010	**1.955**	**5.768**	**2.684**	**185**	**701**	**11.293**

4.7.7 INTANGIBLE ASSETS

The account refers to the acquisition cost for of trademarks, software and other intangible assets. With regard to trademarks, due to the difficulty of a reliable measurement of their commercial value, no amortization has been charged.

The intangible assets of the Group and the company are the following:

Intangible assets of the Group:

Amounts in € thousand	Software	Other intangibles	Total intangible assets IFRS
Opening balance 01.01.2009	**831**	**284**	**1.115**
Additions	78	0	**78**
Disposals/Write offs	0	0	**0**
Ending balance 31.12.2009	**909**	**284**	**1.193**
Depreciation 01.01.2009	**620**	**0**	**620**
Depreciation expense	97	0	**97**
Disposals	0	0	**0**
Depreciation at 31.12.2009	**717**	**0**	**717**
Net Book Value 31.12.2009	**192**	**284**	**476**
Opening balance 01.01.2010	**909**	**284**	**1.193**
Additions	29	0	**29**
Disposals/Write offs	1	0	**1**
Ending balance 31.12.2010	**937**	**284**	**1.221**
Depreciation 01.01.2010	**717**	**0**	**717**
Depreciation expense	102	0	**102**
Disposals	1	0	**1**
Depreciation at 31.12.2010	**818**	**0**	**818**
Net Book Value 31.12.2010	**403**	**284**	**403**

Intangible assets of the Company:

Amounts in € thousand	Software	Other intangibles	Total intangible assets IFRS
Opening balance 01.01.2009	**831**	**284**	**1.115**
Additions	78	0	**78**
Disposals/Write offs	0	0	**0**
Ending balance 31.12.2009	**909**	**284**	**1.193**
Depreciation 01.01.2009	**620**	**0**	**620**
Depreciation expense	97	0	**97**
Disposals	0	0	**0**
Depreciation at 31.12.2009	**717**	**0**	**717**
Net Book Value 31.12.2009	**192**	**284**	**476**
Opening balance 01.01.2010	**909**	**284**	**1.193**
Additions	29	0	**29**
Disposals/Write offs	1	0	**1**
Ending balance 31.12.2010	**937**	**284**	**1.221**
Depreciation 01.01.2010	**717**	**0**	**717**
Depreciation expense	102	0	**102**
Disposals	1	0	**1**
Depreciation at 31.12.2010	**818**	**0**	**818**
Net Book Value 31.12.2010	**119**	**284**	**403**

4.7.8 INVESTMENT PROPERTIES

The amount of € 1.000 thousand concerns building owned by the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. (indirect participation) acquired for rental purposes during the first half of year 2010 and it is disclosed at the acquisition cost. This fair value of this property will be tested on annual basis. The fair value for investments in urban areas is determined taking into account the market value of similar investments. The building is leased for three years. The rent for the current period amounts to €80 thousand.

4.7.9 GOODWILL

The Goodwill, amounting to € 428 thousand, comprised among the noncurrent assets, resulted from the buyout of the remaining 50% of SPACE PHONE S.A., currently merged by absorption by the parent company.
The goodwill was tested for impairment and it is shown among the company's assets.

4.7.10 LIENS AND PLEDGES

There are no real liens on non-current assets or property except the underwriting of € 800 thousand, dated 24 September 2008, and the underwriting of € 400 thousand, dated 10 December 2010 both on the property situated at 6 Loch. Dedousi St., (Cholargos, Athens), at Company level and the underwriting of € 650 thousand, dated 27 April 2010, on the property in Romania, at Group level.

4.7.11 Subsidiaries, Associates And Joint Ventures

The company's shareholding in subsidiaries, associates and Joint venture as at 31.12.2010, is disclosed at their acquisition cost less provisions for impairment.

Corporate name	Acquisition cost		Ownership percentage		Consolidation method	Country
Amounts in € thousand	31.12.2010	31.12.2009				
Subsidiaries			Direct	Indirect		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	396	396		99%	Full Consolidation	Romania
Total Subsidiaries	**430**	**430**				
Associates & Joint Ventures						
JOINT-VENTURE "EMY" MODERNIZATION	389	389	67,5%	-	Equity method	Greece
JOINT-VENTURE ALKYONA	49	49	99%	-	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	3	3	35%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	3	3	50%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")*	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	**457**	**457**				
Other investments						
MOBICS L.T.D.	150	120	19,32%	-	-	Greece
Total Other investments	**150**	**120**				
Total Shareholding	**1.037**	**1.007**				

Summary of the major financial amounts as at 31/12/2010 for the subsidiaries, associates and joint ventures:

Corporate name	Assets	Liabilities	Revenue	Earnings (Losses) after taxes	Percentage Ownership	Consolidation method	Country
Amounts in € thousand							
Subsidiaries							
SPACE HELLAS (CYPRUS) LTD	1.597	724	915	290	100%	Full Consolidation	Cyprus
Total subsidiaries	**1.597**	**724**	**915**	**290**			
Joint Ventures							
JOINT-VENTURE "EMY" MODERNIZATION	4.219	4.014	0	-118	67,5%	Equity method	Greece
JOINT-VENTURE ALKYONA	829	779	0	-137	99%	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	58	23	282	-28	35%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	21	18	0	-6	50%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	1.498	1.473	0	-1	50%	Equity method	Greece
Total Joint Ventures	**6.625**	**6.307**	**282**	**-290**			
Total ownership	**8.222**	**7.031**	**1.197**	**0**			

Consolidated date.

Summary of the major financial amounts as at 31/12/2009 for the subsidiaries, associates and joint ventures:

Corporate name	Assets	Liabilities	Revenue	Earnings (Losses) after taxes	Percentage Ownership	Consolidation method	Country
Amounts in € thousand							
Subsidiaries							
SPACE HELLAS (CYPRUS) LTD	665	90	521	227	100%	Full Consolidation	Cyprus
Total subsidiaries	**665**	**90**	**521**	**227**			
Joint Ventures							
JOINT-VENTURE "EMY" MODERNIZATION	5.180	4.932	3.295	92	67,5%	Equity method	Greece
JOINT-VENTURE ALKYONA	715	665	0	-66	99%	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	101	38	1.285	188	35%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	281	293	0	-14	50%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	1.496	1.472	0	-2	50%	Equity method	Greece
Total Joint Ventures	**7.773**	**7.400**	**4.580**	**198**			
Total ownership	**8.438**	**7.490**	**5.101**	**425**			

Tables of Guarantees to third parties:

Amounts in € thousand	**Group**		**Company**	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Guarantees to third parties on behalf of subsidiaries and joint ventures	**3.218**	**2.517**	**3.218**	**2.517**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**3.218**	**2.517**	**3.218**	**2.517**

Joint Ventures' activities

- Joint Venture Info Quest – SPACE HELLAS", The aim of the Joint Venture is the development of the IS survey for the Hellenic National Cadastre
- Joint Venture "SPACE HELLAS - KONSTANTINOS SYMPONIS LTD." The aim of the Joint Venture is the provision and implementation of Broadband networks.
- Joint Venture ALKYONA» The aim is the development of meteorological radar network. .
- The aim is the modernization of the Hellenic National Meteorological Service
- Joint Venture "SPACE HELLAS S.A – KBI IMPULS HELLAS S.A". The scope of this joint venture is the implementation of the assigned, through public bid, project DORY (Development of Infrastructures for the initial service of the needs of agencies in the Public Sector located in remote areas, as regards advanced communication technologies by use of the Hellas Sat – DORY Public Satellite System)
-

4.7.12 INVENTORIES

Table of inventories of the Group and the company:

Inventories	Group		Company	
Amounts in Euro thousands	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Goods	2.770	3.066	2.770	3.066
Materials	430	216	430	216
Consumables	24	16	24	16
Total inventories	**3.224**	**3.298**	**3.224**	**3.298**

The Group is implementing a set of measures in order to minimize the risk of impairment of inventories due to calamity, fraud etc. Inventories are tested for impairment at the end of the year. When needed, appropriate allowance is made for damaged, obsolete and slow moving items. For the current period the write-downs to net realizable value and inventory losses, charged in cost of sales amounted to € 7 thousand while for year 2009 amounted to € 14 thousand. The level of inventories is determined according to the Group's customer-oriented, strategic warehouse management.

4.7.13 Trade Receivables

Trade receivables are recognized at their acquisition cost (invoice value) less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the amounts due according to the original terms of receivables. The provisions formed are then used for the cancellation of the receivables of doubtful liquidation.

Trade receivables	Group		Company	
Amounts in Euro thousands	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Trade receivables	35.745	30.026	35.563	29.892
Less: Provisions for doubtful liquidation	3.764	3.610	3.764	3.610
Total trade receivables	**31.981**	**26.416**	**31.799**	**26.282**

Balance of the Provisions for doubtful liquidation

	Group /Company	
Amounts in Euro thousands	31.12.2010	31.12.2009
Total provision - Opening balance as at 01.01.2009	**3.610**	**3.694**
Additions	154	162
Legal settlements	-0	-3
Offsetting of prior year's provision	0	-1
Total charges to year's income	**154**	**158**
Write-off of receivables following Court Decisions	-0	-183
Write-off of receivables	-0	-59
Total provision - Ending balance	**3.764**	**3.610**

The trade receivables' fair value is approximately equal to the book value. The trade receivables after impairment, for both the Group and the company, **are fully collectable**.

The trade receivables accounts are not bearing any interest. And are usually arranged as following: Group 1 - 180 Days, Company 1 - 180 days. The collection of receivables related to projects depends on the completion stage.

Aging analysis for receivables:

Trade receivables	Group		Company	
Amounts in Euro thousands	31.12.2010	31.12.2009	31.12.2010	31.12.2009
1 – 90 days	13.721	12.700	13.539	12.566
91 – 180 days	7.500	5.549	7.500	5.549
181 – 360 days	6.800	4.573	6.800	4.573
> 360 days	3.960	3.594	3.960	3.594
Total trade receivables	**31.981**	**26.416**	**31.799**	**26.282**

Aging analysis of related parties' trade receivables**:**

Receivables from Related parties	**Group**		**Company**	
Amounts in Euro thousands	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
1 – 90 days	30	30	30	30
91 – 180 days	171	70	171	70
181 – 360 days	40	230	40	230
> 360 days*	2.026	2.766	2.026	2.766
Total Receivables from Related parties	**2.267**	**3.096**	**2.267**	**3.096**

* The amount concerns mostly public sector's projects near the final acceptance stage, and expected to be collected within a reasonable time frame

4.7.14 Other Receivables

Other receivables of the group and company:

Other receivables	**Group**		**Company**	
Amounts in Euro thousands	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cheques receivable	575	454	575	454
Cheques receivable at banks as pledge	156	169	156	169
Cheques overdue	1.676	1.667	1.676	1.667
Deducted Taxes & other receivables	325	348	325	348
Salary prepayments	18	7	18	7
Advances to account for	1.130	1.786	1.130	1.786
Amounts owed by affiliated undertakings	112	205	634	816
Deferred charges	2.093	1.800	2.093	1.800
Income earned	575	746	575	746
Other receivables	280	290	280	290
Total other receivables	**6.940**	**7.472**	**7.462**	**8.083**
Less: provisions for doubtful liquidation	1.880	1.871	1.880	1.871
Total other receivables	**5.060**	**5.601**	**5.582**	**6.212**

The trade receivables' fair value is approximately equal to the book value. The trade receivables after impairment, for both the Group and the company, **are fully collectable.**

4.7.15 Prepayments

Analysis of prepayments:

Prepayments	**Group**		**Company**	
Amounts in Euro thousands	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Orders placed abroad	129	213	129	213
Prepayments to other creditors	1.426	2.147	1.426	2.147
Total prepayments	**1.555**	**2.360**	**1.555**	**2.360**

4.7.16 Cash And Cash Equivalents

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

Cash and Cash equivalents	**Group**		**Company**	
Amounts in Euro thousands	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cash on hand	195	192	195	192
Short term Bank deposits	1.764	4.149	1.350	4.014
Total Cash and Cash equivalents	**1.959**	**4.341**	**1.545**	**4.206**

4.7.17 Share Capital

The company's shares are ordinary registerd shares and have been listed in ASE since 29.09.2000.

Number of shares and nominal value	31.12.2010
Number of ordinary shares	6.456.530
Nominal value each share	1,60 €

With the General Meeting's decision on 30th June 2010, the company decided the following:
1. Decrease of the Share Capital by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.
2. Increase of the Shares' nominal value from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each.

The earnings per share have been calculated taking into account the weighted average number of ordinary shares in issue which, for the period was 6.456.530. The above operations have not changed the weighted average number of ordinary shares in issue. The earnings per share of the previews period are reformed in order to be comparable with those of the current period.

4.7.18 LONG TERM LOANS

The long term loans concern:

i. the mortgage loan ending at 31.01.2013 for the construction of new premises (4 floor building) on 6 Loch. Dedousi Str., Cholargos, Athens. The loan amounts to 526 after the interest and principal payments

ii. the loan of € 850 thousand and 3 years duration after the final bank disbursement, contracted with the European Investment Bank at 24 July 2009. This loan is financing the company's operating activities

iii. mortgage loan of € 650 thousand, ending at 2020 contacted by the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. on 27th April 2010 for the acquisition of a building as investment property.

4.7.19 Other Long Term Liabilites

Liabilities are characterized as long term when they due over 12 months otherwise there are consider as short term liabilities

Other long term liabilities	Group		Company	
Amounts in Euro thousands	31.12.2010	31.12.2009	31.12.2010	31.12.2009
losses from joint ventures	0	0	624	486
Guarantees received	11	8	11	8
Total Other long term liabilities	**11**	**8**	**635**	**494**

4.7.20 Personell employeed - Employee Benefits

The personnel employed at 31-12-2010 both in the Company and the Group amounted to 215 persons while as at 31.12.2009 amounted to 247

4.7.20.1 Provisions for employees benefits

The Management of the Group, in compliance with IFRS (IAS 19), has appointed an independent actuary firm to assess the Group' s liabilities arising from the obligation to pay termination indemnities. The details and principal assumptions of the actuarial study have as follows:

Accounting disclosures according to IAS 19	Company	
Amounts in Euro thousands	**31.12.2010**	**31.12.2009**
Present value of unfunded obligations	602	687
Fair Value of employee benefits assets	-476	-63
Reserves to be formed	**126**	**624**
Provisions for employers benefits recognized in the income statement		
Current service cost	71	92
Cost of interest	34	35
Past service cost	-23	0
Actuarial loss / (gain)	0	0
Net periodic cost	**82**	**127**
Liability recognized in the Statement of financial position		
Net liability – opening balance as at 01.01.2009	624	1.156
Benefits paid	-580	-659
Cost recognized in the income statement	82	127
Net liability	**126**	**624**
Present value of the liability		
Net liability – opening balance as at 01.01.2009	624	1.156
Current service cost	71	92
Cost of interest	34	35
Past service cost	-23	0
Benefits paid	-580	-659
Actuarial loss / (gain)	0	0
Present value of the liability	**126**	**624**

The assumptions used are the following

Assumptions		
1.	Discount interest rate	5% as at 31/12/2010
2.	Average annual long term inflation rate	2% ((according to EU, Lisbon convention)
3.	Average annual long term salary growth	3%
4.	Valuation date	31.12.2010
5.	Regular retirement age :	According to the social security fund of each employee
6.	General assumption fro actuarial purpose:	The going concern principle according to IAS (IAS1 para 23)
7.	Valuation method :	Projected Unit Credit Method (IAS19)

4.7.20.2 Cancelleation of Stock Option Plan – Cancellation of own shares

With the General Meeting's decision on 30th June 2010, the company decided to proceed the cancellation of 500.000 own ordinary shares. For the purchase of these shares the company, had paid in year 2007, the amount of 811.245,08 €, in order to establish a Stock option plan expired at 31.03.2010. At the due date no option was exercised.

4.7.21 Deffered Income Tax

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rates that apply to the countries where the companies of the group operate. The calculation of the deferred taxes both for the Group and the Company are reviewed each year, as the balance on the balance sheet to reflect the effective tax rates. In 2008, the Greek state has passed the tax reform law 3697/2008, according to which the tax rates will be reduced by 1% each year for the years 2010 to 2014. The deferred tax of the Greek subsidiaries has been calculated taking into account the above mentioned change. The Deferred tax liabilities and deferred tax assets compensate where this is possible.

The movement on the deferred income tax account after set-offs is as follows:

Deferred income taxes	Group and Company			
	31.12.2010			
Amounts in € thousand	Amounts at 31.12.2009	Amounts charged to net profit	Amounts charged to equity	Total
Deferred tax liabilities				
Depreciation rate difference effect	-250	5	0	-245
Fair value adjustments Property, plant and equipment	-859	0	0	-859
Total Deferred tax liabilities	**-1.109**	**5**	**0**	**-1.104**
Deferred tax assets				
Provisions for Trade and other payables	386	27	0	413
Post-employment and termination benefits	150	-125	0	25
Impairment of Inventories	4	0	0	4
Tax deductible previews years' losses	149	-58	0	91
Provisions for stock options	49	-49	0	0
Share premium capitalization expenses	28	0	0	28
Total Deferred tax assets	**766**	**-205**	**0**	**561**
Total Deferred tax	**-343**	**-200**	**0**	**-543**

The Deferred tax liabilities and deferred tax assets compensate where this is possible.

4.7.22 TRADE AND OTHER PAYABLES

Liabilities are characterized as long term when their due is less than 12 months otherwise there are considered as long term liabilities.

Trade and other payables	GROUP		COMPANY	
Amounts in € thousand	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Trade payables	10.954	10.496	10.909	10.442
Checks payables	1.426	868	1.426	868
Customer down payments/advances	1.923	1.480	1.923	1.480
Social security	412	454	412	454
Wages and salaries payable	62	3	62	3
Other payables	37	131	37	131
Amounts due to related parties	0	0	0	0
Next year's Income	132	72	129	72
Accrued expenses	285	293	285	293
Purchases under arraignment	10	112	10	112
Other short term provisions	0	0	0	0
Total Trade and other payables	**15.241**	**13.909**	**15.193**	**13.855**

4.7.23 PROVISIONS

The Group has formed provisions for doubtful trade receivables for the amount of € 3.764 thousand, for doubtful non trade receivables for the amount of € 1.880 thousand, and for obsolete inventories for the amount of € 21 thousand. The provisions are disclosed compensated among the trade and other receivables and the inventories respectively.

	Provision changes for the Group and the Company				
Amounts in € thousand	31.12.2009	New Provisions	Used Provisions	Decreases	31.12.2010
Provisions for extraordinary liabilities and claims*	0	0	0	0	0
Provisions for tax unaudited years	70	52	0	0	122
Provisions for employers benefits	625	82	580	0	126
Other provisions	0	0	0	0	0
Total	**695**	**134**	**580**	**0**	**248**

4.7.24 DISPUTED CLAIMS

There are no disputed claims that might have significant impact on the financial position both of the Group and the Company.

4.7.25 UNDAUDITED FISCAL YEARS BY THE TAX AUTHORITIES

The unaudited fiscal years by the tax authorities for the companies of the Group are as followed:

Company	Unaudited year
SPACE HELLAS S.A.	2009 - 2010
SPACE HELLAS (CYPRUS) LTD	2005 – 2010
JOINT-VENTURE "EMY" MODERNIZATION	2010
JOINT-VENTURE ALKYONA	2010
OINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	2007 – 2010
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	2010
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")*	2009-2010

Although the result of the tax audit cannot be estimated with reliability, the company, using statistical information from previews year's tax audits, has formed a provision for tax unaudited years, charged in the results, amounting to € 122 thousand for the event of additional taxes in case of tax audit. The domestic Group companies are in the process of settlement of tax pending affairs, year 2009 included, according to Law 3888/2010 and a tax audit would have insignificant impact.

4.7.26 CONTIGENT EVENTS

4.7.26.1 Commitments -Guarantees

The Group has contingent liabilities in relation to banks as well as other commitments related to ordinary activities. No substantial burden will arise. No additional payments are expected.

The contingent liabilities for letters of guarantee granted both for the Company and the Group are the Following:

Contingent Liabilities	Group		Company	
Amounts in € thousand	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Guarantee letters to secure good performance of contract terms	5.873	6.171	5.873	6.171
Total Contingent Liabilities	**5.873**	**6.171**	**5.873**	**6.171**

** Including letters of guarantee issued in favour of joint ventures amounting to € 946 thousand as at 31.12.2010 and to € 508 thousand as at 31.12.2009*

4.7.26.2 Excess clause provisions and Disputed claims

There are no cases (note. 4.7.24) that might have significant impact on the financial position both of the Group and the Company.

4.7.26.3 Other contigent liabilities

For the unaudited years, as mentioned in note 4.7.25, there is the risk that the tax authorities' review might result in higher or additional tax obligations. For the event of tax audit of previews fiscal years a provision amounting to € 122 thousand has been charged regarding only the parent company has as for the rest of the Group such an event would have insignificant impact.

4.7.27 OPERATING LEASE COMMITMENTS

At 31.12.2010, the company's leases concerned motor vehicles as well as buildings. The minimum future payments based on valid contracts at 31st December 2010 are the following:

Amounts in € thousand	Minimum future payments		
	COMPANY		
	Up to year	Up to 5 years	Over 5 years
Motor vehicle	286	339	-
Buildings	575	2.569	1.024
Total	**861**	**2.908**	**1.024**

Except the above mentioned, there are no other contingent liabilities.

4.7.28 Capital comittements

At 31.12.2010 there were no capital commitments for the Group and the Company.

4.7.29 Cash Flow

Cash flow from operating activities, presented in a negative € 527 thousand because the turnover during the last quarter was too high, resulting in the accumulation of uncollected debts at the end of the year.

Cash flows from investing activities, presented in a negative € 1.749 thousand. The purchase of a new building in Romania as well as the purchase of fixed equipment (back up), which are necessary to meet contractual obligations and improve the quality of maintenance services to our customers, are the major causes of this development.

The cash flow from financing activities is negative amounting to € 106 thousand. This is reflecting the economic conditions characterising year 2010.

4.7.30 Contingent Events - Transactions Between The Company And Related Parties (IAS 24) from 01-01-2010 to 31-12-2010

The tables below summarize the transactions carried out with related parties, according to IAS 24, cumulatively from the beginning of the current year, as well as the account receivables and payables at the end of the current and previews year respectively
The sales to and purchases from related parties, during 2010, are made at normal market prices. There are no transactions of unusual nature or content with significant impact on the Group or the subsidiaries or related parties. All of the transactions with related parties are free of any special condition or clause.

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Company	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
SPACE HELLAS (CYPRUS	2	-	-	-	2	1	-	-
Subsidiaries	**2**				**2**	**1**		
JOINT-VENTURE "EMY" MODERNIZATION	-	70	80	-	2.753	3.552	-	-
JOINT-VENTURE ALKYONA	-	-	137	66	765	665	613	478
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	519	10	-	15	25	-	-
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	-	2	3	7	4	282	-	7
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	-	1	-1.470	-1.469	-	1
Joint Ventures	**-**	**591**	**230**	**74**	**2.087**	**3.055**	**613**	**486**
MOBICS L.T.D.	-	9	31	30	-	-	37	-
SPACE CONSULTING S.A.	26	26	90	1	627	733	-	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	-	2	519	509	12	284	15	-
SPACE VISION S.A.	169	4	245	138	210	581	-	-
Associates	**195**	**41**	**885**	**678**	**849**	**1.598**	**52**	**-**
Total Group	**197**	**632**	**1.115**	**752**	**2.938**	**4.654**	**665**	**486**

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Group	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
JOINT-VENTURE "EMY" MODERNIZATION	-	70	80	-	2.753	3.552	-	-
JOINT-VENTURE ALKYONA	-	-	137	66	765	665	613	478
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	519	10	-	15	25	-	-
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	-	2	3	7	4	282	-	7
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	-	1	-1.470	-1.469	-	1
Joint Ventures	**-**	**591**	**230**	**74**	**2.087**	**3.055**	**613**	**486**
MOBICS L.T.D.	-	9	31	30	-	-	37	-
SPACE CONSULTING S.A.	26	26	90	1	627	733	-	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	-	2	519	509	12	284	15	-
SPACE VISION S.A.	169	4	245	138	210	581	-	-
Associates	**195**	**41**	**885**	**678**	**849**	**1.598**	**52**	**-**
Total Group	**195**	**632**	**1.115**	**752**	**2.936**	**4.653**	**665**	**486**

From the above table the transactions between the Company and related parties have been eliminated from the consolidated financial statements. The great part of the receivables concerns the Joint venture "EMY" MODERNIZATION which has obtained the final acceptance at 16 February 2011, which, in turn will produce significant collection of these receivables. The company has formed an impairment provision for the amount of € 100 thousand, concerning JOINT-VENTURE ALKYONA.

Both the services from and towards the related parties as well as the sales and purchase of goods are concluded with the same trade terms and conditions as for the non related parties.

Table of Key management compensation:

Amounts in € thousand	Group		Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Salaries and other employee benefits	**1.348**	**1.446**	**1.348**	**1.446**
Receivables from executives and members of the Board	**13**	**1**	**13**	**1**
Payables to executives and member of the Board	**98**	**130**	**98**	**130**

The amounts "Payables to executives and member of the Board" concerns remunerations owed to the Board of directors.

Tables of Guarantees to third parties

Amounts in € thousand	Group		Company	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Guarantees to third parties on behalf of subsidiaries and joint ventures	**3.218**	**2.517**	**3.218**	**2.517**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**3.218**	**2.517**	**3.218**	**2.517**

4.7.31 Risk Management And Headging Policy

Financial Risk Factors

The Group is exposed to various financial risks, including unpredictable fluctuations in exchange rates and interest rates, market risks, credit risks and liquidity risks. The overall risk management program of the Group seeks to minimize the possible adverse effects of these fluctuations on the financial performance of the Group

Risk management policy is applied by the Group's management, through the assessment of the risks associated with the Group's activities and functions and carry out the design of the methodology by selecting the appropriate financial products in order to achieve risk reduction,

The financial instruments used by the Group consist mainly of bank deposits, transactions in foreign currency at current prices or short term currency futures, bank overdrafts, accounts receivable and payable.

Foreign Exchange Risk

The Group's exposure to foreign exchange risk arises from actual or anticipated cash flows in foreign currency (imports - exports). The Group's management constantly monitors the fluctuations and the tendency of foreign currencies and evaluates each case individually, taking appropriate action where necessary, through agreements against interest rate risks. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities disclosed in a currency different from the entity's functional currency. For the foreign exchange risk which arises from future commercial transactions and recognized assets and liabilities, the company uses currency futures as required.

The main trading currencies of the Group are the Euro, USD and GBP.

In table below there is sensitivity analysis of the earnings before taxes due to currency exchange rate changes

sensitivity analysis due to currency exchange rate changes	Currency	Exchange rate variation	Effect on profit before tax
Amounts of year 2010 in € thousand	USD	1,5%	-120
		-1,5%	120
Amounts of year 2009 in € thousand	USD	1,5%	-100
		-1,5%	100

Price Risk

The Group is not exposed to securities price risk. The Group is exposed in risk due to the variations of the value of the goods used for trade and of the raw-materials used. In order to face the risk of impairment of inventories, a rationalized warehouse management aims to minimize the stock according to progress of the production needs. The level of the inventories in relation to the Group's turnover is significantly low. Our aim is to minimize the warehouse retention time in order to minimize the risk of impairment of inventories.

Interest Rate Risk

The fluctuations in the interest rate markets have a moderate impact on the Group's income and the Group's operating cash flows

It is the policy of the Group to continuously review interest rate trends and the tenor of financing needs. In this respect, decisions are made on a case by case basis as to the tenor and the fixed versus floating cost of a new loan. Thus, the amount of short term borrowings is variable. All short term borrowings are based on floating rates. Consequently, the impact of the interest rate (EURIBOR) fluctuations is directly related to the amount of loans.

For medium and long-term loans both the amounts of loans as well as the interest rates are decreasing. Thus the interest rate risk exposure is relatively low.

In conclusion, taking into account the existing banking relations as well as the approved credit limits, in the short and medium term no particular risks are expected that could significantly affect the operations of the Group...

The careful monitoring and the interest risk management decrease the risk of significant impact on profits due to short term fluctuations.

Sensitivity analysis of Group's borrowings due to interest rate changes:

Sensitivity analysis of Group's borrowings due to interest rate changes	Currency	Interest rate variation	Effect on profit before tax
Amounts of year 2010 in € thousand	EURO	1%	-180
		-1%	180
Amounts of year 2009 in € thousand	EURO	0,5%	-90
		-0,5%	90

- ### Credit Risk

The Group has no significant credit risk.

Trade accounts receivable consist mainly of a large, widespread customer base where the predominant position is held by Banking and Public sectors. The Group's Financial Management Department monitors the financial position of their debtors on an ongoing basis

Each client's credit exposure is monitored by an independent entity, taking into account the client's financial position, the amount of previews transactions and other factors and tests the credit limits granted to the client.

The credit limits granted are fixed taking into account internal and external evaluations and are always within the limits approved by the Board of directors.

Appropriate provision for impairment losses is made for specific credit risks. At the end of year 2009 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.

Taking into account the Group's customer base and the relevant liquidity risk, the exposure at the credit risk will be moderate. The post-dated collection of receivables is an important issue but is not related to our customers credit ability.

To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

- ### Liquidity Risk

The Group's liquidity is obtained through the use of available of funding and the raise up of the credit limits received whenever needed in order to finance particular projects (project basis funding). The Group maintains excellent relationships with the Banking institutions and thus ensures adequate funding for the execution of the Group's business plans.
The Group's strategic planning determines the form of funding as well as the financial tools to be used.
Borrowings include the floating and fixed rate outstanding principal at year end plus accrued interest up to maturity.
The table below summarizes the maturity profile of financial liabilities at 31 December 2010 based on contractual undiscounted payments.

The table below summarizes the maturity profile of financial liabilities at 31 December 2010 based on contractual undiscounted payments

Group								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2010	2009	2010	2009	2010	2009	2010	2009
Borrowings	**24.373**	**24.480**	22.765	23.114	1.608	1.366	-	-
Trade and other payables	**17.414**	**15.042**	17.403	15.034	-	-	11	8

Company								
	Total		**Less than 1 Year**		**1 to 5 years**		**>5years**	
Amounts in € thousand	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Borrowings	**23.767**	**24.480**	22.700	23.114	1.067	1.366	-	-
Trade and other payables	**17.922**	**15.438**	17.287	14.944	624	486	11	8

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong investment grade credit rating and healthy capital ratios in order to support its operations and maximize shareholder value.

The group's policy is to maintain leverage targets in line with an investment grade profile

Gearing ratio	**Group**		**Company**	
Amounts in € thousand	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Short term Borrowings	22.765	23.114	22.700	23.114
Long term Borrowings	1.608	1.366	1.067	1.366
Less: cash and cash equivalents	-1.959	-4.341	-1.545	-4.206
Net Debt	**22.414**	**20.139**	**22.222**	**20.274**
Equity	14.884	14.750	14.045	14.209
Total capital employed	**37.298**	**34.889**	**36.267**	**34.483**
Gearing ratio	**60,09%**	**57,72%**	**61,27%**	**58,79%**

The increase in the gearing ratio in 2010 is attributable to the conjuncture of the reduction of cash the company, which was not covered by the reduction of total lending. This increase is temporary and is expected to reverse within the next year.

Other operational risk

A reliable internal Control System has been established by the company's management in order to timely identify potential distortions in the company's commercial activities. The insurance coverage against all risks is deemed to be sufficient. The Group and the Company do not expect to face significant short term risks. The company's expertise, the continuous investment in human resource and the solid infrastructures combined with the development of new products enable the preservation of its competitive advantage and the skill to penetrate in new markets mitigating the risks.
Furthermore, the amount of the ongoing projects together with the ability to adjust to new market conditions allow to believe that the Group will be able to efficiently react to economic recession for year 2010.

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4.8 SIGNIFICANT EVENTS

Significant facts that took place during the period from 1st January to 31st December 2010 are the following:

- **Shareholders' Ordinary General Meeting at 30-06-2010,** The most important issues of the meeting were the following:
    - **Cancellation of the Stock Option Plan** that had been decided with the General Meeting's decision at 29.07.2007. At the due date no option was exercised.

- **Decrease of the Share Capital** by decreasing the total number of the shares following the cancellation of own shares. Thus the Share capital amounted to 10.330.448,00 € and divided to 25.826.120 ordinary nominal voting shares of nominal value 0,40 € each.
- **Increase of the Shares' nominal value** from 0,40 € to 1,60 € each with concurrent decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split) and modification of art 5 of the Association. Thus, the Share capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each.
- **Modification of art. 3 of the Association (company's purpose)** in order to include the study, supervision, execution, deployment, management, maintenance and technical support of all kind of projects regarding energy, Renewable Energy Sources production systems, comprising wind, solar, photovoltaic and hydroelectric, as well as the sale, resale and distribution of electric energy.
- **Election of new member in the Audit Committee** of L 3693/08 for the replacement of resigned member.

4.9 SIGNIFICANT POST-BALANCE SHEET EVENTS FROM 1ST JANUARY TO 31ST DECEMBER 2010

There are no post balance sheet events, concerning the company or the Group, that need to be mentioned except the final conclusion of the Joint venture "EMY" MODERNIZATION (obtained final acceptance) at 16 February 2011.

5 FIGURES AND INFORMATION FROM 1ST JANUARY TO 31ST DECEMBER 2010

SPACE HELLAS S.A.

Reg. No: 13966/06/B/86/95
Mesogion Av. 312 Ag. Paraskevi

Financial statement and information for the year 1 January 2010 until 31 December 2010
(In accordance to L.2190/20, article 135 for companies that prepare annual financial statements, consolidated and not, according to IFRS)

The following results and information, that arise from the financial statements, provide a general picture of the financial position and financial results of the SPACE HELLAS S.A. Thus we suggest the reader, before entering into any sort of investment decision or other transaction with the company, to gain access to the company's web site, where the financial statements can be downloaded, as well as the Auditor's Certificate.

Prefecture	Ministry of Development, Department of Commerce
Company's web site	http://www.space.gr
Date of approval by the Board of Directors	28 March 2011
	Board of Direcotrs Decisions No 1.875
Certified Auditor Accountant	Andreas G. Pournos (S.O.E.L. Reg. No 35081)
Auditing Company	PKF Euroauditing S.A..
Type of Auditor's report	Without qualification

Board of Directors	
Manolopoulos Dimitrios	President, executive member
Drosinos Paraskevas	CEO, executive member
Mpellos Christos	A΄Vice President, non ececutive member
Manolopoulos Spyridon	B' Vice President, non executive member
Lagogiannis Georgios	Executive member
Chouchoulis Dimitrios	Indipendent - non executive member
Kapopoulos Lysandros	Indipendent - non executive member

1.1 STATEMENT OF FINANCIAL POSITION

(consolidated and non consolidated) Amounts in € thousand	GROUP 31.12.2010	GROUP 31.12.2009	COMPANY 31.12.2010	COMPANY 31.12.2009
ASSETS				
Property, plant and equipment	11.293	11.131	11.293	11.131
Investment properties	1.000	0	0	0
Intangible assets	403	476	403	476
Other non current assets	975	1.675	1.112	1.188
Inventory	3.224	3.298	3.224	3.298
Receivables (trade debtors)	31.981	26.416	31.799	26.282
Other current assets	8.586	12.314	8.694	12.790
TOTAL ASSETS	57.462	55.310	56.525	55.165
EQUITY AND LIABILITIES				
Share capital	10.330	10.530	10.330	10.530
Other components of equity	4.550	4.220	3.715	3.679
Total equity attributable to owners of the parent (a)	14.880	14.750	14.045	14.209
Non controlling interests (b)	4	0	-	-
Total Equity (c) = (a)+(b)	14.884	14.750	14.045	14.209
Long term borrowings	1.608	1.366	1.067	1.366
Long term provisions / Non current liabilities	802	1.046	1.426	1.532
Short term borrowings	22.765	23.114	22.700	23.114
Other current liabilities	17.403	15.034	17.287	14.944
Total Liabilities (d)	42.578	40.560	42.480	40.956
TOTAL EQUITY AND LIABILITIES (c)+(d)	57.462	55.310	56.525	55.165

1.3 STATEMENT OF CHANGES IN EQUITY

(consolidated and non consolidated) Amounts in € thousand	GROUP 31.12.2010	GROUP 31.12.2009	COMPANY 31.12.2010	COMPANY 31.12.2009
Total equity in the beginning of the year (1/1/2010 and 1/1/2009	14.750	14.307	14.209	14.022
Total comprehensive income after taxes (continued and discontinued operations)	-279	385	-573	129
Increase / (Decrease) of Share Capital	-200	2.106	-200	2.106
Cancellation of own shares	811	0	811	0
Stock Option Plan Reserve	-202	58	-202	58
Capitalisation of Share premium with concurrent offsetting of previews years' losses for the increase of the share capital	0	-2.106	0	-2.106
Non controlling interests	4	0	0	0
Total equity at the end of the year Total equity at the end of the year (31/12/2010 and 31/12/2009 accordingly)	14.884	14.750	14.045	14.209

1.4 CASH FLOW STATEMENT FOR THE YEAR

(consolidated and non consolidated) Amounts in € thousand	GROUP 1.1-31.12.2010	GROUP 1.1-31.12.2009	COMPANY 1.1-31.12.2010	COMPANY 1.1-31.12.2009
Operating Activities :				
Profit before taxes (continued operations)	414	318	88	34
Plus/Less adjustments for :				
Depreciation	927	866	927	866
Expenses related to the capitalization of Share premium	0	-84	0	-84
Provisions	29	116	29	116
Foreign exchange differences	180	235	163	235
Net (profit)/Loss from investing activities	-51	-458	-39	-427
Interest and other financial expenses	1.771	1.695	1.745	1.693
Plus or minus for Working Capital changes:				
Decrease/(increase) in Inventories	74	-223	74	-223
Decrease/(increase) in Receivables	-3.953	-4.722	-4.303	-4.721
(Decrease)/increase in Payables (excluding banks)	877	-2.270	858	-2.304
Less:				
Interest and other financial expenses paid	-1.771	-1.694	-1.745	-1.693
Taxes paid	976	-17	1.005	21
Total cash inflow/(outflow) from operating activities (a)	-527	-6.238	-1.198	-6.487
Cash flow from Investing Activities				
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	-409	0	-13
Purchase of tangible and intangible assets	-2.105	-1.620	-1.105	-1.620
Proceeds from sale of tangible and intangible assets	16	27	16	27
Interest received	340	404	339	403
Total cash inflow/(outflow) from investing activities (b)	-1.749	-1.598	-750	-1.203
Cash flow from Financing Activities				
Proceeds from Borrowings	4.428	13.893	3.778	13.893
Payments of Borrowings	-4.534	-4.416	-4.491	-4.416
Total cash inflow/(outflow) from financing activities (c)	-106	9.477	-713	9.477
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	-2.382	1.641	-2.661	1.787
Cash and cash equivalents at beginning of period	4.341	2.700	4.206	2.419
Cash and cash equivalents at end of period	1.959	4.341	1.545	4.206

1.2 STATEMENT OF COMPREHENSIVE INCOME

(consolidated and non consolidated) Amounts in € thousand	GROUP 1.1-31.12.2010	GROUP 1.1-31.12.2009	COMPANY 1.1-31.12.2010	COMPANY 1.1-31.12.2009
Turnover	50.105	49.687	49.192	49.167
Gross Profit	12.825	13.623	12.417	13.359
Profit before taxes, financing and investing activity	2.073	1.554	1.722	1.270
Profit before taxes	414	318	88	34
Profit after taxes (A)	127	469	-164	213
- *Owners of the parent*	127	469	-164	213
- *Non controlling interests*	0	0	-	-
	127	469	-164	213
Other comprehensive income after taxes (B)	-406	-84	-409	-84
Total comprehensive income after taxes (A)+(B)	-279	385	-573	129
- *Owners of the parent*	-279	385	-573	129
- *Non controlling interests*	0	0	-	-
Earnings (after taxes) per share - basic in €	0,0197	0,0726	-0,0173	0,0330
Profit before taxes, financing and investing activity and depreciation	3.000	2.420	2.649	2.136

Additional information

1. The shares of the company were listed on the Athens Stock Exchange on 29-9-2000. The earnings per share were calculated based on the weighted average number of ordinary shares in issue amounting to 6.456.530 and resulted, according to the General Meeting's Decision at 30-6-2010 from the following operations:
   α. Decrease of the total number of shares though cancellation of 500.000 own shares, acquired previewsly for the execution of the Stock Option Plan which the General Meeting's Decision has cancelled.
   β. Decrease of the total number of shares from 25.826.120 ordinary nominal voting shares to 6.456.530 ordinary nominal voting shares (reverse split). Thus, the Share capital amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each.
   The above operations have not changed the weighted average number of ordinary shares in issue. The earnings per share of the previews period are reformed in order to be comparable with those of the current period.
2. The companies of the Group, the percentage ownership and the consolidation method for the ending period are disclosed in note 4.7.11 of the financial report of 2010
3. The tax un-audited years of the Company and the Group are disclosed in note 4.7.25 of the financial report of 2010
4. The company has formed a provison for the tax unaudited years amounting to 122 thousand euro for year 2009 as well as for the current year. Part of this provision, amounting to 52 thousand euro has been charged to the period's results. For the rest of the Group's companies no provision has been formed as the impact of the additional tax is deemed to be insignificant (note 4.7.23).
   There are no other provisions formed (note 4.7.23).
5. There are no other disputed or under arbitration cases of national or administrative courts that may have a material effect on the financial position of the Company.
6. There are no real liens on non-current assets or property except the underwriting of € 800 thousand, dated 24 September 2008 and the underwritting of € 400 thousand dated 10 December 2010, on the property situated at 6 Loch. Dedousi St., (Cholargos, Athens) at Company level a dated 27 April 2010, on the property in Romania, at Group level.
7. The personnel employed at 31-12-2010 both in the Company and the Group amounted to 215 persons while as at 31.12.2009 amounted to 247
8. The same Accounting Policies have been followed as for the financial statements as at 31.12.2009.
9. Note 4.1 of the financial report of 2010 refers to the comprehensive income after taxes for the company and the Group.
10. Intercompany transactions for the period from 1 January 2010 to 31 December 2010 according to I.A.S. 24 are as follows:

	GROUP	COMPANY
a) Sales of goods and services	195	197
b) Purchases of goods and services	1.115	1.115
c) Receivables from related parties	2.936	2.938
d) Payables to related parties	665	665
e) Key management compensations	1.348	1.348
f) Receivables from key management	13	13
g) Payables to key management included in above	98	98

The company has guaranteed to financial institutions for bank credit limits for Joint venture "EMY" up to the amount of € 1.415 thousand, for Joint Venture "SPACE HELLAS - SYMPONIS" up to the amount of € 6 thousand and for JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY") up to the amount of € 1.797 thousand for the issuance of letters of quaranty.

Agia Paraskevi, 28 March 2011

PRESIDENT OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER	CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTANT
DIMITRIOS MANOLOPOULOS	PARASKEVAS DROSINOS	GEORGIOS LAGOGIANNIS	IOANNIS DOULAVERIS	ANASTASIA PAPARIZOU

6 INFORMATION OF ARTICLE 10 L.3401/2005

ISSUE	PLACE OF APPEARANCE	DATE
Comments on publications	www.ase.gr www.space.gr	30/12/2010
Microsoft for ISV Partner Program	www.ase.gr www.space.gr	13/12/2010
Space Hellas assessed as one of the "Strongest Companies in Greece" by ICAP Group	www.ase.gr www.space.gr	6/12/2010
Figures and information according to IAS - 29/11/2010	www.ase.gr www.space.gr	
Announcement for the Figures and information 1/1/-30/9/2009	www.ase.gr www.space.gr	30/11/2010
Space Hellas participates in R&D project for the improvement of the quality of life of the elderly AMCOSOP	www.ase.gr www.space.gr	17/11/2010
Space Hellas upgrades to BT Alliance Partner	www.ase.gr www.space.gr	22/10/2010
Space Hellas to implement the National Visa Information System for the Greek Ministry of Foreign Affairs	www.ase.gr www.space.gr	27/9/2010
Financial statements' information according to IAS - 30/8/2009	www.ase.gr www.space.gr	
Announcement for the Figures and information 1/1/-30/06/2010	www.ase.gr www.space.gr	30/8/2010
Announcement: Change of the participation percentage in the share capital	www.ase.gr www.space.gr	23/08/2009
Announcement regarding the Share Capital and the voting rights	www.ase.gr www.space.gr	18/8/2010
Announcement regarding the decrease of the Share Capital following the cancellation of treasury shares and Shares reverse split	www.ase.gr www.space.gr	28/7/2010
Announcement – press release	www.ase.gr www.space.gr	20/7/2010
Announcement : Satellite-based FirE DetectiON Automated system	www.ase.gr www.space.gr	13/7/2010
Announcement – press release: Space Hellas nominated Collaborator Partner 2010 and Borderless Network Partner 2010	www.ase.gr www.space.gr	6/7/2010
Announcement	www.ase.gr www.space.gr	5/7/2010
Composition of Board of Directors in Body	www.ase.gr	5/7/2010

	www.space.gr	
General Meetings' decisions	www.ase.gr www.space.gr	1/7/2010
Space Hellas becomes Microsoft 's Gold Certified Partner	www.ase.gr www.space.gr	1/7/2010
Announcement – Draft modification of the Association	www.ase.gr www.space.gr	29/6/2010
Announcement	www.ase.gr www.space.gr	24/6/2010
Notification of transactions	www.ase.gr www.space.gr	24/6/2010
Space Hellas becomes Silver sponsor in IDC Storage	www.ase.gr www.space.gr	18/6/2010
Clarification announcement of L 3845/2010	www.ase.gr www.space.gr	31/5/2010
Announcement: Pre announcement of the General Meeting	www.ase.gr www.space.gr	31/5/2010
Financial statements' information according to IAS - 28/5/2010	www.ase.gr www.space.gr	
Financial statements' information according to IAS - 28/5/2010	www.ase.gr www.space.gr	
Announcement for the Figures and information 1/1/-31/3/2010	www.ase.gr www.space.gr	31/05/2010
Space Hellas and VMware Collaboration for Virtualization & Cloud Computing Solutions	www.ase.gr www.space.gr	10/5/2010
Notification of transactions	www.ase.gr www.space.gr	26/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Notification of transactions	www.ase.gr www.space.gr	23/4/2010
Announcement Modification of the Company's internal regulation	www.ase.gr	31/3/2010

	www.space.gr	
Financial statements' information according to IAS - 29/3/2010	www.ase.gr www.space.gr	
Financial statements' information according to IAS - 29/3/2010	www.ase.gr www.space.gr	
Announcement: Financial results of year 2009	www.ase.gr www.space.gr	29/3/2010
Announcement: new composition of the Board of Directors (member replacement)	www.ase.gr www.space.gr	24/3/2010
Announcement: Modification of internal regulation	www.ase.gr www.space.gr	24/3/2010
Space Hellas to implement the IT and Network Infrastructure of the Biopathology Labs of 24 I.K.A. Medical Units	www.ase.gr www.space.gr	19/3/2010
Space Hellas provides specialized Disaster Recovery Services to Novartis	www.ase.gr www.space.gr	18/2/2010
Space Hellas Delivers Broadband Network to the Laconia Local Union of Communities and Municipalities	www.ase.gr www.space.gr	14/1/2010
Announcement: New ISO director appointed	www.ase.gr www.space.gr	12/01/2010

7 WEBSITE ACCESS OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Statements of the Company and Group, the Audit Report and the Board of Directors' Management Report for 2010, have been posted on the Company's website www.space.gr

We certify that the attached annual financial report includes the annual financial statements of the Group and of company SPACE HELLAS SA for the financial year from January 1, 2010 to December 31, 2010, which have been approved by the Board of Directors of SPACE HELLAS SA on March 28, 2011 and have been published by posting them on the internet, at the address http://www.space.gr., and have been signed by the following:

PRESIDENT OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER	CHIEF FINANCIAL OFFICER	CHIEF ACCOUNTANT
DIMITRIOS MANOLOPOULOS	**PARASKEVAS DROSINOS**	**GEORGIOS LAGOGIANNIS**	**IOANNIS DOULAVERIS**	**ANASTASIA PAPARIZOU**