

Annual Financial Report

For the period 1st January 2014 – 31st December 2014

«SPACE HELLAS S.A. »
Company's Reg. No: 13966/06/B/95
G.E.M.I.:375501000
Mesogion Av. 312 Ag. Paraskevi

The annual financial report of 2014 has been prepared in accordance with art. 4, Law 3556/2007, has been approved by the Board of Directors on 02 March 2015 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

- Spiridon D. Manolopoulos, President of the Board, executive member
- Paraskevas D. Drosinos Chief Executive Officer, executive member
- Ioannis Doulaveris Chief Financial Officer, 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, 2014 to December 31, 2014, 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, 02 March 2015

The Designated members of the Board of Directors

The President of the Board

Chief Executive Officer

Member and
Chief Financial Officer

S. Manolopoulos

P.Drosinos

I. Doulaveris

2 ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1.1.2014 – 31.12.2014

This Report of the Board of Directors of SPACE HELLAS, submitted to the Shareholders, refers to the financial year from January 1, 2014 to December 31, 2014 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 subsections 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 2014.
- The important issues that took place during the financial year 2014 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 2014,
- The important issues that took place after the end of the financial year 2014.

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 2014, 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

The Group's dominant strategic goal is to maintain growth together with the improvement of key financial ratios, taking into account the existing economic environment.

The Group's Management aims to achieve positive operating results, through the continuous effort for increased productivity of the economic capital and the human resources as well.

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 2014 and 2013.

2.1.1.1 Year's total income

TOTAL INCOME STATEMENT						
Amounts in € thousand	GROUP			COMPANY		
	01.01- 31.12.2014	01.01- 31.12.2013	VARIATION %	01.01- 31.12.2014	01.01- 31.12.2013	VARIATION %
Revenue	43.129	41.019	5,14%	40.928	38.754	5,61%
Gross profit/loss	12.408	13.270	-6,50%	11.854	12.296	-3,59%
Gross profit margin	29%	32%		29%	32%	
EBITDA	4.051	4.035	0,40%	4.066	3.493	16,40%
EBIT	2.904	3.055	-4,94%	2.926	2.517	16,25%
Earnings before taxes	416	689	-39,62%	1.963	161	1.119,25%
Earnings after taxes	749	31	2.316,13%	2.444	-359	
Other comprehensive income after taxes	-42	-11		-30	-13	

The Group's turnover amounted to € 43.129 thousand compared to € 41.019 thousand of year 2013. The increase in turnover is attributable to the Group's successful efforts to exploit the broadened technical product expertise and its solid customer base as well.

The Group's Gross profit amounted to € 12.408 thousand compared to € 13.270 thousand of the previews period showing a decrease of € 862 thousand.

The Group's EBITDA amounted to € 4.051 thousand compared to € 4.035 thousand of the previews period.

The Group's EBIT amounted to € 2.904 thousand compared to € 3.055 thousand of the previews period showing a decrease of 4,94%.

The Group's earnings before taxes amounted to € 416 thousand compared to € 689 thousand of the previews period.

The Group's earnings after taxes amounted to € 749 thousand compared to € 31 thousand of the previews period. It should be noted that the results include the tax benefit of the parent company, in relation to the application of par.12 and 13 of the art.72, L 4172/2013, concerning the separate taxation of tax exempted reserves, including the negative reserves that were formed from the measurement of the financial assets, according to the previews Tax Law (par 4, of the art. 38, L. 2238/1994). According to the parent company's approved business plan, the aforementioned tax assets will be fully compensated with future taxable income.

The other comprehensive income after taxes amount to € -30 thousand and concern the net amount of actuarial loss as well as the result of currency exchange differences from the consolidation of sub-subsidiaries amounting to € -12 thousand.

2.1.1.2 Assets

BALANCE SHEET (Assets)						
	GROUP			COMPANY		
	01.01- 31.12.2014	01.01- 31.12.2013	Variation %	01.01- 31.12.2014	01.01- 31.12.2013	Variation %
Amounts in € thousand						
Total Assets	45.535	44.869	1,48%	45.185	42.664	5,91%
Total noncurrent receivables	20.256	21.688	-6,60%	20.163	20.798	-3,05%
Inventories	3.898	2.916	33,68%	3.898	2.916	33,68%
Trade receivables	12.226	15.325	-20,22%	11.765	14.541	-19,09%
Other receivables	9.155	4.940	85,32%	9.359	4.409	112,27%

The Group's Total Assets amounts to € 45.535 thousand compared to € 44.869 thousand of year 2013.

The Group's noncurrent receivables' net value amounts to € 20.256 thousand compared to € 21.688 thousand of year 2013. During the current year, the subsidiary "SPACE ROMANIA SYSTEMS INTEGRATOR SRL" disposed a property of a value of € 1.000 thousand. There are no other real liens on non-current assets or property, except, at the Company level, the underwriting, amounting to € 1.200 thousand, on the property situated at 6 Loch. Dedousi St., Cholargos, Athens, and the underwriting amounting to € 4.000 thousand, on the property situated at 302 Ave. Mesogeion, Cholargos, Athens and, at the Group level, the underwriting, amounting to € 7.540 thousand, on the property situated at 312 Ave. Mesogeion, Cholargos, Athens, the underwriting, amounting to € 1.100 thousand, on the property situated at St. Gianniton-I.Kariofylli & Patr. Kyrrilou, Thessaloniki.

The Groups' inventories of goods, raw and auxiliary materials and consumables amount to € 3.898 thousand compared to 2.916 thousand of year 2013

The Group's Trade receivables amount to € 12.226 thousand compared to € 15.325 thousand of year 2013.

The Group's other receivables amount to € 9.155 thousand compared to € 4.940 thousand of year 2013.

2.1.1.3 Liabilities

BALANCE SHEET (Liabilities)						
Amount in € thousand	GROUP			COMPANY		
	01.01- 31.12.2014	01.01- 31.12.2013	variation %	01.01- 31.12.2014	01.01- 31.12.2013	variation %
Total Liabilities	45.535	44.869	1,48%	45.185	42.664	5,91%
Shareholders' Equity	13.634	12.942	5,35%	13.612	11.213	21,39%
Long term loans	8.350	8.740	-4,46%	8.350	8.393	-0,51%
Other long term liabilities	1.161	1.418	-18,12%	1.178	1.774	-33,60%
Short term loans	10.582	11.316	-6,49%	10.582	11.251	-5,95%
Other short term liabilities	11.808	10.453	12,96%	11.463	10.033	14,25%

The Shareholders' equity amounts to € 13.634 thousand compared to € 12.942 thousand showing a slight increase.

The Group's long term loans amounts to € 8.350 thousand compared to € 8.740 thousand of year 2013. The loans concern:

- The mortgage loan ending at 2017, amounting to € 250 thousand, after interest and principal payments
- The mortgage loan ending at 2017, amounting to € 400 thousand, after interest and principal payments
- The mortgage loan ending at 2019, amounting to € 800 thousand, after interest and principal payments
- The mortgage loan ending at 2017, amounting to € 500 thousand, after interest and principal payments
- The mortgage loan ending at 2016, amounting to € 431 thousand, after interest and principal payments
- The mortgage loan ending at 2026, amounting to € 5.074 thousand, after interest and principal payments
- The mortgage loan ending at 2017, amounting to € 815 thousand, after interest and principal payments

The fair value of the short and long term borrowings approximates the book value. The rate used in the company's and the Group's borrowings is floating and renegotiable within a six-month period. The average interest rate applied is 6,85%.

The Group's other long term liabilities amount to € 1.161 thousand compared to € 1.418 thousand of year 2013 showing a decrease..

The Group's short term loans amount to € 10.582 thousand compared to € 11.316 thousand of year 2013 showing a decrease.

The Group's other short term liabilities amount to € 11.808 thousand compared to € 10.454 thousand of year 2013. Both the Group and the Company, keep monitoring the liabilities in order to be fully compliant with the trade terms with both domestic and foreign suppliers and creditors.

2.1.1.4 Cash Flow

CASH FLOW STATEMENT				
Amount ins € thousand	GROUP		COMPANY	
	01.01- 31.12.2014	01.01- 31.12.2013	01.01- 31.12.2014	01.01- 31.12.2013
Total cash inflow/(outflow) from operating activities	4.040	267	3.383	126
Total cash inflow/(outflow) from investing activities	114	-816	311	-741
Total cash inflow/(outflow) from financing activities	-1.123	-2.698	-711	-2.633

Cash flow from operating activities, is positive amounting to € 4.040 thousand. This result is attributable to the efforts, at a Group level, to reduce the average collection period, obtaining at the same time an increase in credit lines from suppliers.

Cash flows from investing activities, presented in a negative € 114 thousand including the property sale of the subsidiary "SPACE ROMANIA SYSTEMS INTEGRATOR SRL".

The cash flow from financing activities at the end of year 2014 amounted to € 1.123 thousand in negative, in line with the goal to decrease the short term loans and to improve the Group's capital structure.

2.1.1.5 Performance ratios

	RATIOS	GROUP		COMPANY	
		2014	2013	2014	2013
A.	LIQUIDITY RATIOS				
A1.	CURRENT RATIO	112,91%	106,49%	113,50%	102,73%
A2.	QUICK RATIO	95,50%	93,10%	95,82%	89,04%
A3.	ACID TEST RATIO	17,12%	3,69%	15,95%	2,50%
A4.	WORKING CAPITAL TO CURRENT ASSETS	0,11	0,06	0,12	0,03
B.	CAPITAL STRUCTURE RATIOS				
B1.	DEPT TO EQUITY	233,98%	246,69%	231,95%	280,49%
B2.	CURRENT LIABILITIES TO NET WORTH	164,21%	168,20%	161,95%	189,82%
B3.	FIXED ASSETS TO NET WORTH	134,08%	151,67%	133,68%	167,13%
B4.	OWNER'S EQUITY TO TOTAL LIABILITIES	42,74%	40,54%	43,11%	35,65%
B5.	CURRENT ASSETS TO TOTAL ASSETS RATIO	55,52%	51,66%	55,37%	51,25%
C.	ACTIVITY RATIOS				
C1.	INVENTORIES TURNOVER RATIO	9,02 times	9,70 times	8,53 times	9,25 times
C2.	FIXED ASSETS TURNOVER RATIO	2,36 times	2,09 times	2,25 times	2,07 times
C3.	DAYS OF SALES OUTSTANDING (D.S.O)	106,46 days	128,78 days	106,62 days	130,35 days
C4.	ASSET TURNOVER RATIO	0,95 times	0,91 times	0,91 times	0,91 times
C5.	OWNER'S EQUITY TURNOVER RATIO	3,16 times	3,17 times	3,01 times	3,46 times
D.	PROFITABILITY RATIOS				
D1.	GROSS PROFIT MARGIN	28,77%	32,35%	28,96%	31,73%
D2.	NET PROFIT MARGIN	0,96%	1,69%	4,80%	0,41%
D3.	RETURN OF INVESTMENT	11,46%	12,93%	22,80%	10,13%
D4.	EFFICIENCY OF TOTAL ASSETS	3,05%	5,35%	14,42%	1,43%
D5.	RETURN ON TOTAL CAPITAL EMPLOYED	6,24%	7,68%	9,65%	6,74%
D6.	FINANCIAL LEVERAGE RATIO	0,03 times	0,39 times	0,45 times	0,06 times
E.	OPERATING EXPENSES RATIOS				
E1.	OPERATING RATIO	95,59%	97,33%	95,18%	98,67%
E2.	INTEREST RATIO	1,17 times	1,25 times	1,82 times	1,06 times
E3.	OPERATING EXPENSES TO NET SALES	24,36%	29,68%	24,14%	30,40%
E4.	LOANS TO TOTAL ASSETS	41,58%	44,70%	41,94%	46,51%

2.1.1.6 Share Capital

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

Number of shares and nominal value	31.12.2014	31.12.2013
Paid up capital	10.395.013,30	10.330.448,00
Number of ordinary shares	6.456.530	6.456.530
Nominal value each share	1,61 €	1,60 €

2.1.1.7 Own Shares – Cancellation of Stock Option Plan

The company does not possess any own shares as at 31.12.2014.

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 2014 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	31.12.2014	31.12.2013				
Subsidiaries			Direct	Indirect		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	935	1.045		99,45%	Full Consolidation	Romania
METROLOGY HELLAS S.A.	591	471	87,55%		Full Consolidation	Greece
SPACE HELLAS Doo Beograd-Stari Grad	10	10		100%	Full Consolidation	Serbia
SPACE HELLAS (MALTA) LTD	5	5		99,98%	Full Consolidation	Malta
Total Subsidiaries	1.575	1.565				

Associates & Joint Ventures						
JOINT-VENTURE "EMY" MODERNIZATION*	-	389	67,5%	-	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 SA-KB IMPULS HELLAS SA ("DORY")	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	16	405				
Other investments						
MOBICS L.T.D.	150	150	19,32%	-	-	Greece
Total Other investments	150	150				
Total Shareholding	1.741	2.120				

*On 4.12.2014 the Joint Venture ceased after conclusion of its operations. The above operation impacted the Group's figures for less than 25%.

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Amounts in € thousand				
Guarantee letters to secure good performance of contract terms *	3.669	3.771	3.669	3.771
Total contingent liabilities	3.669	3.771	3.669	3.771

* The guarantee letters to secure good performance issued to joint ventures amounted to € 453 thousand and 386 thousand as at 31.12.2014 and 31.12.2013 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 contingent 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 unaudited years, since the company has been audited up to year 2008. For the year 2011 and onwards, the parent company is obliged to obtain an "Annual Certificate ", according to the provisions of article 82, § 5, of N.2238/1994 and related legislation and the newer art. 65a L 4174/2013, in order to obtain the tax compliance report issued by its statutory auditors. The same procedure is applicable to the Greek subsidiaries. The remaining domestic Group companies (Note 4.7.27) 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 31.12.2014 are the following:

S/N	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	G. Gennimata 62, Crete
7.	Ioannina	D. Hatzi 45, Ioannina

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 2014 and 2013 as well as the remuneration received (salary and social security contributions):

<u>Employees (average numbers)</u>												
<u>Amounts in € thousand</u>	<u>GROUP</u>						<u>COMPANY</u>					
	<u>Persons</u>		<u>Total salary</u>		<u>Social security charges</u>		<u>Persons</u>		<u>Total salary</u>		<u>Social security charges</u>	
<u>Years</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total	215	215	6.562	6.588	1.631	1.752	209	205	6.455	6.435	1.603	1.710

2.2 SIGNIFICANT FACTS DURING YEAR 2014 AND THEIR IMPACT ON THE FINANCIAL STATEMENTS

Significant facts that took place during the period from 1st January to 31st December 2014 are the following:

On 30/12/2014 the extraordinary General Assembly, with regard to par.12 and 13 of the art. 72, L. 4172/2013, decided the capitalisation of tax exempted reserves of 64.565,30 through the increase of the nominal value of the share by 0,01 €, that is from 1,60 € to 1,61 €.

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

The year ended at 31.12.2014 was a year of stabilisation of the Greek economy after a 5 years deep recession. However, due to the political instability over the last months of the year, the trade activity was significantly slowed down.

The political situation after the election of January 2015, allows a cautious optimism taking into account the decisions taken with regard to the country's future perspectives and Europe's as well. Among the positive expectations is the finalisation of the new financing terms that should take place up to the end of the first quarter of the year. This will allow companies to achieve a fine-tuning of their development and risk strategies.

The Group's management by closely monitoring these developments continues its strategy to the same routes which have led to the successful management of continuing crisis, by adjusting its strategy to the new economic environment.

Financial management aims are:

- ❑ Strengthening cash position and working capital of the group with the aim of improving the efficiency of capital.
- ❑ Broadening of the suppliers' credit lines with the use of financial instruments.
- ❑ Forecast and continuous assessment of future investment and operational needs.
- ❑ Management of the short term borrowings with the aim to be fully aligned with the commercial year end goals.
- ❑ Preparation of contingency plans

Commercial management aims are:

- ❑ Trade operations as technology providers of solutions and services to the business environment.
- ❑ Participation in major IT projects in the public and private sector in order to exploit opportunities while taking manageable risks.
- ❑ Development of resellers' network/Business centers, for mobile telecommunications towards small and medium enterprises
- ❑ Expansion of integrated solution services to Cyprus, Albania, Malta and Serbia as well as exploitation of the cooperation with British Telecom and its global partner network

With regard to the first aim, that is, "**technology providers**", the company continues to aim to the achievement of the commercial goals set out mainly for the private sector, to reach the 80-90% of the annual turnover. The four major revenue streams are the network solutions, the integrated telecommunications services the information technology and systems and the systems for surveillance of infrastructures.

Furthermore, the company continues to invest to the development of software tools for the platforms SPACE HELLAS, Pulse and SPACE HELLAS Guardian™. Compliant to this end, is also the participation of the company to the NSRF funding scheme ICT4Growth, of a total budget 0,5 million € for the development of a security software

platform, which is in the implementation stage to present. Moreover, with the participation in EU funded research projects (FP-7, Horizon 2020), as well as the European Space Agency and the General Secretariat for Research & Technology, SPACE HELLAS managed to be on the edge of technology worldwide and to plan its medium-long term steps.

At the same time, the company continues to invest in knowhow and to extend the collaboration with all the key technology providers such as Cisco, Microsoft, HP, Lenovo, Dell, Samsung, LG, Plantronics, Checkpoint, Fortinet, Symantec, VMware, EMC, NetApp, Hikvision, Bosch e.t.c. For many of the above-mentioned providers, the company has received the status of Gold Certified Partner. The company employs personnel with more than 300 certifications, thus creating a significant competitive advantage in the design and implementation in the field of ICT solutions.

AS reward to the successful course for the year 2014, the company was awarded twice by Cisco in the Cisco Partner Summit 2014 as "Enterprise Partner of the Year" and "Architectural Excellence Borderless Networks Partner of the Year", for the region of Greece, Cyprus and Malta. For 2015, the emphasis will be put to the development of hybrid cloud solutions, in collaboration with Cisco, Dell, Microsoft, British Telecom and other international manufacturers.

The Company focuses its efforts towards a demanding a healthy clientele, aiming mainly at the middle/top market segment. In 2014, having implemented a significant number of projects for clients such as Piraeus Bank, National Bank, Alpha Bank, OTE, HOL, WIND, FORTHNET, OPAP, Med Nautilus, AIA, PPC, IPTO (ADMIE), HEDNO, Hellenic Petroleum, e.t.c, the company closely monitors its clients' needs and has already submitted offers and is preparing to participate in public bids planned for year 2015.

With regard to the second aim, that is, "major IT projects" for the public sector, the following should be noted:

Ongoing Projects

- ❑ Electronic Identification Services, e-TAP (AFIS) for the Greek Police, of € 7,4 millions plus VAT.
- ❑ National Observatory for Electromagnetic Fields, of € 4,2 millions.
- ❑ eCrime, - electronic crime protection services, of € 2,5 millions.
- ❑ Security systems for electronic ticketing and access to sports facilities of GSP Cyprus, of € 1,4 millions
- ❑ Provision of meteorological service for the Ministry of Agriculture of Cyprus
- ❑ Maintenance contract NVIS project, for the Foreign Ministry for the automation of issuance of Visas at 135 embassies and consulates in our country and abroad as well.
- ❑ Contract for system maintenance for the Hellenic Cadastre
- ❑ The project for the Implementation of Security systems and access to sport facilities, regarding the control of access to sports facilities, card member's management and ticketing is in the final stages.
- ❑ 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
- ❑ Municipality of Xilokastro – Integrated Care System - Telecare
- ❑ Municipality of Anogeia- Development and dissemination of cultural content through digital museum.
- ❑ Municipality of Kissamos – Multichannel Social and healthcare System.

Starting phase Projects (pending sign off)

- ❑ Municipality of Ermionida - – Systems for digital services of Social and care
- ❑ Municipality of Sitia - Development and dissemination of cultural content through digital museum at Zacros.

New Projects

With regard to the participation in Calls for proposals and bids for new projects the company has submitted proposals in public bids for several projects, in particular within the Digital Convergence Sectoral operational programme of NSRF, where funding is deemed to be secured for EU Funds. New projects are:

- ❑ Ministry of Foreign Affairs – Upgrade of electronic Services towards citizens and enterprises.
- ❑ Operational Information System for Greek Police – Traffic Directorate
- ❑ Monetary Museum - Digital archiving
- ❑ Municipality of Ierapetra – Digital Museum
- ❑ Municipality of Anogeia - Digital Museum
- ❑ SYZEXIS II, subproject 3: Infrastructures for security/telephony/teleconference/wiring
- ❑ SYZEXIS II, subproject 4: SYZEXIS II, – Central infrastructure for network connections (SIX) and infrastructures for data centers.
- ❑ SYZEXIS II, subproject 5: Central services ISP & SLA
- ❑ Hellenic Coast Guard – Design and development of single naval telecommunication port
- ❑ Development of infrastructure for storage and data security for the "National Cadastre and Mapping Agency SA"
- ❑ Tzaneio Hospital, public bid- " Model hospital with the use of advanced technologies"
- ❑ Ministry of Education (as subcontractor within a consortium) - Supply and installation of interactive systems

- ❑ Municipality of Ierapetra, Development and dissemination of cultural content through digital museum.
- ❑ Municipality of Milopotamos, - Digital social care services

A special mention should be made to the preparation for the participation of project parts within the project framework "SYZEFXIS II". This projects aims at the development and updating of Public Sector's telecom infrastructure with total budget of € 628 million.

Resellers' network for mobile telecommunications

With regard to "Resellers' network for mobile telecommunications", this activity is on progress aiming mainly at the provision of corporate solutions. The effort, started in early 2013, in collaboration with Vodafone continued in 2014 showing initial positive results and is expected to grow further in 2015.

Finally the company continues to seek and promote telecom solutions of global connectivity to multinational customers, through the cooperation with **British Telecom** for both Greece and Cyprus, Malta, Serbia and other Balkan countries as well. This multi-level international connection and the several points of contact with all the important ICT providers in these countries, managed though the company's five telecommunication nodes in these countries, gives a significant advantage for the provision of reliable and competitive ICT solutions, satisfying even the most demanding SLAs.

The Company, continues to invest and renew its credentials at the highest level (Gold partner) with the Major network technology manufactures such as Cisco, Checkpoint, HP, Fortinet, Microsoft, NetApp and Symantec while enforces its collaboration with Bosch, EMC, Dell, Lenovo, LG, VMware and Samsung.

The company is going through a period of growth and improvement of all its basic performance indicators. Having focused to a healthy customer base of the private sector, the company is able to successfully fulfill a vast range of customer needs, through the investment in knowhow and technology, the excellent provision of installation and support services at a national level and internationally as well. At the same time, the company participates in selected public sector bids of secure financing, and for technical fields where the company possesses significant experience that ensures the successful completion of the project.

The prospects for growth for the subsidiaries in Cyprus, Malta, and Serbia are positive and will enforce the company's profile internationally.

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 believing 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 2014 in € thousand	USD	3%	-170
		-3%	170
Amounts of year 2013 in € thousand	USD	2,5%	-140
		-2,5%	140

□ 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 2014 in € thousand	EURO	1%	-180
		-1%	180
Amounts of year 2013 in € thousand	EURO	1%	-150
		-1%	150

□ Credit Risk

Credit risk lies in the cash, bank deposits, financial instruments as well as exposure to trade risk. Trade accounts receivable consist mainly of a large, widespread customer base where the predominant position is held by Banking and Public sectors and big private companies as well. Each client's credit exposure is monitored by an independent entity, taking into account the client's financial position, the amount of previous transactions and other factors and tests the credit limits granted to the client. The Group's Financial Management Department monitors the financial position of their debtors on an ongoing basis. 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.

Although the adverse economic environment, as result of the economic crisis, has increased the credit risk, the Group's management, has set appropriate procedures based on its customers base to mitigate credit risk. With regard to the exposure of the Company to the risk of not collecting its trade receivables from the public sector, this risk has been significantly reduced as the amounts at risk have been reduced. Furthermore, current amendments in the tax legislation have allowed the compensation of tax and other fiscal liabilities with public sector receivables.

Appropriate provision for impairment losses is made for specific credit risks. 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 for the years 2014 and 2013 respectively.

Group								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2014	2013	2014	2013	2014	2013	2014	2013
Borrowings	18.932	20.056	10.582	11.316	3.276	4.582	5.074	4.158
Trade and other payables	11.821	10.461	11.808	10.453	-	-	13	8

Company								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2014	2013	2014	2013	2014	2013	2014	2013
Borrowings	18.932	19.644	10.582	11.251	3.276	4.300	5.074	4.093
Trade and other payables	11.493	10.240	11.463	10.033	17	199	13	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	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Short term Borrowings	10.582	11.316	10.582	11.251
Long term Borrowings	8.350	8.740	8.350	8.393
Less: cash and cash equivalents	-3.833	-802	-3.516	-533
Net Debt	15.099	19.254	15.416	19.111
Equity	13.634	12.942	13.612	11.213
Total capital employed	28.733	32.196	29.028	30.324
Gearing ratio	52.55%	59.80%	53.11%	63.02%

The decrease of borrowing combined with the significant increase of cash have led to a decrease of the net debt for € 4,2 millions. At the same time, there is an increase in equity form € 12,9 millions to € 13,6 millions. The combined effect is the decrease of the gearing ratio for 59,80% to 52,55%.

2.5 STATEMENT OF CORPORATE GOVERNANCE

1. Corporate Governance Code Applied

The corporate governance code is drawn up in compliance with current legislation, and in particular with 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:

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.

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

Chapter C' – Minority interest

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

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.

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 nine members, six (6) of which are executive members, two (2) of which are independent non-executive members and one (1) is non-executive member. 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 Spiridon	President, executive member
Drosinos Paraskevas	CEO, executive member
Mertzanis Ioannis	A' Vice President, executive member
Mpellos Christos	B' Vice President, non executive member
Lagogiannis Georgios	Executive member
Doulaveris Ioannis	Executive member
Mpellos Panagiotis	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 A' Vice President-executive member and to the 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 3016/2002, 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 Audit 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 Department is supervised by the Audit Committee consisting of two (2) non-executive directors (of which one is independent non executive member) 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.

Shareholders' General Meeting

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.

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.

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.

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 through 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.

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.

General Meeting's minutes:

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.

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.

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.

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. Composition and Regulation of the Board of Directors and Other Corporate Bodies

Board of Directors - Obligations 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 required quorum and convenes validly when the present or represented members 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.

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 of which six (6) are executive members, two (2) are independent non-executive members and one (1) is non-executive member. 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.

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.

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.

Vice President of the Board of Directors:

According to the association, the Board by decides and elects one or more Vice Presidents. The company has one executive Vice Presidents and one non executive Vice President. The executive Vice President of the Board acts within the powers conferred by virtue of the Boards' decisions. The non executive Vice President participates in all meetings and is responsible for the promotion of corporate issues in accordance with the provisions of Law 3016/2002 and the Association.

Executive Vice President of the Board of Directors:

The executive Vice Presidents of the Board of directors cooperates with the President and the CEO for the daily administration of company. It handles the commercial policy of company.

Place in the hierarchy

The Executive Vice-president is reported to the President of the Board and to the Board of company.

Main Responsibilities

1. Ensures the preparation before the beginning of the financial year of the company's budget and monitor the revisions of it.
2. Ensures the preparation of annual reports within three months from the end of the financial year..
3. 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.
4. Coordinates and directs the actions of the marketing department in terms of marketing policy of products and services.
5. Collaborates with other management staff on organizational issues.
6. Participates in regular meetings with:
7. Other departments, foreign firms, Customers, Suppliers.
8. 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.
9. Implements the decisions of the Board.

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. Co-decides in recruitment.
 9. Co-decides and approve the general operating expenses of the company.
- Coordinates and directs the actions of the marketing department in terms of marketing policy of products and services.
10. Co-decides in the formulation of pricing and discount policy.
 11. Take decisions and set priorities particularly on investment, financing, pricing and products.
 12. Directs the activities of the staff, particularly in the commercial department.
 13. Participates in regular meetings with:
 - The President, the Board, banks, subsidiaries,
- The CEO reports to the Board of the company.

Independent 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.

Remuneration 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.

Obligations of members 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.

3. Main Features of the Company's Internal Control Systems and Risk Management, with focus on the processes for the preparation of the financial statements:

Internal 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 through 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.

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.

Supervision of Internal Audit Division / Audit Committee:

The Audit Committee consists of two (2) non-executive members (of which one is independent non executive member) 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.

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

The long presence in the ICT, software and security sector along with the strategic partnerships of SPACE HELLAS with the major worldwide manufactures, provide the company the ability to design and implement wide scale projects. The company, preserves its leadership in the market by investing continuously in human resource and infrastructures. Within this context, the company has obtained significant awards and accreditations from internationally recognized organisations

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
- Quality Assurance EN ISO 9001:2008 2013 - 2016

Furthermore, , the company received the certification ISO/IEC 27001:2013 "Information Security Management Systems (ISMS)" at corporate level, for all of its commercial activities, all the branches in Greece, the subsidiary in Cyprus and the sub-subsidiaries in Malta, Serbia and Romania.

The certifications for the Information Security Management Systems (ISMS) are received as follows:

- ISO/IEC 27001:2005 2009 - 2011
- ISO/IEC 27001:2005 2012 – 2014
- ISO/IEC 27001:2013 2015 - 2018

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 27001:2013, ADAE, Business Continuity Management, PCI DSS Standard, Bank of Greece requirements, SOX.

2.7 CORPORATE SOCIAL RESPONSIBILITY

The Group operates in a constantly changing global environment and faces daily challenges concerning both the profitability and the existence as an integral part of the social and economic mainstream. Sensitive and in the spirit of Corporate Social Responsibility operates responsibly towards people, society and the environment, undertaking voluntary commitments which go beyond common regulatory and contractual requirements are met anyway.

Closely connected with the philosophy of the Group is active care for humans both business and social level. Future-oriented, embraces diversity and supports in every way a sense of fairness. At each step of the way of recognizing the contribution of all employees with continuous and determined commitment, provide a safe work environment where solidarity and respect prevails. The high level of technological infrastructure that offers its partners, contributes to utilize every employee the full potential and talents, while providing the Group's important work. Education, as an integral part of the Group's philosophy, an ongoing priority.

As part of the social environment, the Group recognizes the vital role in society and contributes to the overall perspective of development. Responding sensitively to the needs, through aid charities and voluntary organizations, promotes culture and the value of man. Social responsibility is part of the corporate culture of the Group and help tackle social problems. Our people will contribute to any voluntary action, responding in cases requiring immediate assistance and solidarity.

Always a pioneer and with great sensitivity, the Group combines its development with environmental protection, paying daily efforts to reduce the environmental impact of its activities. Aligning financial sustainability and optimum efficiency of infrastructure, the social and moral responsibilities arising from the need to reduce energy and environmental footprint on the natural environment, the Group applies the principles of Green IT, both in the information systems and in its technological infrastructure as well.

The Group has adhered to the Approved Collective Alternative Management System Waste Electrical and Electronic Equipment. The Group is involved in Packaging Collective Alternative Management System, organized by the Greek Recovery Recycling Corporation (EUPM) concerning the alternative management of packaging waste. Applies paper recycling programs, portable batteries (batteries), ink cartridges and toner. Finally, the supply of electronic products only from manufacturers certified by Community RoHS compliant (Registration of Hazardous Substances), so the packaging is free of dangerous substances and heavy metals.

2.8 IMPORTANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The sales to and purchases from related parties, during 2014, 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 2014 and 2013 respectively.

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
	2014	2013	2014	2013	2014	2013	2014	2013
Company								
SPACE HELLAS (CYPRUS) LTD	1.500	29	0	0	441	0	0	10
SPACE HELLAS (MALTA) LTD	2	24	0	0	2	1	0	0
SPACE HELLAS D.o.o. BEORGRAD	3	34	0	0	3	1	0	0
METROLOGY HELLAS SA	12	14	20	0	25	80	4	0
Subsidiaries	1.517	101	20	0	471	82	4	10
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	319	273	0	0	184	256	11	11
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	2	2	1	1	0	8	1.476	1.474
Joint Ventures	321	275	1	1	184	264	1.487	1.485
MOBICS L.T.D.	2	0	0	0	0	0	0	0
SPACE CONSULTING S.A.	4	5	250	60	10	836	28	0
Associates	6	5	250	60	10	836	28	0
Total Company	1.844	381	271	61	665	1.182	1.519	1.495

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
	2014	2013	2014	2013	2014	2013	2014	2013
Group								
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	319	273	0	0	184	256	11	11
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	2	2	1	1	0	8	1.476	1.474
Joint Ventures	321	275	1	1	184	264	1.487	1.485
MOBICS L.T.D.	2	0	0	0	0	0	0	0
SPACE CONSULTING S.A.	4	5	250	60	10	836	28	0
Associates	6	5	250	60	10	836	28	0

Total Group	327	280	251	61	194	1.100	1.515	1.485
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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	<u>Group</u>		<u>Company</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Salaries and other employee benefits	1.379	1.489	1.379	1.489
Receivables from executives and members of the Board	11	0	11	0
Payables to executives and member of the Board	40	8	40	8

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	<u>Group</u>		<u>Company</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Guarantees to third parties on behalf of subsidiaries and joint ventures	1.924	1.858	1.924	1.858
Used guarantees to third parties on behalf of subsidiaries	0	0	0	0
Bank guarantee letters	1.924	1.858	1.924	1.858

2.9 SIGNIFICANT POST-BALANCE SHEET EVENTS:

There are no post balance sheet events, concerning the company or the Group, that according to IFRS need to be mentioned.

2.10 EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TOWARDS THE SHAREHOLDERS' ORDINARY 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.*

The Share capital amounts to 10.395.013,30 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,61 € 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 31.12.2014 the following shareholders held more than 5% of the total voting rights of the Company:

Name and Surname	Percentage
Dimitrios Manolopoulos	31,086%
ALPHA BANK S.A.	14,950%
Mpellos Panagiotis	17,611%

Drosinos Paraskevas	15,026%
---------------------	---------

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.*

According to the company's statute and the art. 13, par.1 of L 2190/1920, the Board of Directors has the right to increase the share capital. This right can be exercised in the strict time limit of the first five years from the establishment of the company. Therefore, this right is not anymore exercisable.

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 a public offer.

Agia Paraskevi, 02 March 2015

The President of Board

S. MANOLOPOULOS

The Board of Directors

3 INDEPENDENT AUDITOR'S REPORT

PKF Euroauditing S.A.
Certified Public Accountants



Audit Tax &
Business advisory

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 2014 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, 2014, 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.

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Ioannina | 1 Dagli str. | 454 44 | Greece | Tel +30 26510 21899 | Fax +30 26510 21813
Heraclio Crete | 7 D. Bofor str. | 712 02 | Greece | Tel/Fax +30 2810 229383
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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.

PKF EUROAUDITING S.A.
Certified Public Accountants

Athens, 03 March 2015

PANNELL KERR FORSTER
124 Kifissias Avenue, 115 26 Athens
S.O.E.L. Reg. No. 132

DIMOS N. PITELIS
Certified Public Accountant
S.O.E.L. Reg. No. 14481



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4 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st JANUARY 2014 TO 31st DECEMBER 2014

4.1 TOTAL COMPREHENSIVE INCOME STATEMENT

Amounts in € thousand	NOTES	GROUP		COMPANY	
		01.01- 31.12.2014	01.01- 31.12.2013	01.01- 31.12.2014	01.01- 31.12.2013
Revenue	4.7.1	43.129	41.019	40.928	38.754
Cost of sales		-30.721	-27.749	-29.074	-26.458
Gross profit		12.408	13.270	11.854	12.296
Other income	4.7.2	1.001	1.958	952	2.003
Administrative expenses	4.7.3	-5.098	-5.264	-4.971	-4.989
Research and development cost	4.7.3	-310	-477	-310	-477
Selling and marketing expenses	4.7.3	-3.961	-4.628	-3.883	-4.579
Other expenses	4.7.4	-1.136	-1.804	-716	-1.737
Earnings before taxes, investing and financial results		2.904	3.055	2.926	2.517
Interest & other similar income		353	427	351	424
Interest and other financial expenses		-2.423	-2.869	-2.396	-2.836
Profit/(loss) from revaluation of investments in subsidiaries - associated companies		-418	76	1.082	56
Profit/(loss) before taxes		416	689	1.963	161
Less: Taxes	4.7.5	333	-658	481	-520
Profit after taxes (A)		749	31	2.444	-359
- Company Shareholders		765	51	-	-
- Minority Interests in subsidiaries		-16	-20	-	-
Other comprehensive income after taxes					
Items that might be recycled subsequently					
Currency exchange differences from consolidation of subsidiaries		-12	-1	0	0
Total Items that might be recycled subsequently		-12	-1	0	0
Items that will not be recycled subsequently					
Actuarial losses due to accounting policy change (IAS19)		-41	-14	-41	-18
Actuarial loss taxes		11	4	11	5
Total Items that will not be recycled subsequently		-30	-10	-30	-13
Other comprehensive income after taxes (B)		-42	-11	-30	-13
Total comprehensive income after taxes (A) + (B)		707	20	2.414	-372
- Company Shareholders		723	40	-	-
- Minority Interests in subsidiaries		-16	-20	-	-
Earnings per share - basic (in €)		0,1160	0,0048	0,3785	-0,0556
SUMMARY OF INCOME STATEMENT					
Profit before interest, taxes, depreciation and amortization (EBITDA)		4.051	4.035	4.066	3.493
Less depreciation		1.147	980	1.140	976
Profit before interest and taxes, (EBIT)		2.904	3.055	2.926	2.517
Profit before taxes		416	689	1.963	161
Profit after taxes		749	31	2.444	-359
Other comprehensive income after taxes		-42	-11	-30	-13
Total comprehensive income after taxes		707	20	2.414	-372

Note

Current year

- The amount of €-42 thousand charged, net of taxes, directly to the equity, comprises the net amount of € -30 thousand of actuarial results and € -12 thousand, currency exchange differences,

Previous year

- The amount € -11 thousand, that was charged directly to the Equity concerns the net amount of € -10 thousand of actuarial results and currency exchange differences from the consolidation of a sub-subsidiary for the amount of € -1 thousand.,

4.2 FINANCIAL POSITION STATEMENT

<u>Amounts in € thousand</u>	<u>Note</u>	<u>GROUP</u>		<u>COMPANY</u>	
		<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
<u>ASSETS</u>					
<u>Non-current assets</u>					
Property, plant & equipment	4.7.7	16.158	16.429	16.106	16.373
Investment properties	4.7.9	505	1.505	0	0
Goodwill	4.7.10	1.288	1.288	1.255	1.255
Intangible assets	4.7.8	1.975	2.058	1.967	2.058
Investments in subsidiaries	4.7.12	0	0	625	505
Investments in associates	4.7.12	149	358	166	557
Other long term receivables		44	50	44	50
Deffered tax assets		137	0	0	0
Total Non-current assets		20.256	21.688	20.163	20.798
<u>Current assets</u>					
Inventories	4.7.13	3.898	2.916	3.898	2.916
Trade debtors	4.7.14	12.226	15.325	11.765	14.541
Other debtors	4.7.15	3.678	3.523	4.289	3.367
Financial assets		13	13	13	13
Advanced payments	4.7.16	1.631	602	1.541	496
Cash and cash equivalents	4.7.17	3.833	802	3.516	533
Total Current assets		25.279	23.181	25.022	21.866
TOTAL ASSETS		<u>45.535</u>	<u>44.869</u>	<u>45.185</u>	<u>42.664</u>
<u>EQUITY AND LIABILITIES</u>					
<u>Equity attributable to equity holders of the parent</u>					
Share Capital	4.7.18	10.395	10.330	10.395	10.330
Share premium	4.7.18	53	53	53	53
Fair value reserves		3.840	3.840	3.840	3.840
Other Reserves		993	1.085	2.532	1.112
Retained earnings		-1.668	-2.334	-3.208	-4.122
Equity attributable to equity holders of the parent		13.613	12.974	13.612	11.213
Minority interests		21	-32	-	-
Total equity		13.634	12.942	13.612	11.213
<u>Non-current liabilities</u>					
Other non-current liabilities	4.7.20	13	8	30	207
Long term loans	4.7.19	8.350	8.740	8.350	8.393
Provisions	4.7.25	122	122	122	122
Retirement benefit obligations	4.7.22	660	600	660	587
Deferred income tax liability	4.7.23	366	688	366	858
Total Non-current liabilities		9.511	10.158	9.528	10.167
<u>Current liabilities</u>					
Trade and other payables	4.7.24	10.316	8.942	10.108	8.664
Income tax payable		1.492	1.511	1.355	1.369
Short-term borrowings		10.582	11.316	10.582	11.251
Total Current liabilities		22.390	21.769	22.045	21.284
Total Equity and Liabilities		<u>45.535</u>	<u>44.869</u>	<u>45.185</u>	<u>42.664</u>

4.3 STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Company's Equity:

<u>Amounts in € thousand</u>	Share Capital	Share premium	Fair value reserves	Stock option plan reserves	Treasury shares	Other Reserves*	Retained earnings*
Changes in the Shareholders equity for the year 2013 (01/01-31/12/2013)							
Balance at 1 January 2013 as previously reported	10.330	53	1.334	0	671	-698	11.690
Profit for the year	0	0	0	0	0	-359	-359
Share Capital increase/ (decrease)	0	0	0	0	0	0	0
Dividends distributed (profits)	0	0	0	0	0	0	0
Net income recognized directly in equity	0	0	0	0	0	0	0
Subsidiary absorption	0	0	2.506	0	441	-3.052	-105
Treasury shares purchased	0	0	0	0	0	0	0
Actuarial loss	0	0	0	0	0	-18	-18
Actuarial loss tax	0	0	0	0	0	5	5
Balance at 31 December 2013 (IFRS)	10.330	53	3.840	0	1.112	-4.122	11.213
Changes in the Shareholders equity for the year 2014 (01/01-31/12/2014)							
Balance at 1 January 2014 as previously reported	10.330	53	3.840	0	1.112	-4.122	11.213
Profit for the year	0	0	0	0	0	2.444	2.444
Share Capital increase/ (decrease)	65	0	0	0	-65	0	0
Taxes from capitalisation of reserves of L 4172/2013, art.72	0	0	0	0	-15	0	-15
Dividends distributed (profits)	0	0	0	0	0	0	0
Other reserves	0	0	0	0	1.500	-1.500	0
Net income recognized directly in equity	0	0	0	0	0	0	0
Treasury shares purchased	0	0	0	0	0	0	0
Actuarial loss	0	0	0	0	0	-41	-41
Actuarial loss tax	0	0	0	0	0	11	11
Balance at 31 December 2014 (IFRS)	10.395	53	3.840	0	2.532	-3.208	13.612

Notes:

Current year

- The amount of €-30 thousand charged, net of taxes, directly to the equity, concerns actuarial results
- The amount of € 1.500 thousand disclosed in the Other Reserves concerns dividends received from the subsidiary SPACE HELLAS CYPRUS Ltd, that after their inclusion to the years' results, the dividends formed a special reserve due to their exemption from taxes according to art. 14, L 3843 and the POL 1007/2014 as well.
- On 30.12.2014, in compliance with L 4172/2013, the extraordinary General Assembly decided the increase of the share capital through the capitalisation of tax exempted reserves for the amount of 64.565,30, increasing the nominal value of the share by € 0,01,

Previous year

- At 31.10.2013 following the Decision K2-6588 of the Ministry of Development, the merger by absorption with SPACE TECHNICAL CONSTRUCTION BUILDING S.A was approved. This event is disclosed in the above statement.
- The amount of € -13 thousand charged directly to the Equity concerns actuarial loss disclosed in the other comprehensive income of year 2013

Statement of Changes in Group's Equity:

<u>Amounts in € thousand</u>	Share Capital	Share premium	Fair value reserves	Treasury shares	Other Reserves	Accumulated profit / (loss)	Total	Non controlling interests	Total net Equity
Changes in the Shareholders equity for the year 2013 (01/01-31/12/2013)									
Balance at 1 January 2013 as previously reported	10.330	53	1.334	0	642	574	12.933	-12	12.921
Profit for the year	0	0	0	0	0	51	51	-20	31
Share Capital increase/ (decrease)	0	0	0	0	0	0	0	0	0
Dividends distributed (profits)	0	0	0	0	0	0	0	0	0
Net income recognized directly in equity	0	0	0	0	2	-3	-1	1	0
Treasury shares purchased	0	0	0	0	0	0	0	0	0
Non controlling interests	0	0	0	0	0	0	0	0	0
Reclassification due to subsidiary absorption	0	0	2.506	0	441	-2.947	0	0	0
Actuarial loss	0	0	0	0	0	-14	-14	0	-14
Actuarial loss tax	0	0	0	0	0	4	4	0	4
Balance at 31 December 2013 (IFRS)	10.330	53	3.840	0	1.085	-2.334	12.974	-32	12.942
Changes in the Shareholders equity for the year 2014 (01/01-31/12/2014)									
Balance at 1 January 2014 as previously reported	10.330	53	3.840	0	1.085	-2.334	12.974	-32	12.942
Profit for the year	0	0	0	0	0	765	765	-16	749
Share Capital increase/ (decrease)	65	0	0	0	-65	0	0	0	0
Taxes from capitalisation of reserves of L 4172/2013, art.72	0	0	0	0	-15	0	-15	0	-15
Dividends distributed (profits)	0	0	0	0	0	0	0	0	0
Net income recognized directly in equity	0	0	0	0	-12	0	-12	0	-12
Treasury shares purchased	0	0	0	0	0	0	0	0	0
Non controlling interests	0	0	0	0	0	-69	-69	69	0
Actuarial loss	0	0	0	0	0	-41	-41	0	-41
Actuarial loss tax	0	0	0	0	0	11	11	0	11
Balance at 31 December 2014 (IFRS)	10.395	53	3.840	0	993	-1.668	13.613	21	13.634

Notes:

Current year

- The amount of €-12 thousand charged, net of taxes, directly to the equity, concerns currency exchange differences from the subsidiaries
- The amount of €-30 thousand charged, net of taxes, directly to the equity, concerns actuarial results
- On 30.12.2014, in compliance with L 4172/2013, the extraordinary General Assembly decided the increase of the share capital through the capitalisation of tax exempted reserves for the amount of 64.565,30, increasing the nominal value of the share by € 0,01€.
- The amount of € -69 thousand charged, net of taxes, directly to the equity, concerns non controlling interests following increase of participation in the subsidiary METROLOGY HELLAS SA

Previews year

- At 31.10.2013 following the Decision K2-6588 of the Ministry of Development, the merger by absorption with SPACE TECHNICAL CONSTRUCTION BUILDING S.A. was approved. Following this event a reclassification is made in the above statement.
- The amount of €-11 thousand charged, net of taxes, directly to the equity, comprises the net amount of € -10 thousand of actuarial results and € -1 thousand, currency exchange differences.

4.4 CASH FLOW STATEMENT

Amounts in € thousand	GROUP		COMPANY	
	01.01- 31.12.2014	01.01- 31.12.2013	01.01- 31.12.2014	01.01- 31.12.2013
<u>Cash flows from operating activities</u>				
Profit/(Loss) Before Taxes	416	689	1.963	161
Adjustments for:				
Depreciation & amortization	1.147	980	1.140	976
Provisions	106	155	106	152
Foreign exchange differences	-83	66	-86	59
Net (profit)/Loss from investing activities	496	-208	-1.387	-353
Interest and other financial expenses	2.424	2.751	2.396	2.717
Plus or minus for Working Capital changes:				
Decrease/(increase) in Inventories	-982	-110	-982	-110
Decrease/(increase) in Receivables	1.773	2.245	1.135	2.728
(Decrease)/increase in Payables (excluding banks)	1.230	-3.264	1.434	-3.262
Less:				
Interest and other financial expenses paid	-2.350	-2.751	-2.321	-2.717
Taxes paid	-137	-286	-15	-225
Total cash inflow/(outflow) from operating activities (a)	4.040	267	3.383	126
<u>Cash flow from Investing Activities</u>				
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	-1	-120	-45
Purchase of tangible and intangible assets	-886	-1.170	-877	-1.047
Proceeds from sale of tangible and intangible assets	647	12	48	12
Interest received	353	343	351	339
Dividends received	0	0	909	0
Total cash inflow/(outflow) from investing activities (b)	114	-816	311	-741
<u>Cash flow from Financing Activities</u>				
Proceeds of share capital of subsidiary	0	0	0	0
Proceeds from Borrowings	3.310	1.116	3.310	1.116
Payments of Borrowings	-4.433	-3.814	-4.021	-3.749
Total cash inflow/(outflow) from financing activities (c)	-1.123	-2.698	-711	-2.633
Total cash inflow/(outflow) from financing activities (c)	3.031	-3.247	2.983	-3.248
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	0	0	0	15
Cash and cash equivalents at beginning of year	802	4.049	533	3.766
Cash and cash equivalents at end of year	3.833	802	3.516	533

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 Prefecture of Attiki, 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/Β/86/95, General Electronic Commercial Registry Number (Γ.Ε.ΜΙ) is 375501000 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.
- ❑ Telecommunication services at national and international level
- ❑ IT Applications and Services
- ❑ Enterprise telephony.
- ❑ Mobile and satellite 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, registered in the General Commercial Register (GEMI) with resgistration number 76161/4-7-2013 and published in the Government Gazzette (no. 42777/12-7-2013), the Board of Directors is composed of the following members:

- Spiridon D. Manolopoulos, President of the Board, executive member
- Paraskevas D. Drosinos Chief Executive Officer, executive member
- Ioannis A. Mertzanis A' Vice-president of the Board, and executive member
- Christos P. Mpellos, B' Vicepreseident, indipendent non executive member
- Georgios P. Lagogiannis, executive member.
- Ioannis A. Doulaveris, 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.

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:

<u>Corporate name</u>	<u>Ownership percentage</u>		<u>Consolidation method</u>	<u>Country</u>
	<u>Direct</u>	<u>Indirect</u>		
<u>Amounts in € thousand</u>				
<u>Subsidiaries</u>				
METROLOGY HELLAS S.A.	87,55%		Full consolidation	Greece
SPACE HELLAS (CYPRUS) LTD	100%		Full consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.		99,45%	Full consolidation	Romania
SPACE HELLAS Doo Beograd-Stari Grad		100%	Full consolidation	Serbia
SPACE HELLAS (MALTA) LTD		99,98%	Full consolidation	Malta
<u>Associates & Joint Ventures</u>				
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)–SPACE HELLAS	35%		Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	50%		Equity method	Greece
<u>Other investments</u>				
MOBICS LTD	19,32%		-	Greece

4.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.6.1 GENERAL INFORMATION

The accompanying financial statements of the period from 1st January to 31st December 2014 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 entities at a national and international level. The company's legal address is Mesogion Ave 312, Agia Paraskevi, and Attica, Greece. The URL address is www.space.gr.

The annual financial statements of the company and the Group for the year ended at 31.12.2014 have been approved by the Board of Directors with the decision No 2576/2nd March 2015.

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 2014, have been approved for issue by the Board of Directors on March 2nd, 2015 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, as at December 31, 2014.

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 following new Standards, Revised Standards as well as the following Interpretations to the existing Standards have been publicized and have effect in the financial statements are the following:

IAS 32 (Amendment) "Financial Instruments: Presentation" This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment has no significant effects on the financial position of the Group.

IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets" This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. This amendment has no significant effects on the financial position of the Group.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met. This amendment has no significant effects on the financial position of the Group.

IFRIC 21 "Levies" (effective for annual periods beginning on or after 17 June 2014) This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. This amendment has no significant effects on the financial position of the Group.

Group of standards on consolidation and joint arrangements The International Accounting Standards Board ("IASB") has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). The main provisions are as follows:

IFRS 10 "Consolidated Financial Statements" IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

IFRS 11 "Joint Arrangements" IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control. The Group does not participate in any joint arrangement.

IFRS 12 "Disclosure of Interests in Other Entities" IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28

IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance" The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities" The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.

IAS 27 (Amendment) "Separate Financial Statements" This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and

associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements.

IAS 28 (Amendment) "Investments in Associates and Joint Ventures" IAS 28 "Investments in Associates and Joint Ventures" replaces IAS 28 "Investments in Associates". The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 July 2014) These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment has no significant effects on the financial position of the Group.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015) The amendments set out below describe the key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project.

IFRS 2 "Share-based payment" The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

IFRS 3 "Business combinations" The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 8 "Operating segments" The amendment requires disclosure of the judgements made by management in aggregating operating segments.

IFRS 13 "Fair value measurement" The amendment clarifies that the standard does not remove the ability to measure shortterm receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 "Related party disclosures" The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015) The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project.

IFRS 3 "Business combinations" This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

IFRS 13 "Fair value measurement" The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

IAS 40 "Investment property" The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016) The amendments set out below describe the key changes to four IFRSs. The improvements have not yet been endorsed by the EU.

IFRS 5 "Non-current assets held for sale and discontinued operations" The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

IFRS 7 “Financial instruments: Disclosures” The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, ‘Disclosure – Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by IAS 34.

IAS 19 “Employee benefits” The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

IAS 34 “Interim financial reporting” The amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’

IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016) This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.

IFRS 10 and IAS 28 (Amendments) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (effective for annual periods beginning on or after 1 January 2016) These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments have not yet been endorsed by the EU.

IAS 27 (Amendment) “Separate financial statements” (effective for annual periods beginning on or after 1 January 2016) This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. This amendment has not yet been endorsed by the EU.

IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2017) IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is currently investigating the impact of IFRS 15 on its financial statements. The standard has not yet been endorsed by the EU

IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018) IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. 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 yet been endorsed by the EU.

IFRS 10, IFRS 12 and IAS 28 (Amendments) “Investment entities: Applying the consolidation exception” (effective for annual periods beginning on or after 1 January 2016) These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.

IAS 1 (Amendments) “Disclosure initiative” (effective for annual periods beginning on or after 1 January 2016) These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments have not yet been endorsed by the EU.

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 2013.

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 31.12.2012, 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 computer software both acquired and internally generated as well. The cost of internally generated software comprises the cost of materials and the cost of personnel as well as other costs incurred in order to prepare the asset for the intended use. The criteria used in order to recognise the costs incurred as intangible assets are:

- ☐ Intention of the Group to proceed in the creation of the asset
- ☐ Technical possibility of completion of the asset to make it ready for use or sale.
- ☐ Adequate technical, financial and other resources for the completion of the asset.
- ☐ Group's ability to use or sale the asset.
- ☐ Capability of the maternally generated asset to create future economic benefits for the Group
- ☐ Reliable measurement of the expenditure attributable to the asset during its development.

Depreciation on other assets (except land which is not depreciated) is calculated using the straight-line method over its estimated useful lives

Concessions and industrial property rights are no subject to depreciation because of the difficulty to estimate with accuracy their commercial value.

The useful lives of the assets are 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 (software acquired/internally generated)	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

□ 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.

□ 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.

□ 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.

□ 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 initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all 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 of 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 losses.

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.

By 30/12/2014 Extraordinary General Assembly were decided the capitalization of duty-free reserve funds of previous years of cases referred to the article of 72 N.4172/2013, which amounted to € 80.128,39. The increase was made by increasing the nominal value of shares of the Company, then approximation of increase, in order to show the share value with two decimal places according to the law. The amount that remained to capitalization, net of tax of 19%, and after was taken into consideration its required adaptation for reasons of approximation of nominal value of action in the two decimal digits, amounted in € 64.565,30. Therefore the remaining amount not capitalized because of rounding above, amounted to € 418,14. This amount was transferred to the balance of retained earnings to be taxed under the provisions of Art. 72 N. 4172/2013 and the relevant circulars (in particular Circular 1143/2014, under which the amount is taxed with 26%).

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. On 30/12/2014 the extraordinary General Assembly, with regard to par.12 and 13 of the art. 72, L. 4172/2013, decided the capitalisation of tax exempted reserves of 64.565,30 through the increase of the nominal value of the share by 0,01 €, that is from 1,60 € to 1,61 €. After this, the paid up share capital amount to € 10.395.013,30. All shares are ordinary and nominal. 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 1,61 € 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 GRANTS

Grants are recognized at their fair value when it is probable that the amount of the subsidy will be received and the company has complied or will comply with the terms of the Grant.

State subsidies regarding expenses, are deferred and recognized in the Profit and Loss Statement so as to correspond to the expenses they are designated to indemnify.

4.6.17 FINANCIAL INSTRUMENTS – FAIR VALUE

The financial assets measured at fair value as of the balance sheet date are classified under the following levels, in accordance with the method used for determining their fair value:

Level 1: for assets traded in an active market and whose fair value is determined by the market prices (unadjusted) of similar assets.

Level 2: for assets whose fair value is determined by factors related to market data, either directly (prices) or indirectly (prices derivatives).

Level 3: for assets whose fair value is not determined by observations from the market, but is mainly based on internal estimates

The method used for the fair value measurement considers all possible parameters in order to approximate the fair value and the financial assets are classified at level 3.

During the year, there were no transfers between levels 1 and 2, nor transfers within or outside level 3, for the measurement of the fair value.

The amounts disclosed in the Financial Position Statement with regard to cash, trade receivables, short-term liabilities and short term banking borrowings, approach their corresponding fair values due to their short-term maturity.

4.6.18 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.

4.6.19 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred, in line with IAS 23. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

4.6.20 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.

4.6.21 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.

4.6.22 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 it is 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.

4.6.23 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.

4.6.24 FINANCIAL 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 or 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.

4.6.24.1 Financial instruments

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 transaction currencies are USD and the Euro.

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 2014 in € thousand	USD	3%	-170
		-3%	170
Amounts of year 2013 in € thousand	USD	2,5%	-140
		-2,5%	140

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.

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 2014 in € thousand	EURO	1%	-180
		-1%	180
Amounts of year 2013 in € thousand	EURO	1%	-150
		-1%	150

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 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.

The table below summarizes the maturity profile of financial liabilities for the years 2014 and 2013 respectively.

Group								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2014	2013	2014	2013	2014	2013	2014	2013
Borrowings	18.932	20.056	10.582	11.316	3.276	4.582	5.074	4.158
Trade and other payables	11.821	10.461	11.808	10.453	-	-	13	8

Company								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2014	2013	2014	2013	2014	2013	2014	2013
Borrowings	18.932	19.644	10.582	11.251	3.276	4.300	5.074	4.093
Trade and other payables	11.493	10.240	11.463	10.033	17	199	13	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	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Short term Borrowings	10.582	11.316	10.582	11.251
Long term Borrowings	8.350	8.740	8.350	8.393
Less: cash and cash equivalents	-3.833	-802	-3.516	-533
Net Debt	15.099	19.254	15.416	19.111
Equity	13.634	12.942	13.612	11.213
Total capital employed	28.733	32.196	29.028	30.324
Gearing ratio	52.55%	59.80%	53.11%	63.02%

The decrease of borrowing combined with the significant increase of cash have led to a decrease of the net debt for € 4,2 millions. At the same time, there is an increase in equity form € 12,9 millions to € 13,6 millions. The combined effect is the decrease of the gearing ratio for 59,80% to 52,55%.

□ **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 challenging years to come, efficiently and effectively.

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 (integrator)
- Resellers' network for mobile telecommunications.

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

GROUP												
	Technology Solutions and Services			Integration projects			Mobile telecommunications			Total		
	year			year			year			year		
Amounts in € thousand	2014	2013	VARIATION %	2014	2013	VARIATION %	2014	2013	VARIATION %	2014	2013	VARIATION %
Revenue	34.250	35.730	-4,14%	7.029	2.439	188,19%	1.850	2.850	-35,09%	43.129	41.019	5,14%
Gross profit	9.338	11.440	-18,37%	2.300	780	194,87%	770	1.050	-26,67%	12.408	13.270	-6,50%
EBIT	3.050	3.099	-1,58%	770	380	102,63%	231	556	-58,45%	4.051	4.035	0,40%
Earnings before taxes	-	-	-	-	-	-	-	-	-	416	689	-39,62%
Earnings after taxes	-	-	-	-	-	-	-	-	-	749	31	2316,13%

□ Secondary segment – Geographical segment

The Group's main geographical space is Greece, where the parent company's registered office is located.

The subsidiary company «SPACE HELLAS CYPRUS LTD», has its registered offices in Cyprus and is a parent of subsidiaries «SPACE HELLAS SYSTEM INTEGRATOR SRL» headquartered in Romania, «SPACE HELLAS HELLAS Doo Beograd-Stari Grad based in Serbia and SPACE HELLAS (MALTA) LTD based in Malta, with growing activities, though not significant in relation to the totality of the Group.

4.7.2 OTHER OPERATING INCOME

<u>Amounts in € thousand</u>	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>
Service provision	4	11	4	11
Income from property leases	83	108	95	115
Income from technical equipment leases	224	347	224	347
Government Grants	449	1.192	449	1.190
Other extraordinary income	75	154	24	237
Currency exchange gains	7	5	7	5
Other extraordinary gains	159	86	149	45
Prior year's income	0	55	0	53
Total other operating income	1.001	1.958	952	2.003

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 2013 by 9,64%.

Table of Operating Expenses

<u>Amounts in € thousand</u>	<u>GROUP</u>		<u>VARIATION %</u>	<u>COMPANY</u>		<u>VARIATION %</u>
	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>		<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>	
Payroll expenses	5.585	5.803	-3,76%	5.560	5.734	-3,03%
Third parties' fees and expenses	1.041	1.423	-26,84%	996	1.382	-27,93%
Third parties' utilities and services	896	971	-7,72%	876	869	0,81%
Taxes and dues	228	258	-11,63%	205	232	-11,64%
Sundry expenses	698	1.088	-35,85%	608	1.005	-39,50%
Depreciations	815	671	21,46%	813	671	21,16%
Provisions	106	155	-31,61%	106	152	-30,26%
Total operating expenses	9.369	10.369	-9,64%	9.164	10.045	-8,77%

4.7.4 OTHER OPERATING EXPENSES

<u>amounts in € thousand</u>	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>
Extraordinary expenses	444	120	442	121
Loss from currency exchange	75	152	63	104
Provisions for receivables of doubtful collection	161	1.512	158	1.512
Extraordinary losses	456	0	53	0
Prior year's expenses	0	20	0	0
Total other operating expenses	1.136	1.804	716	1.737

The amount of € 456 thousand of extraordinary loss, includes the loss of € 401 thousand that resulted from the sale of property of the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. in Romania.

4.7.5 FINANCIAL RESULTS

Table of financial results

<u>amounts in € thousand</u>	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>	<u>01.01-31.12.2014</u>	<u>01.01-31.12.2013</u>
Gain/Loss from affiliated companies	-418	76	-418	56
Dividends	0	0	1.500	0
Total financial results	-418	76	1.082	56

The parent company received dividends from the subsidiary SPACE HELLAS CYPRUS LTD from the distribution of previous year's profits.

4.7.6 INCOME TAX

The income tax expense imputed the results as following:

<u>Income Tax</u>	<u>NOTE</u>	<u>GROUP</u>		<u>COMPANY</u>	
<u>Amounts in € thousand</u>		<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Current Income Tax		-115	-627	0	-489
Deferred tax imputed to results	7.23	448	-31	481	-31
Total income tax charge to income statement (a)		333	-658	481	-520
Deferred tax recognized directly in equity (b)	7.23	11	4	11	5
Total tax (a+b)		344	-654	492	-515

For the year 2011 onwards, the Greek Societe Anonyme and Limited Liability Companies whose annual financial statements are subject to audit, are obliged to obtain an "Annual Certificate", according to the provisions of article 82, § 5, of N.2238/1994, which is issued following a tax audit conducted by the statutory auditor or audit firm that audits the annual financial statements. Upon completion of tax audit, the statutory auditor or audit firm issues

"Tax Compliance Report" and then submits electronically to the Ministry of Finance within ten days of the closing date of approval of the company's balance sheet by the General Assembly. The Treasury Department will select a sample of companies at least 9% for follow up audits executed by the competent supervisory authorities of the Ministry. This follow up audit should be completed within a period not later than eighteen months from the date of the submission of the "Tax Compliance Report" to the Ministry of Finance.

Under the new tax law 4172/2013, the rate of corporate income tax is set at 26% for fiscal year 2014 and after.

<u>Income Tax reconciliation</u>	<u>GROUP</u>		<u>COMPANY</u>	
<u>Amounts in € thousand</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Earnings before taxes	416	689	1.963	161
Tax calculated at the statutory tax rate 26%	108	179	510	42
Expenses not deductible for tax purposes	98	1.059	-275	1.059
Unused recognized tax losses	-1.015	39	-903	0
Permanent tax differences	354	-581	187	-581
Effect of different tax rates in other countries	122	-38	0	0
Deferred tax recognized directly in equity	-11	-4	-11	-5
Total	-344	654	-492	515

4.7.7 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 01.01.2013	8.262	5.384	6.507	215	2.538	22.906
Plus: Additions	0	118	410	7	141	676
Minus: Disposals	0	62	12	2	4	80
Ending balance 31.12.2013	8.262	5.440	6.905	220	2.675	23.502
Depreciation at 01.01.2012	0	1.110	3.144	118	2.010	6.382
Plus: Depreciation expense	0	138	433	9	130	710
Minus: Depreciation of disposed elements	0	32	6	2	-21	19
Ending balance 31.12.2013	0	1.216	3.571	125	2.161	7.073
Net Book Value at 31.12.2013	8.262	4.224	3.334	95	514	16.429
Opening Balance 01.01.2014	8.262	5.440	6.905	221	2.675	23.503
Plus: Additions	0	2	425	31	59	517
Minus: Disposals	0	0	52	80	25	157
Ending balance 31.12.2014	8.262	5.442	7.278	171	2.709	23.863
Depreciation at 01.01.2014	0	1.216	3.571	125	2.161	7.073
Plus: Depreciation expense	0	124	446	9	118	697
Minus: Depreciation of disposed elements	0	0	33	23	9	65
Ending balance 31.12.2014	0	1.340	3.984	111	2.270	7.705
Net Book Value at 31.12.2014	8.262	4.102	3.294	61	439	16.158

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 01.01.2013	3.191	2.578	6.423	142	2.433	14.767
Plus: Additions from merger	5.071	2.793	12	0	8	7.884
Plus: Additions	0	118	371	7	141	637
Minus: Disposals	0	49	12	2	4	67
Ending balance 31.12.2013	8.262	5.440	6.794	147	2.578	23.221
Depreciation at 01.01.2013	0	989	3.082	43	1.911	6.025
Plus: Additions from merger	0	121	9	0	7	137
Plus: Depreciation expense	0	138	429	9	129	705
Minus: Depreciation of disposed elements	0	32	6	2	-21	19
Ending balance 31.12.2013	0	1.216	3.514	50	2.068	6.848
Net Book Value at 31.12.2013	8.262	4.224	3.280	97	510	16.373
Opening Balance 01.01.2014	8.262	5.440	6.794	147	2.578	23.221
Plus: Additions	0	2	425	31	59	516
Minus: Disposals	0	0	52	80	25	157
Ending balance 31.12.2014	8.262	5.442	7.167	98	2.612	23.580
Depreciation at 01.01.2014	0	1.216	3.514	50	2.068	6.848
Plus: Depreciation expense	0	123	441	9	118	691
Minus: Depreciation of disposed elements	0	0	33	23	9	65
Ending balance 31.12.2014	0	1.339	3.922	36	2.177	7.474
Net Book Value at 31.12.2014	8.262	4.103	3.245	62	435	16.106

4.7.8 INTANGIBLE ASSETS

The account refers to the acquisition cost for of trademarks, software acquired/internally generated and other intangible assets. Investments in internally generated intangible assets comprise the development cost of ready to use/sale software completed as part of the activities of the technological solutions sector. 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	Cost Development programmes	Total intangible assets IFRS
Opening balance 01.01.2013	1.912	584	549	3.045
Additions	989	0	0	989
Disposals/Write offs	0	0	549	549
Ending balance 31.12.2013	2.901	584	0	3.485
Depreciation 01.01.2013	1.140	15	0	1.155
Depreciation expense	212	60	0	272
Disposals	0	0	0	0
Depreciation at 31.12.2013	1.352	75	0	1.427
Net Book Value 31.12.2013	1.549	509	0	2.058
Opening balance 01.01.2014	2.901	584	0	3.485
Additions	269	100	0	369
Disposals/Write offs	0	0	0	0
Ending balance 31.12.2014	3.170	684	0	3.854
Depreciation 01.01.2014	1.352	75	0	1.427
Depreciation expense	392	60	0	452
Disposals	0	0	0	0
Depreciation at 31.12.2014	1.744	135	0	1.879
Net Book Value 31.12.2014	1.426	549	0	1.975

Intangible assets of the Company:

Amounts in € thousand	Software	Other intangibles	Cost Development programmes	Total intangible assets IFRS
Opening balance 01.01.2013	1.853	584	549	2.986
Additions	989	0	0	989
Disposals/Write offs	0	0	549	549
Ending balance 31.12.2013	2.842	584	0	3.426
Depreciation 01.01.2013	1.082	15	0	1.097
Depreciation expense	211	60	0	271
Disposals	0	0	0	0
Depreciation at 31.12.2013	1.293	75	0	1.368
Net Book Value 31.12.2013	1.549	509	0	2.058
Opening balance 01.01.2014	2.842	584	0	3.426
Additions	259	100	0	359
Disposals/Write offs	0	0	0	0
Ending balance 31.12.2014	3.101	684	0	3.785
Depreciation 01.01.2014	1.293	75	0	1.368
Depreciation expense	390	60	0	450
Disposals	0	0	0	0
Depreciation at 31.12.2014	1.683	135	0	1.818
Net Book Value 31.12.2014	1.418	549	0	1.967

4.7.9 INVESTMENT PROPERTIES

Amounts in € thousand	Group	
	31.12.2014	31.12.2013
Opening balance 01.01.2014	1.505	1.505
Additions	-	-
Disposals	1.000	-
Ending balance 31.12.2014	505	1.505

The amount of € 1.505 thousand concerns building owned by the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. (indirect participation). 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 € 38 thousand.

During the current period, the subsidiary, in Romania, SPACE HELLAS SYSTEM INTEGRATOR S.R.L., sold a property of a value € 1.000 thousand. The remaining amount of € 505 thousand concerns a leased building for a duration of three years. The rent for the current period amounts to € 18 thousand.

4.7.10 GOODWILL

The Goodwill, amounting to € 1.288 thousand, comprised among the noncurrent assets, resulted from the following operations

- ❑ € 428 thousand from the buyout of the remaining 50% of SPACE PHONE S.A. that took place at 29/6/2007, currently merged by absorption with the parent company
- ❑ € 32 thousand from the buyout of 82,87% of the subsidiary «METROLOGY HELLAS S.A.» that took place at 25/11/2011, and
- ❑ € 828 thousand from the buyout of 100,00% of the subsidiary SPACE TECHNICAL CONSTRUCTION BUILDING S.A., that took place at 25/11/2011.

The goodwill is tested annually and whenever there are indications for impairment. For the impairment test the value in use is determined as well as discount cash flow valuation of the expected cash inflows, using an appropriate discount rate. The goodwill, was tested for impairment and disclosed as part of the company's assets.

4.7.11 LIENS AND PLEDGES

There are no other real liens on non-current assets or property, except, at the Company level, the underwriting, amounting to € 1.200 thousand, on the property situated at 6 Loch. Dedousi St., Cholargos, Athens, and the underwriting amounting to € 4.000 thousand, on the property situated at 302 Ave. Mesogeion, Cholargos, Athens and, at the Group level, the underwriting, amounting to € 7.540 thousand, on the property situated at 312 Ave. Mesogeion, Cholargos, Athens, the underwriting, amounting to € 1.100 thousand, on the property situated at St. Gianniton-I.Kariofylli & Patr. Kyrrilou, Thessaloniki.

4.7.12 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The company's shareholding in subsidiaries, associates and Joint venture as at 31.12.2014, is disclosed at their acquisition cost less provisions for impairment.

<u>Corporate name</u>	<u>Acquisition cost</u>		<u>Ownership percentage</u>		<u>Consolidation method</u>	<u>Country</u>
<u>Amounts in € thousand</u>	<u>31.12.2014</u>	<u>31.12.2013</u>				
<u>Subsidiaries</u>			Direct	Indirect		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	935	1.045		99,45%	Full Consolidation	Romania
METROLOGY HELLAS S.A.	591	471	87,55%		Full Consolidation	Greece
SPACE HELLAS Doo Beograd-Stari Grad	10	10		100%	Full Consolidation	Serbia
SPACE HELLAS (MALTA) LTD	5	5		99,98%	Full Consolidation	Malta
Total Subsidiaries	1.575	1.565				
<u>Associates & Joint Ventures</u>						
JOINT-VENTURE "EMY" MODERNIZATION*	-	389	67,5%	-	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 SA-KB IMPULS HELLAS SA ("DORY")	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	16	405				
<u>Other investments</u>						
MOBICS L.T.D.	150	150	19,32%	-	-	Greece
Total Other investments	150	150				
Total Shareholding	1.741	2.120				

*On 4.12.2014 the Joint Venture ceased after conclusion of its operations. The above operation impacted the Group's figures for less than 25%

Summary of the major financial amounts as at 31/12/2014 for the subsidiaries, associates and joint ventures:

<u>Corporate name</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Earnings (Losses) after taxes</u>	<u>Percentage Ownership</u>	<u>Consolidation method</u>	<u>Country</u>
<u>Amounts in € thousand</u>							
<u>Subsidiaries</u>							
SPACE HELLAS (CYPRUS) LTD*	1.397	769	2.083	-89	100%	Full Consolidation	Cyprus
METROLOGY HELLAS S.A.	201	51	144	-108	86,74%	Full Consolidation	Greece
Total subsidiaries	1.598	820	2.227	-197			
<u>Joint Ventures</u>							
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)- SPACE HELLAS	495	529	877	2	35%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	1.493	1.471	0	-3	50%	Equity method	Greece
Total Joint Ventures	1.988	2.000	877	-1			
Total ownership	3.586	2.820	3.104	-198			

*Consolidated date.

Summary of the major financial amounts as at 31/12/2013 for the subsidiaries, associates and joint ventures:

<u>Corporate name</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Earnings (Losses) after taxes</u>	<u>Percentage Ownership</u>	<u>Consolidation method</u>	<u>Country</u>
Amounts in € thousand							
<u>Subsidiaries</u>							
SPACE HELLAS (CYPRUS) LTD	2.883	803	2.196	632	100%	Full Consolidation	Cyprus
METROLOGY HELLAS S.A.	270	133	157	-150	86,74%	Full Consolidation	Greece
Total subsidiaries	3.153	936	2.353	482			
<u>Joint Ventures</u>							
JOINT-VENTURE "EMY" MODERNIZATION	1.079	979	120	112	67,5%	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	853	886	843	8	35%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	1.502	1.479	0	-2	50%	Equity method	Greece
Total Joint Ventures	3.434	3.344	963	118			
Total ownership	6.587	4.280	3.316	600			

*Consolidated date.

Tables of Guarantees to third parties:

Amounts in € thousand	<u>Group</u>		<u>Company</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Guarantees to third parties on behalf of subsidiaries and joint ventures	1.924	1.858	1.924	1.858
Used guarantees to third parties on behalf of subsidiaries	0	0	0	0
Bank guarantee letters	1.924	1.858	1.924	1.858

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.
- On 4.12.2014 the Joint Venture "EMY modernization" ceased after conclusion of its operations. 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).

4.7.13 INVENTORIES

Table of inventories of the Group and the company:

<u>Inventories</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Goods	3.236	2.493	3.236	2.493
Materials	435	235	435	235
Consumables	227	188	227	188
Total inventories	3.898	2.916	3.898	2.916

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 amounts to € 21 thousand, all charged in cost of sales in previous years' results. The level of inventories is determined according to the Group's customer-oriented, strategic warehouse management.

4.7.14 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.

<u>Trade receivables</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Trade receivables	16.402	19.852	15.635	18.765
Less: Provisions for doubtful liquidation	4.176	4.527	-3.870	4.224
Total trade receivables	<u>12.226</u>	<u>15.325</u>	<u>11.765</u>	<u>14.541</u>

The provision for doubtful liquidation has been formed taking into account the maturity of the receivables in line with the credit policy, as well as historical data and information on clients' solvency.

Balance of the Provisions for doubtful liquidation

	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Total provision - Opening balance	<u>4.527</u>	<u>4.577</u>	<u>4.224</u>	<u>4.272</u>
Additions	103	1	100	0
Additions through business combinations	0	0	0	3
Offsetting of prior year's provision	-454	-51	-454	-51
Total charges to year's income	<u>-351</u>	<u>-50</u>	<u>-354</u>	<u>-48</u>
Total provision - Ending balance	<u>4.176</u>	<u>4.527</u>	<u>3.870</u>	<u>4.224</u>

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 trade receivables:

<u>Trade receivables</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
1 – 90 days	7.010	10.041	6.710	9.451
91 – 180 days	2.651	2.534	2.590	2.340
181 – 360 days	1.415	1.320	1.315	1.320
> 360 days	1.150	1.430	1.150	1.430
Total trade receivables	<u>12.226</u>	<u>15.325</u>	<u>11.765</u>	<u>14.541</u>

Aging analysis for trade receivables from related parties:

<u>Receivables from Related parties</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
1 – 90 days	70	150	75	150
91 – 180 days	82	100	82	100
181 – 360 days	6	190	6	190
> 360 days*	0	835	0	835
Total Receivables from Related parties	<u>158</u>	<u>1.275</u>	<u>163</u>	<u>1.275</u>

4.7.15 OTHER RECEIVABLES

Other receivables of the group and company:

<u>Other receivables</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Cheques receivable	198	1.621	195	1.616
Cheques overdue*	1.709	1.709	1.709	1.709
Deducted Taxes & other receivables	242	454	240	447
Salary prepayments	9	2	9	2
Advances to account for	19	3	19	2
Amounts owed by affiliated undertakings	50	33	130	802
Deferred charges	1.944	2.020	1.941	2.011
Income earned	728	556	728	556
Other receivables**	499	2.207	271	265
Total other receivables	5.398	8.669	5.242	7.474
Less: provisions for doubtful liquidation	1.942	3.838	1.942	1.913
Total other receivables	3.456	4.831	3.300	5.561

*The Cheques overdue are fully compensated by a provision for doubtful liquidation of equal amount.

**Other receivables comprise mainly sundry debtors for the amount of € 291 thousand which is fully compensated by a provision for doubtful liquidation of equal amount.

"Deferred charges " comprise the following:

- Approximately 49% of the costs are related to two large contracts of the company with the Public Administration managed through the "General Secretariat of Sports" and "Information Society", in which there are no defined acceptance stages and thus without any direct relation with invoicing.
- Approximately 43% of the costs are related to foreign firm contractual obligation to cover maintenance contracts of our customers, where such obligations are not in line with the customers' demands having different maturation beyond the year and
- Approximately 8% of the costs are operating costs (rent, insurance, etc.).

Expenses are recognised on an accrual basis.

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.

4.7.16 PREPAYMENTS

Analysis of prepayments:

<u>Prepayments</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Orders placed abroad	903	120	903	120
Prepayments to other creditors	728	482	638	376
Total prepayments	1.631	602	1.541	496

4.7.17 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.

<u>Cash and Cash equivalents</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Cash on hand	155	141	155	141
Short term Bank deposits	3.678	661	3.361	392
Total Cash and Cash equivalents	3.833	802	3.516	533

4.7.18 SHARE CAPITAL

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

<u>Number of shares and nominal value</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Paid up capital	10.395.013,30	10.330.448,00
Number of ordinary shares	6.456.530	6.456.530
Nominal value each share	1,61 €	1,60 €

On 30/12/2014 the extraordinary General Assembly, with regard to par.12 and 13 of the art. 72, L. 4172/2013, decided the capitalisation of tax exempted reserves of 64.565,30 through the increase of the nominal value of the share by 0,01 €, that is from 1,60 € to 1,61 €.

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.

4.7.19 LONG TERM LOANS

The long term loans concern:

- ❑ mortgage loan of € 500 thousand, ending at 2017 contacted to serve the business needs of the company. The amount of the loan during the period amounted to € 250 thousand after interest and principal payments.
- ❑ mortgage loan of € 1.125 thousand, ending at 2019 to serve the business needs of the company. The amount of the loan during the period amounted to € 880 thousand after interest and principal payments.
- ❑ mortgage loan of € 1.000 thousand, ending at 2017 to serve the business needs of the company. The amount of the loan during the period amounted to € 500 thousand after interest and principal payments
- ❑ mortgage loan of € 1.233 thousand, ending at 2016 to serve the business needs of the company. The amount of the loan during the period amounted to € 431 thousand after interest and principal payments
- ❑ mortgage loan of € 5.976 thousand, ending at 2026 to serve the business needs of the company. The amount of the loan during the period amounted to € 5.074 thousand after interest and principal payments
- ❑ mortgage loan of € 800 thousand, ending at 2017 to serve the business needs of the company. The amount of the loan during the period amounted to € 400 thousand after interest and principal payments
- ❑ mortgage loan of € 800 thousand, ending at 2017 to serve the business needs of the company. The amount of the loan during the period amounted to € 815 thousand after interest and principal payments.

The fair value of the short and long term borrowings approximates the book value. The rate used in the company's and the Group's borrowings is floating and renegotiable within a six month period. The average interest rate applied is 6,85%.

4.7.20 OTHER LONG TERM LIABILITIES

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

<u>Other long term liabilities</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in Euro thousands</u>	<u>31.12.2013</u>	<u>31.12.2012</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
losses from joint ventures	0	0	17	199
Guarantees received	13	8	13	8
Total Other long term liabilities	13	8	30	207

4.7.21 FAIR VALUE MEASUREMENT

The financial assets measured at fair value as of the balance sheet date are classified under the following levels, in accordance with the method used for determining their fair value:

Level 1: for assets traded in an active market and whose fair value is determined by the market prices (unadjusted) of similar assets.

Level 2: for assets whose fair value is determined by factors related to market data, either directly (prices) or indirectly (prices derivatives).

Level 3: for assets whose fair value is not determined by observations from the market, but is mainly based on internal estimates

The method used for the fair value measurement considers all possible parameters in order to approximate the fair value and the financial assets are classified at level 3 except for banking loans classified a level 2.

During the year, there were no transfers between levels 1 and 2, nor transfers within or outside level 3, for the measurement of the fair value.

The amounts disclosed in the Financial Position Statement with regard to cash, trade receivables, short-term liabilities and short term banking borrowings, approach their corresponding fair values due to their short-term maturity.

4.7.22 PERSONELL EMPLOYEED - EMPLOYEE BENEFITS

The personnel employed at 31.12.2014 for the Group have reached 211 persons and for the company has reached 207 persons while as at 31.12.2013 amounted to 213 and 203 respectively.

4.7.22.1 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. During The details and principal assumptions of the actuarial study have as follows:

Accounting disclosures according to IAS 19	<u>Group</u>		<u>Company</u>	
Amounts in Euro thousands	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Present value of unfunded obligations	660	600	660	587
Not recognized actuarial gains\ losses	0	0	0	0
Reserves to be formed	660	600	660	587
Provisions for employers benefits recognized in the income statement				
Current service cost	44	55	44	53
Cost of interest	29	29	29	28
Actuarial loss / (gain)	0	0	0	0
Past service cost	42	71	34	71
Net periodic cost	115	155	107	152
Liability recognized in the Statement of financial position				
Net liability – opening balance as at 01.01	600	591	587	577
Benefits paid	-95	-160	-74	-160
Cost recognized in the income statement	115	155	107	152
Gains/Losses recognized in Equity	40	14	40	18
Net liability	660	600	660	587
Present value of the liability				
Net liability – opening balance as at 01.01	600	591	587	577
Current service cost	44	55	44	53
Cost of interest	29	29	29	28
Past service cost	42	71	34	71
Benefits paid	-95	-160	-74	-160
Actuarial loss / (gain)	0	0	0	0
Gains/Losses recognized in Equity	40	14	40	18
Present value of the liability	660	600	660	587

The assumptions used are the following:

<u>Assumptions</u>		
1.	Discount interest rate	5% as at 31/12/2014
2.	Average annual long term inflation rate	2% (according to EU, Lisbon convention).
3.	Average annual long term salary growth	1%
4.	Valuation date	31.12.2014
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)

4.7.23 TRADE AND OTHER PAYABLES

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

<u>Trade and other payables</u>	<u>GROUP</u>		<u>COMPANY</u>	
<u>Amounts in € thousand</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Trade payables	7.676	6.300	7503	6.042
Checks payables	317	74	313	74
Customer down payments/advances	1.587	1.591	1587	1.591
Social security	372	408	367	398
Wages and salaries payable	21	73	21	73
Short term liabilities to factors	186	360	186	360
Other payables	63	16	48	15
Amounts due to related parties	0	0	0	0
Next year's Income	6	7	6	7
Accrued expenses	86	111	75	102
Purchases under arraignment	2	2	2	2
Other short term provisions	0	0	0	0
Total Trade and other payables	10.316	8.942	10.108	8.664

4.7.24 PROVISIONS

The Group has formed provisions for doubtful trade receivables for the amount of € 4.176 thousand, for doubtful sundry debtors for the amount of € 2.000 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.

<u>Provision changes for the Group</u>					
<u>Amounts in € thousand</u>	<u>31.12.2013</u>	<u>New Provisions</u>	<u>Used Provisions</u>	<u>Decreases</u>	<u>31.12.2014</u>
Provisions for extraordinary liabilities and claims	0	0	0	0	0
Provisions for tax unaudited years	122	0	0	0	122
Provisions for employers benefits	600	147	87	0	660
Other provisions	0	0	0	0	0
Total	722	147	87	0	782

<u>Provision changes for the Company</u>					
<u>Amounts in € thousand</u>	<u>31.12.2013</u>	<u>New Provisions</u>	<u>Used Provisions</u>	<u>Decreases</u>	<u>31.12.2014</u>
Provisions for extraordinary liabilities and claims	0	0	0	0	0
Provisions for tax unaudited years	122	0	0	0	122
Provisions for employers benefits	587	147	-74	0	660
Other provisions	0	0	0	0	0
Total	709	147	-74	0	782

4.7.25 DEFERRED 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.

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

<u>Deferred income taxes</u>		<u>Group</u>			
		<u>31.12.2014</u>			
<u>Amounts in € thousand</u>	<u>31.12.2013</u>	<u>Amounts from merger by absorption</u>	<u>Amounts recognised through income statement</u>	<u>Amounts recognised through equity</u>	<u>Total</u>
Deferred tax liabilities					
Depreciation rate difference effect	-296	-38	0	-334	-296
Fair value adjustments Property, plant and equipment	-1.349	0	0	-1.349	-1.349
Total Deferred tax liabilities	-1.645	-38	0	-1.683	-1.645
Deferred tax assets					
Provisions for Trade and other payables	604	-273	0	331	604
Post-employment and termination benefits	156	5	11	172	156
Impairment of Inventories	5	0	0	5	5
Tax deductible previews years' losses	164	754	0	918	164
Share premium capitalization expenses	28	0	0	28	28
Total Deferred tax assets	957	486	11	1.454	957
Total Deferred tax	-688	448	11	-229	-688

<u>Deferred income taxes</u>	<u>Company</u>			
	<u>31.12.2014</u>			
<u>Amounts in € thousand</u>	<u>31.12.2013</u>	<u>Amounts recognised through income statement</u>	<u>Amounts recognised through equity</u>	<u>Total</u>
Deferred tax liabilities				
Depreciation rate difference effect	-299	-37	0	-336
Fair value adjustments Property, plant and equipment recognized in equity	-1.349	0	0	-1.349
Total Deferred tax liabilities	-1.648	-37	0	-1.685
Deferred tax assets				
Provisions for Trade and other receivables	604	-274	0	330
Post-employment and termination benefits	153	8	11	172
Impairment of Inventories	5	0	0	5
Tax deductible previews years' losses	0	784	0	784
Share premium capitalization expenses	28	0	0	28
Total Deferred tax assets	790	518	11	1.319
Total Deferred tax	-858	481	11	-366

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

In relation to the application of par.12 and 13 of the art.72, L 4172/2013, concerning the separate taxation of tax exempted reserves, including the negative reserves that were formed from the measurement of the financial assets, according to the previews Tax Law (par 4, of the art. 38, L. 2238/1994), a deferred tax asset is disclosed. According to the parent company's approved business plan, the aforementioned tax assets will be fully compensated with future taxable income.

4.7.26 DISPUTED CLAIMS

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

4.7.27 UNAUDITED FISCAL YEARS BY THE TAX AUTHORITIES

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

<u>Company</u>	<u>Unaudited year</u>
SPACE HELLAS S.A.	2009 – 2010
SPACE HELLAS (CYPRUS) LTD	2005 – 2014
METROLOGY HELLAS S.A.	2010 – 2011
SPACE HELLAS Doo Beograd-Stari Grad	2012-2014
SPACE HELLAS (MALTA) LTD	2012-2014
SPACE HELLAS INTEGRATOR SRL	2010-2014
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	2010 - 2014
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	2009 – 2014

The company using statistics from past tax audits, has formed a provision amounting to € 122 thousand against the event of additional taxes in case of a tax audit by the tax authorities. For the subsidiaries which are resident abroad there are no mandatory tax audit provisions. The audits are performed exceptionally, where appropriate by the tax authorities of each country according to specific criteria. Tax liabilities arising after the filing of the annual tax return remain under the control of the tax authorities for a certain period, according to the tax laws of each country. For the years 2011-2014, the Group companies operating in Greece and subject to tax audit by the statutory auditor or audit firm pursuant to article 65A of N4174 / 2013 and to paragraph 5 of Article 82 of Law. 2238 / 1994 and have followed the process for tax closure, according to Law. 3888/2010, they have received the unqualified Tax Compliance Auditors reports. In order to consider the fiscal year as definitively audited, the conditions of the provisions of para. 1 of Article 6 of Circular 1159/2011 as amended basis of POL 1236 / 10.22.13 and with Article 65A of N4174 / 2013 should apply. The Group recognizes a provision where necessary, where appropriate and company against potential additional taxes that may be imposed by the tax authorities. The Group's management does not expect any significant tax liabilities beyond those presented in the financial statements.

4.7.28 CONTINGENT EVENTS

4.7.28.1 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:

<u>Contingent Liabilities</u>	<u>Group</u>		<u>Company</u>	
<u>Amounts in € thousand</u>	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Guarantee letters to secure good performance of contract terms	3.669	3.771	3.669	3.771
Total Contingent Liabilities	3.669	3.771	3.669	3.771

* Including letters of guarantee issued in favour of joint ventures amounting to € 453 thousand and € 386 thousand as at 31.12.2014 and 31.12. 2013 respectively.

4.7.28.2 Excess clause provisions and Disputed claims

There are no cases (note. 4.7.26) that might have significant impact on the financial position both of the Group and the Company.

4.7.28.3 Other contingent liabilities

For the unaudited years, as mentioned in note 4.7.27, 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.

4.7.28.4 Operating lease commitments

At 31.12.2014, the company's leases concerned motor vehicles as well as buildings. The minimum future payments based on valid contracts at 31st December 2014 are the following:

Minimum future payments						
Amounts in € thousand	Group			Company		
	Up to year	Up to 5 years	Over 5 years	Up to year	Up to 5 years	Over 5 years
Motor vehicle	294	452	-	290	441	-
Buildings	63	306	191	51	245	180
Total	357	758	191	341	686	180

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

4.7.28.5 Capital commitments

At 31.12.2014 there were no capital commitments for the Group and the Company.

4.7.29 CASH FLOW

Cash flow from operating activities, is positive amounting to € 4.040 thousand. This result is attributable to the efforts, at a Group level, to reduce the average collection period, obtaining at the same time an increase in credit lines from suppliers.

Cash flows from investing activities, presented in a negative € 114 thousand including the property sale of the subsidiary "SPACE ROMANIA SYSTEMS INTEGRATOR SRL".

The cash flow from financing activities at the end of year 2014 amounted to € 1.123 thousand in negative, in line with the goal to decrease the short term loans and to improve the Group's capital structure.

4.7.30 CONTINGENT EVENTS - TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES (IAS 24) FROM 01-01-2014 TO 31-12-2014

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 previous year respectively.

The sales to and purchases from related parties, during 2014, 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Company								
SPACE HELLAS (CYPRUS) LTD	1.500	29	0	0	441	0	0	10
SPACE HELLAS (MALTA) LTD	2	24	0	0	2	1	0	0
SPACE HELLAS D.o.o. BEGRAD	3	34	0	0	3	1	0	0
METROLOGY HELLAS SA	12	14	20	0	25	80	4	0
Subsidiaries	1.517	101	20	0	471	82	4	10
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	319	273	0	0	184	256	11	11
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	2	2	1	1	0	8	1.476	1.474
Joint Ventures	321	275	1	1	184	264	1.487	1.485
MOBICS L.T.D.	2	0	0	0	0	0	0	0
SPACE CONSULTING S.A.	4	5	250	60	10	836	28	0
Associates	6	5	250	60	10	836	28	0
Total Group	1.844	381	271	61	665	1.182	1.519	1.495

Amounts in € thousand	<u>Revenue</u>		<u>Expenses</u>		<u>Receivables</u>		<u>Liabilities</u>	
<u>Group</u>	2014	2013	2014	2013	2014	2013	2014	2013
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	319	273	0	0	184	256	11	11
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	2	2	1	1	0	8	1.476	1.474
Joint Ventures	321	275	1	1	184	264	1.487	1.485
MOBICS L.T.D.	2	0	0	0	0	0	0	0
SPACE CONSULTING S.A.	4	5	250	60	10	836	28	0
Associates	6	5	250	60	10	836	28	0
Total Group	327	280	251	61	194	1.100	1.515	1.485

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	<u>Group</u>		<u>Company</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Salaries and other employee benefits	1.489	1.492	1.489	1.492
Receivables from executives and members of the Board	0	0	0	0
Payables to executives and member of the Board	8	48	8	48

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	<u>Group</u>		<u>Company</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Guarantees to third parties on behalf of subsidiaries and joint ventures	1.379	1.489	1.379	1.489
Used guarantees to third parties on behalf of subsidiaries	11	0	11	0
Bank guarantee letters	40	8	40	8

4.8 RECLASIFFICATIONS- RESTATEMENTS

<u>Financial position</u>	<u>Group</u>
Amounts in €thousand	<u>31.12.2013</u>
Other non current assets before reclassification	1.763
Reclassification	-67
Other non current assets after reclassification	1.696
Other current assets before reclassification	4.873
Reclassification	67
Other current assets after reclassification	4.940


<u>Deffered tax</u>	<u>Group</u>		
	<u>31.12.2013</u>		<u>31.12.2013</u>
Amounts in €thousand	<u>Amounts before reclassification</u>	reclassification	<u>Amounts after reclassification</u>
<u>Deferred tax liabilities</u>			
Depreciation rate difference effect	-346	50	-296
Fair value adjustments Property, plant and equipment	-1.349	0	-1.349
Depreciation rate difference effect from absorption of subsidiary	167	-167	0
Total Deferred tax liabilities	-1.528	-117	-1.645
<u>Deferred tax assets</u>			
Provisions for Trade and other payables	604	0	604
Post-employment and termination benefits	156	0	156
Impairment of Inventories	5	0	5
Tax deductible previews years' losses	47	117	164
Share premium capitalization expenses	28	0	28
Total Deferred tax assets	840	117	957
Total Deferred tax	-688	0	-688

The above reclassifications had no effect on the Equity, or on total Assets and Liabilities. Had no effect on the prior year's results either.

4.9 SIGNIFICANT POST-BALANCE SHEET EVENTS FROM 1ST JANUARY TO 31ST DECEMBER 2014

There are no post balance sheet events, concerning the company or the Group, that need to be mentioned.

5 FIGURES AND INFORMATION FROM 1ST JANUARY TO 31ST DECEMBER 2014

		<p style="text-align: center;">SPACE HELLAS S.A. Reg. No: 13966/06/B/86/95 - GEME375501000 Mesogion Av. 312 Ag. Paraskevi</p> <p style="text-align: center;">Financial statement and information for the year 1 January 2014 to 31 December 2014 (In accordance to L.2190/20, article 135 for companies that prepare annual financial statements, consolidated and not, according to IFRS)</p> <p>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.</p>																																																																																																																																																																																																																																																																																																																																																													
Prefecture Company's web site Date of approval by the Board of Directors Certified Auditor Accountant Auditing Company Type of Auditor's report	Ministry of Development, Department of Commerce http://www.space.gr 2 March 2015 Board of Directors Decisions No 2.576 Dimitris N. Ptelis (S.O.E.L. Reg. No 14481) PKF Euroauditing S.A. Without qualification	Board of Directors Manolopoulos Spyridon Drosinos Paraskevas Merzianis Ioannis Mpellos Christos Iagglaninis Georgios Doulaveris Ioannis Mpellos Panagiotis Chouchoulis Dimitrios Kappoulas Lyssandros	President, executive member CEO, executive member A' Vice President, executive member B' Vice President, non executive member Executive member Executive member Executive member Independent - non executive member Independent - non executive member																																																																																																																																																																																																																																																																																																																																																												
1.1 STATEMENT OF FINANCIAL POSITION (consolidated and non consolidated) Amounts in € thousand		1.4 CASH FLOW STATEMENT FOR THE YEAR (consolidated and non consolidated) Amounts in € thousand																																																																																																																																																																																																																																																																																																																																																													
<table><tr><th></th><th>GROUP</th><th>COMPANY</th><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><th></th><th>31.12.2014</th><th>31.12.2013</th><th></th><th>31.12.2014</th><th>31.12.2013</th></tr><tr><td>ASSETS</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Property, plant and equipment</td><td>16.158</td><td>16.429</td><td></td><td>16.106</td><td>16.373</td></tr><tr><td>Investment properties</td><td>505</td><td>1.505</td><td></td><td>0</td><td>0</td></tr><tr><td>Intangible assets</td><td>1.975</td><td>2.058</td><td></td><td>1.967</td><td>2.058</td></tr><tr><td>Other non current assets</td><td>1.618</td><td>1.696</td><td></td><td>2.089</td><td>2.367</td></tr><tr><td>Inventory</td><td>3.898</td><td>2.916</td><td></td><td>3.898</td><td>2.916</td></tr><tr><td>Receivables (trade debtors)</td><td>12.226</td><td>15.325</td><td></td><td>11.765</td><td>14.541</td></tr><tr><td>Other current assets</td><td>9.155</td><td>4.940</td><td></td><td>9.359</td><td>4.409</td></tr><tr><td>TOTAL ASSETS</td><td>45.535</td><td>44.869</td><td></td><td>45.185</td><td>42.664</td></tr><tr><td>EQUITY AND LIABILITIES</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Share capital</td><td>10.395</td><td>10.330</td><td></td><td>10.305</td><td>10.330</td></tr><tr><td>Other components of equity</td><td>3.218</td><td>2.644</td><td></td><td>3.217</td><td>883</td></tr><tr><td>Total equity attributable to owners of the parent (a)</td><td>13.613</td><td>12.974</td><td></td><td>13.612</td><td>11.213</td></tr><tr><td>Non controlling interests (b)</td><td>21</td><td>-32</td><td></td><td>-</td><td>-</td></tr><tr><td>Total Equity (c) = (a)+(b)</td><td>13.634</td><td>12.942</td><td></td><td>13.612</td><td>11.213</td></tr><tr><td>Long term borrowings</td><td>8.350</td><td>8.740</td><td></td><td>8.350</td><td>8.393</td></tr><tr><td>Long term provisions / Non current liabilities</td><td>1.161</td><td>1.418</td><td></td><td>1.174</td><td>1.774</td></tr><tr><td>Short term borrowings</td><td>10.582</td><td>11.316</td><td></td><td>10.582</td><td>11.251</td></tr><tr><td>Other current liabilities</td><td>11.808</td><td>10.453</td><td></td><td>11.463</td><td>10.833</td></tr><tr><td>Total Liabilities (d)</td><td>31.901</td><td>31.927</td><td></td><td>31.573</td><td>31.451</td></tr><tr><td>TOTAL EQUITY AND LIABILITIES (c)+(d)</td><td>45.535</td><td>44.869</td><td></td><td>45.185</td><td>42.664</td></tr></table>			GROUP	COMPANY		GROUP	COMPANY		31.12.2014	31.12.2013		31.12.2014	31.12.2013	ASSETS						Property, plant and equipment	16.158	16.429		16.106	16.373	Investment properties	505	1.505		0	0	Intangible assets	1.975	2.058		1.967	2.058	Other non current assets	1.618	1.696		2.089	2.367	Inventory	3.898	2.916		3.898	2.916	Receivables (trade debtors)	12.226	15.325		11.765	14.541	Other current assets	9.155	4.940		9.359	4.409	TOTAL ASSETS	45.535	44.869		45.185	42.664	EQUITY AND LIABILITIES						Share capital	10.395	10.330		10.305	10.330	Other components of equity	3.218	2.644		3.217	883	Total equity attributable to owners of the parent (a)	13.613	12.974		13.612	11.213	Non controlling interests (b)	21	-32		-	-	Total Equity (c) = (a)+(b)	13.634	12.942		13.612	11.213	Long term borrowings	8.350	8.740		8.350	8.393	Long term provisions / Non current liabilities	1.161	1.418		1.174	1.774	Short term borrowings	10.582	11.316		10.582	11.251	Other current liabilities	11.808	10.453		11.463	10.833	Total Liabilities (d)	31.901	31.927		31.573	31.451	TOTAL EQUITY AND LIABILITIES (c)+(d)	45.535	44.869		45.185	42.664	<table><tr><th></th><th>GROUP</th><th>COMPANY</th><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><th></th><th>31.12.2014</th><th>31.12.2013</th><th></th><th>31.12.2014</th><th>31.12.2013</th></tr><tr><td>Operating Activities:</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Profit before taxes (continued operations)</td><td>416</td><td>689</td><td></td><td>1.963</td><td>161</td></tr><tr><td>Plus/Less adjustments for:</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Depreciation</td><td>1.147</td><td>980</td><td></td><td>1.140</td><td>976</td></tr><tr><td>Impairment of tangible and intangible assets</td><td>0</td><td>0</td><td></td><td>0</td><td>0</td></tr><tr><td>Provisions</td><td>106</td><td>155</td><td></td><td>106</td><td>152</td></tr><tr><td>Foreign exchange differences</td><td>-83</td><td>66</td><td></td><td>-86</td><td>59</td></tr><tr><td>Net (profit)/Loss from investing activities</td><td>496</td><td>-208</td><td></td><td>-1.387</td><td>-353</td></tr><tr><td>Interest and other financial expenses</td><td>2.424</td><td>2.751</td><td></td><td>2.396</td><td>2.717</td></tr><tr><td>Plus or minus for Working Capital changes:</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Decrease/(Increase) in Inventories</td><td>-982</td><td>-110</td><td></td><td>-982</td><td>-110</td></tr><tr><td>Decrease/(Increase) in Receivables</td><td>1.773</td><td>2.245</td><td></td><td>1.135</td><td>2.728</td></tr><tr><td>(Decrease)/increase in Payables (excluding banks)</td><td>1.230</td><td>-3.264</td><td></td><td>1.434</td><td>-3.262</td></tr><tr><td>Less:</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Interest and other financial expenses paid</td><td>-2.350</td><td>-2.751</td><td></td><td>-2.321</td><td>-2.717</td></tr><tr><td>Taxes paid</td><td>-137</td><td>-286</td><td></td><td>-15</td><td>-225</td></tr><tr><td>Total cash inflow/(outflow) from operating activities (a)</td><td>4.040</td><td>267</td><td></td><td>3.383</td><td>126</td></tr><tr><td>Cash flow from Investing Activities</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Acquisition of subsidiaries, associated companies, joint ventures and other investments</td><td>0</td><td>-1</td><td></td><td>-120</td><td>-45</td></tr><tr><td>Purchase of tangible and intangible assets</td><td>-886</td><td>-1.170</td><td></td><td>-877</td><td>-1.047</td></tr><tr><td>Proceeds from sale of tangible and intangible assets</td><td>647</td><td>12</td><td></td><td>48</td><td>12</td></tr><tr><td>Interest received</td><td>353</td><td>343</td><td></td><td>351</td><td>339</td></tr><tr><td>Dividends received</td><td>0</td><td>0</td><td></td><td>909</td><td>0</td></tr><tr><td>Total cash inflow/(outflow) from investing activities (b)</td><td>114</td><td>-816</td><td></td><td>311</td><td>-741</td></tr><tr><td>Cash flow from Financing Activities</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Share capital increase from subsidiaries</td><td>0</td><td>0</td><td></td><td>0</td><td>0</td></tr><tr><td>Proceeds from Borrowings</td><td>3310</td><td>1116</td><td></td><td>3310</td><td>1116</td></tr><tr><td>Payments of Borrowings</td><td>-4433</td><td>-3814</td><td></td><td>-4021</td><td>-3749</td></tr><tr><td>Total cash inflow/(outflow) from financing activities (c)</td><td>-1.123</td><td>-2.698</td><td></td><td>-711</td><td>-2.633</td></tr><tr><td>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</td><td>3.031</td><td>-3.247</td><td></td><td>2.983</td><td>-3.248</td></tr><tr><td>Cash from merger of Subsidiary</td><td>0</td><td>0</td><td></td><td>0</td><td>15</td></tr><tr><td>Cash and cash equivalents at beginning of period</td><td>802</td><td>4.040</td><td></td><td>533</td><td>3.766</td></tr><tr><td>Cash and cash equivalents at end of period</td><td>3.833</td><td>802</td><td></td><td>3.516</td><td>533</td></tr></table>			GROUP	COMPANY		GROUP	COMPANY		31.12.2014	31.12.2013		31.12.2014	31.12.2013	Operating Activities:						Profit before taxes (continued operations)	416	689		1.963	161	Plus/Less adjustments for:						Depreciation	1.147	980		1.140	976	Impairment of tangible and intangible assets	0	0		0	0	Provisions	106	155		106	152	Foreign exchange differences	-83	66		-86	59	Net (profit)/Loss from investing activities	496	-208		-1.387	-353	Interest and other financial expenses	2.424	2.751		2.396	2.717	Plus or minus for Working Capital changes:						Decrease/(Increase) in Inventories	-982	-110		-982	-110	Decrease/(Increase) in Receivables	1.773	2.245		1.135	2.728	(Decrease)/increase in Payables (excluding banks)	1.230	-3.264		1.434	-3.262	Less:						Interest and other financial expenses paid	-2.350	-2.751		-2.321	-2.717	Taxes paid	-137	-286		-15	-225	Total cash inflow/(outflow) from operating activities (a)	4.040	267		3.383	126	Cash flow from Investing Activities						Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	-1		-120	-45	Purchase of tangible and intangible assets	-886	-1.170		-877	-1.047	Proceeds from sale of tangible and intangible assets	647	12		48	12	Interest received	353	343		351	339	Dividends received	0	0		909	0	Total cash inflow/(outflow) from investing activities (b)	114	-816		311	-741	Cash flow from Financing Activities						Share capital increase from subsidiaries	0	0		0	0	Proceeds from Borrowings	3310	1116		3310	1116	Payments of Borrowings	-4433	-3814		-4021	-3749	Total cash inflow/(outflow) from financing activities (c)	-1.123	-2.698		-711	-2.633	Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	3.031	-3.247		2.983	-3.248	Cash from merger of Subsidiary	0	0		0	15	Cash and cash equivalents at beginning of period	802	4.040		533	3.766	Cash and cash equivalents at end of period	3.833	802		3.516	533
	GROUP	COMPANY		GROUP	COMPANY																																																																																																																																																																																																																																																																																																																																																										
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Inventory	3.898	2.916		3.898	2.916																																																																																																																																																																																																																																																																																																																																																										
Receivables (trade debtors)	12.226	15.325		11.765	14.541																																																																																																																																																																																																																																																																																																																																																										
Other current assets	9.155	4.940		9.359	4.409																																																																																																																																																																																																																																																																																																																																																										
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Share capital	10.395	10.330		10.305	10.330																																																																																																																																																																																																																																																																																																																																																										
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Total Equity (c) = (a)+(b)	13.634	12.942		13.612	11.213																																																																																																																																																																																																																																																																																																																																																										
Long term borrowings	8.350	8.740		8.350	8.393																																																																																																																																																																																																																																																																																																																																																										
Long term provisions / Non current liabilities	1.161	1.418		1.174	1.774																																																																																																																																																																																																																																																																																																																																																										
Short term borrowings	10.582	11.316		10.582	11.251																																																																																																																																																																																																																																																																																																																																																										
Other current liabilities	11.808	10.453		11.463	10.833																																																																																																																																																																																																																																																																																																																																																										
Total Liabilities (d)	31.901	31.927		31.573	31.451																																																																																																																																																																																																																																																																																																																																																										
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	31.12.2014	31.12.2013		31.12.2014	31.12.2013																																																																																																																																																																																																																																																																																																																																																										
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Profit before taxes (continued operations)	416	689		1.963	161																																																																																																																																																																																																																																																																																																																																																										
Plus/Less adjustments for:																																																																																																																																																																																																																																																																																																																																																															
Depreciation	1.147	980		1.140	976																																																																																																																																																																																																																																																																																																																																																										
Impairment of tangible and intangible assets	0	0		0	0																																																																																																																																																																																																																																																																																																																																																										
Provisions	106	155		106	152																																																																																																																																																																																																																																																																																																																																																										
Foreign exchange differences	-83	66		-86	59																																																																																																																																																																																																																																																																																																																																																										
Net (profit)/Loss from investing activities	496	-208		-1.387	-353																																																																																																																																																																																																																																																																																																																																																										
Interest and other financial expenses	2.424	2.751		2.396	2.717																																																																																																																																																																																																																																																																																																																																																										
Plus or minus for Working Capital changes:																																																																																																																																																																																																																																																																																																																																																															
Decrease/(Increase) in Inventories	-982	-110		-982	-110																																																																																																																																																																																																																																																																																																																																																										
Decrease/(Increase) in Receivables	1.773	2.245		1.135	2.728																																																																																																																																																																																																																																																																																																																																																										
(Decrease)/increase in Payables (excluding banks)	1.230	-3.264		1.434	-3.262																																																																																																																																																																																																																																																																																																																																																										
Less:																																																																																																																																																																																																																																																																																																																																																															
Interest and other financial expenses paid	-2.350	-2.751		-2.321	-2.717																																																																																																																																																																																																																																																																																																																																																										
Taxes paid	-137	-286		-15	-225																																																																																																																																																																																																																																																																																																																																																										
Total cash inflow/(outflow) from operating activities (a)	4.040	267		3.383	126																																																																																																																																																																																																																																																																																																																																																										
Cash flow from Investing Activities																																																																																																																																																																																																																																																																																																																																																															
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	-1		-120	-45																																																																																																																																																																																																																																																																																																																																																										
Purchase of tangible and intangible assets	-886	-1.170		-877	-1.047																																																																																																																																																																																																																																																																																																																																																										
Proceeds from sale of tangible and intangible assets	647	12		48	12																																																																																																																																																																																																																																																																																																																																																										
Interest received	353	343		351	339																																																																																																																																																																																																																																																																																																																																																										
Dividends received	0	0		909	0																																																																																																																																																																																																																																																																																																																																																										
Total cash inflow/(outflow) from investing activities (b)	114	-816		311	-741																																																																																																																																																																																																																																																																																																																																																										
Cash flow from Financing Activities																																																																																																																																																																																																																																																																																																																																																															
Share capital increase from subsidiaries	0	0		0	0																																																																																																																																																																																																																																																																																																																																																										
Proceeds from Borrowings	3310	1116		3310	1116																																																																																																																																																																																																																																																																																																																																																										
Payments of Borrowings	-4433	-3814		-4021	-3749																																																																																																																																																																																																																																																																																																																																																										
Total cash inflow/(outflow) from financing activities (c)	-1.123	-2.698		-711	-2.633																																																																																																																																																																																																																																																																																																																																																										
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	3.031	-3.247		2.983	-3.248																																																																																																																																																																																																																																																																																																																																																										
Cash from merger of Subsidiary	0	0		0	15																																																																																																																																																																																																																																																																																																																																																										
Cash and cash equivalents at beginning of period	802	4.040		533	3.766																																																																																																																																																																																																																																																																																																																																																										
Cash and cash equivalents at end of period	3.833	802		3.516	533																																																																																																																																																																																																																																																																																																																																																										
1.3 STATEMENT OF CHANGES IN EQUITY (consolidated and non consolidated) Amounts in € thousand		Cash flow from Financing Activities (consolidated and non consolidated) Amounts in € thousand																																																																																																																																																																																																																																																																																																																																																													
<table><tr><th></th><th>GROUP</th><th>COMPANY</th><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><th></th><th>31.12.2014</th><th>31.12.2013</th><th></th><th>31.12.2014</th><th>31.12.2013</th></tr><tr><td>Total equity in the beginning of the year (1/1/2013 and 1/1/2012)</td><td>12.942</td><td>12.921</td><td></td><td>11.213</td><td>11.690</td></tr><tr><td>Total comprehensive income after taxes (continued and discontinued)</td><td>707</td><td>20</td><td></td><td>-372</td><td>-</td></tr><tr><td>Increase / (Decrease) of Share Capital</td><td>65</td><td>0</td><td></td><td>65</td><td>0</td></tr><tr><td>Capitalisation of reserves</td><td>-80</td><td>0</td><td></td><td>-80</td><td>0</td></tr><tr><td>Cancellation of own shares</td><td>0</td><td>0</td><td></td><td>0</td><td>0</td></tr><tr><td>Merger Process through absorption of Subsidiary</td><td>0</td><td>0</td><td></td><td>-105</td><td>-</td></tr><tr><td>Non controlling interests</td><td>0</td><td>1</td><td></td><td>0</td><td>0</td></tr><tr><td>Total equity at the end of the year Total equity at the end of the year</td><td>13.634</td><td>12.942</td><td></td><td>13.612</td><td>11.213</td></tr></table>			GROUP	COMPANY		GROUP	COMPANY		31.12.2014	31.12.2013		31.12.2014	31.12.2013	Total equity in the beginning of the year (1/1/2013 and 1/1/2012)	12.942	12.921		11.213	11.690	Total comprehensive income after taxes (continued and discontinued)	707	20		-372	-	Increase / (Decrease) of Share Capital	65	0		65	0	Capitalisation of reserves	-80	0		-80	0	Cancellation of own shares	0	0		0	0	Merger Process through absorption of Subsidiary	0	0		-105	-	Non controlling interests	0	1		0	0	Total equity at the end of the year Total equity at the end of the year	13.634	12.942		13.612	11.213	<table><tr><th></th><th>GROUP</th><th>COMPANY</th><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><th></th><th>31.12.2014</th><th>31.12.2013</th><th></th><th>31.12.2014</th><th>31.12.2013</th></tr><tr><td>Turnover</td><td>43.129</td><td>41.019</td><td></td><td>40.928</td><td>38.754</td></tr><tr><td>Gross Profit</td><td>12.408</td><td>13.270</td><td></td><td>11.854</td><td>12.296</td></tr><tr><td>Profit before taxes, financing and investing activity</td><td>2.964</td><td>3.055</td><td></td><td>2.926</td><td>2.517</td></tr><tr><td>Profit before taxes</td><td>436</td><td>689</td><td></td><td>1.963</td><td>161</td></tr><tr><td>Profit after taxes (A)</td><td>749</td><td>31</td><td></td><td>2.444</td><td>-359</td></tr><tr><td>- Owners of the parent</td><td>765</td><td>51</td><td></td><td>2.444</td><td>-359</td></tr><tr><td>- Non controlling interests</td><td>-16</td><td>-20</td><td></td><td>-</td><td>-</td></tr><tr><td></td><td>749</td><td>31</td><td></td><td>2.444</td><td>-359</td></tr><tr><td>Other comprehensive income after taxes (B)</td><td>-42</td><td>-11</td><td></td><td>-30</td><td>-13</td></tr><tr><td>Total comprehensive income after taxes (A)+(B)</td><td>707</td><td>20</td><td></td><td>2.414</td><td>-372</td></tr><tr><td>- Owners of the parent</td><td>723</td><td>40</td><td></td><td>2.414</td><td>-372</td></tr><tr><td>- Non controlling interests</td><td>-16</td><td>-20</td><td></td><td>-</td><td>-</td></tr><tr><td>Earnings (after taxes) per share - basic in €</td><td>0.1100</td><td>0.0048</td><td></td><td>0.3785</td><td>-0.0506</td></tr><tr><td>Profit before taxes, financing and investing activity and depreciation</td><td>4.051</td><td>4.035</td><td></td><td>4.066</td><td>3.493</td></tr></table>			GROUP	COMPANY		GROUP	COMPANY		31.12.2014	31.12.2013		31.12.2014	31.12.2013	Turnover	43.129	41.019		40.928	38.754	Gross Profit	12.408	13.270		11.854	12.296	Profit before taxes, financing and investing activity	2.964	3.055		2.926	2.517	Profit before taxes	436	689		1.963	161	Profit after taxes (A)	749	31		2.444	-359	- Owners of the parent	765	51		2.444	-359	- Non controlling interests	-16	-20		-	-		749	31		2.444	-359	Other comprehensive income after taxes (B)	-42	-11		-30	-13	Total comprehensive income after taxes (A)+(B)	707	20		2.414	-372	- Owners of the parent	723	40		2.414	-372	- Non controlling interests	-16	-20		-	-	Earnings (after taxes) per share - basic in €	0.1100	0.0048		0.3785	-0.0506	Profit before taxes, financing and investing activity and depreciation	4.051	4.035		4.066	3.493																																																																																																																																																																																																
	GROUP	COMPANY		GROUP	COMPANY																																																																																																																																																																																																																																																																																																																																																										
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Total equity in the beginning of the year (1/1/2013 and 1/1/2012)	12.942	12.921		11.213	11.690																																																																																																																																																																																																																																																																																																																																																										
Total comprehensive income after taxes (continued and discontinued)	707	20		-372	-																																																																																																																																																																																																																																																																																																																																																										
Increase / (Decrease) of Share Capital	65	0		65	0																																																																																																																																																																																																																																																																																																																																																										
Capitalisation of reserves	-80	0		-80	0																																																																																																																																																																																																																																																																																																																																																										
Cancellation of own shares	0	0		0	0																																																																																																																																																																																																																																																																																																																																																										
Merger Process through absorption of Subsidiary	0	0		-105	-																																																																																																																																																																																																																																																																																																																																																										
Non controlling interests	0	1		0	0																																																																																																																																																																																																																																																																																																																																																										
Total equity at the end of the year Total equity at the end of the year	13.634	12.942		13.612	11.213																																																																																																																																																																																																																																																																																																																																																										
	GROUP	COMPANY		GROUP	COMPANY																																																																																																																																																																																																																																																																																																																																																										
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Turnover	43.129	41.019		40.928	38.754																																																																																																																																																																																																																																																																																																																																																										
Gross Profit	12.408	13.270		11.854	12.296																																																																																																																																																																																																																																																																																																																																																										
Profit before taxes, financing and investing activity	2.964	3.055		2.926	2.517																																																																																																																																																																																																																																																																																																																																																										
Profit before taxes	436	689		1.963	161																																																																																																																																																																																																																																																																																																																																																										
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- Owners of the parent	765	51		2.444	-359																																																																																																																																																																																																																																																																																																																																																										
- Non controlling interests	-16	-20		-	-																																																																																																																																																																																																																																																																																																																																																										
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Other comprehensive income after taxes (B)	-42	-11		-30	-13																																																																																																																																																																																																																																																																																																																																																										
Total comprehensive income after taxes (A)+(B)	707	20		2.414	-372																																																																																																																																																																																																																																																																																																																																																										
- Owners of the parent	723	40		2.414	-372																																																																																																																																																																																																																																																																																																																																																										
- Non controlling interests	-16	-20		-	-																																																																																																																																																																																																																																																																																																																																																										
Earnings (after taxes) per share - basic in €	0.1100	0.0048		0.3785	-0.0506																																																																																																																																																																																																																																																																																																																																																										
Profit before taxes, financing and investing activity and depreciation	4.051	4.035		4.066	3.493																																																																																																																																																																																																																																																																																																																																																										
1.2 STATEMENT OF COMPREHENSIVE INCOME (consolidated and non consolidated) Amounts in € thousand		Additional Information																																																																																																																																																																																																																																																																																																																																																													
<table><tr><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><th></th><th>31.12.2014</th><th>31.12.2013</th></tr><tr><td>Turnover</td><td>43.129</td><td>41.019</td></tr><tr><td>Gross Profit</td><td>12.408</td><td>13.270</td></tr><tr><td>Profit before taxes, financing and investing activity</td><td>2.964</td><td>3.055</td></tr><tr><td>Profit before taxes</td><td>436</td><td>689</td></tr><tr><td>Profit after taxes (A)</td><td>749</td><td>31</td></tr><tr><td>- Owners of the parent</td><td>765</td><td>51</td></tr><tr><td>- Non controlling interests</td><td>-16</td><td>-20</td></tr><tr><td></td><td>749</td><td>31</td></tr><tr><td>Other comprehensive income after taxes (B)</td><td>-42</td><td>-11</td></tr><tr><td>Total comprehensive income after taxes (A)+(B)</td><td>707</td><td>20</td></tr><tr><td>- Owners of the parent</td><td>723</td><td>40</td></tr><tr><td>- Non controlling interests</td><td>-16</td><td>-20</td></tr><tr><td>Earnings (after taxes) per share - basic in €</td><td>0.1100</td><td>0.0048</td></tr><tr><td>Profit before taxes, financing and investing activity and depreciation</td><td>4.051</td><td>4.035</td></tr></table>			GROUP	COMPANY		31.12.2014	31.12.2013	Turnover	43.129	41.019	Gross Profit	12.408	13.270	Profit before taxes, financing and investing activity	2.964	3.055	Profit before taxes	436	689	Profit after taxes (A)	749	31	- Owners of the parent	765	51	- Non controlling interests	-16	-20		749	31	Other comprehensive income after taxes (B)	-42	-11	Total comprehensive income after taxes (A)+(B)	707	20	- Owners of the parent	723	40	- Non controlling interests	-16	-20	Earnings (after taxes) per share - basic in €	0.1100	0.0048	Profit before taxes, financing and investing activity and depreciation	4.051	4.035	<p>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</p> <p>2. The companies of the Group, the percentage ownership and the consolidation method for the ending period are disclosed in note 4.7.27 of the financial report of 2014</p> <p>3. The tax un-audited years of the Company and the Group are disclosed in note 4.7.25 of the financial report of 2014</p> <p>4. The company has formed a provision for the tax un-audited years amounting to 122 thousand euro for years 2009 and 2010. 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 4.7.25). There are no other provisions formed (note 4.7.27). No other reserves are formed (note 4.7.25)</p> <p>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.</p> <p>6. There are no other real liens on non-current assets or property, except, at the Company level, the underwriting, amounting to € 1.200 thousand, on the property situated at 6 Loch, Dedousi St., Chologoros, Athens, and the underwriting amounting to € 4.000 thousand, on the property situated at 302 Ave. Mesogion, Chologoros, Athens and, at the Group level, the underwriting, amounting to € 7.540 thousand, on the property situated at 312 Ave. Mesogion, Chologoros, Athens, and the underwriting, amounting to € 1.100 thousand, on the property situated at St. Geronimo-L.Karolyi & Patr. Kymliou, Thessaloniki.</p> <p>7. The personnel employed at 31-12-2014 for the Group amounted to 211 persons and for the Company amounted to 207 while as at 31.12.2013 amounted to 213 and 203 respectively.</p> <p>8. The same Accounting Policies have been followed as for the financial statements as at 31.12.2013.</p> <p>9. Note 4.3 of the annual financial report of 2014 refers to the comprehensive income after taxes for the company and the Group.</p> <p>10. Intercompany transactions for the period from 1 January 2014 to 31 December 2014 according to I.A.S. 24 are as follows:</p> <table><tr><th></th><th>GROUP</th><th>COMPANY</th></tr><tr><td>a) Sales of goods and services</td><td>327</td><td>1.844</td></tr><tr><td>b) Purchases of goods and services</td><td>251</td><td>221</td></tr><tr><td>c) Receivables from related parties</td><td>194</td><td>224</td></tr><tr><td>d) Payables to related parties</td><td>1.515</td><td>1.539</td></tr><tr><td>e) Key management compensations</td><td>1.379</td><td>1.379</td></tr><tr><td>f) Receivables from key management</td><td>11</td><td>11</td></tr><tr><td>g) Payables to key management included in above</td><td>40</td><td>40</td></tr></table> <p>The company has guaranteed to financial institutions for bank credit limits for the JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY") up to the amount of € 1.797 thousand and for the Joint Venture SPACE HELLAS - UNISYSTEMS up to the amount of € 127 thousand, through the issuance of letters of guaranty.</p>			GROUP	COMPANY	a) Sales of goods and services	327	1.844	b) Purchases of goods and services	251	221	c) Receivables from related parties	194	224	d) Payables to related parties	1.515	1.539	e) Key management compensations	1.379	1.379	f) Receivables from key management	11	11	g) Payables to key management included in above	40	40																																																																																																																																																																																																																																																																																				
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- Owners of the parent	765	51																																																																																																																																																																																																																																																																																																																																																													
- Non controlling interests	-16	-20																																																																																																																																																																																																																																																																																																																																																													
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Other comprehensive income after taxes (B)	-42	-11																																																																																																																																																																																																																																																																																																																																																													
Total comprehensive income after taxes (A)+(B)	707	20																																																																																																																																																																																																																																																																																																																																																													
- Owners of the parent	723	40																																																																																																																																																																																																																																																																																																																																																													
- Non controlling interests	-16	-20																																																																																																																																																																																																																																																																																																																																																													
Earnings (after taxes) per share - basic in €	0.1100	0.0048																																																																																																																																																																																																																																																																																																																																																													
Profit before taxes, financing and investing activity and depreciation	4.051	4.035																																																																																																																																																																																																																																																																																																																																																													
	GROUP	COMPANY																																																																																																																																																																																																																																																																																																																																																													
a) Sales of goods and services	327	1.844																																																																																																																																																																																																																																																																																																																																																													
b) Purchases of goods and services	251	221																																																																																																																																																																																																																																																																																																																																																													
c) Receivables from related parties	194	224																																																																																																																																																																																																																																																																																																																																																													
d) Payables to related parties	1.515	1.539																																																																																																																																																																																																																																																																																																																																																													
e) Key management compensations	1.379	1.379																																																																																																																																																																																																																																																																																																																																																													
f) Receivables from key management	11	11																																																																																																																																																																																																																																																																																																																																																													
g) Payables to key management included in above	40	40																																																																																																																																																																																																																																																																																																																																																													
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6 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 2014, have been posted on the Company's website www.space.gr

We certify that the attached annual financial report, from pages 1 to 66, includes the annual financial statements of the Group and of company SPACE HELLAS SA for the financial year from January 1, 2014 to December 31, 2014, which have been approved by the Board of Directors of SPACE HELLAS SA on March 2nd, 2015 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

CHIEF FINANCIAL
OFFICER AND MEMBER
OF THE BOARD

CHIEF
ACCOUNTANT

SPIRIDON
MANOLOPOULOS

PARASKEVAS
DROSINOS

IOANNIS
DOULAVERIS

ANASTASIA
PAPARIZOU