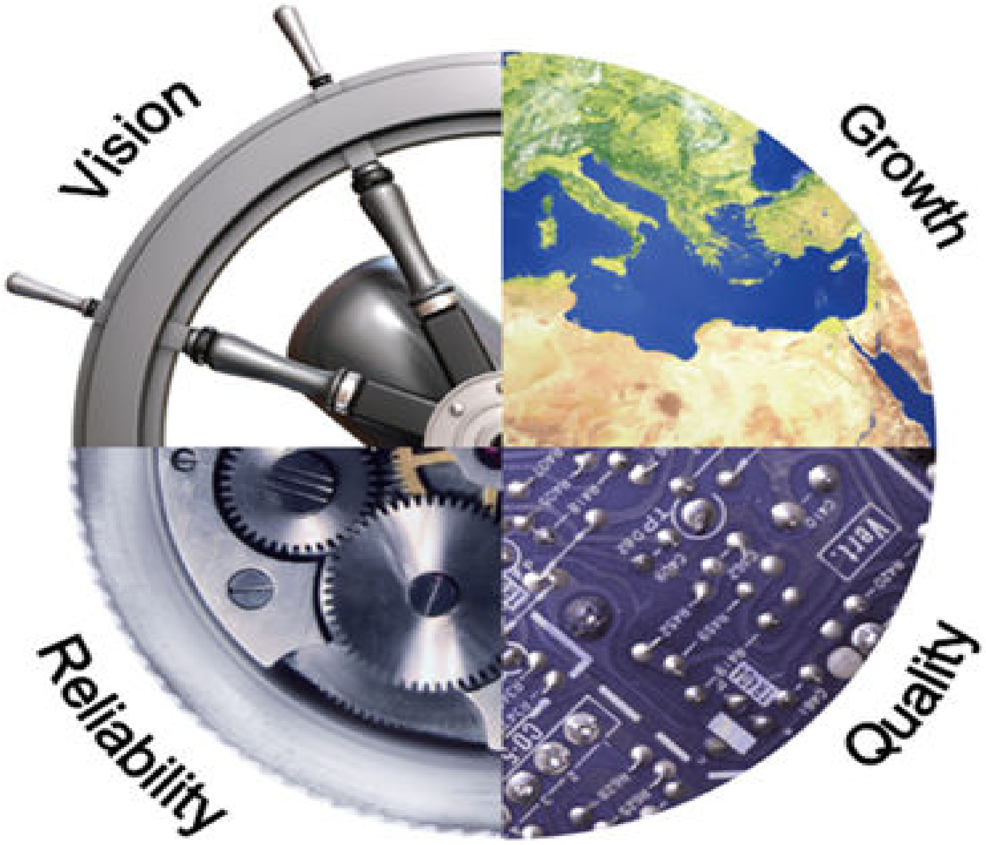

Annual Financial Report

For the period 1st January 2011 – 31st December 2011

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

The annual financial report of 2011 has been prepared in accordance with art. 4, Law 3556/2007, has been approved by the Board of Directors at 26th March 2012 and has been uploaded at the URL address **http://www.space.gr,**

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

The Members of the Board of Directors

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

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

1. The annual financial statements of the Group and of company SPACE HELLAS SA for the financial year from January 1, 2011 to December 31, 2011, 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, 16 March 2012

The Designated members of the Board of Directors

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

2 ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1.1.2011 – 31.12.2011

This Report of the Board of Directors of SPACE HELLAS, submitted to the Shareholders, refers to the financial year from January 1, 2011 to December 31, 2011 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 2011.
- The important issues that took place during the financial year 2011 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 2011
- The important issues that took place after the end of the financial year 2011.

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 2011, 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 year 2011 was a crucial year. Its main traits were the persistent recession of the Greek economy as well as economic insecurity in a global level. Despite this unfavourable economic environment SPACE HELLAS has managed to maintain its position, amongst the elite System Integrators and Value Added Solutions Providers. This can be attributed to the Companies' vast experience in providing high technology applications and solutions.

Despite the continuous recession and its side effects in the economy, year 2012 constitutes a challenge to maintain our market share, to increase our productivity, in an effort to restrain our operational expenses throughout the last years, always aiming to provide direct and quality service to our clients.

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 2011 and 2010 respectively.

2.1.1.1 Year's total income

TOTAL INCOME STATEMENT						
	GROUP			COMPANY		
Amounts in € thousand	01.01-31.12.2011	01.01-31.12.2010	VARIATION %	01.01-31.12.2011	01.01-31.12.2010	VARIATION %
Revenue	43.194	50.105	-13,79%	42.383	49.192	-13,84%
Gross profit/loss	13.023	12.825	1,54%	12.622	12.417	1,65%
Gross profit margin	30%	26%		30%	25%	
EBITDA	3.744	3.000	24,80%	3.363	2.649	26,95%
EBIT	2.914	2.073	40,57%	2.533	1.722	47,10%
Earnings before taxes	416	414	0,48%	74	88	-15,91%
Earnings after taxes	228	127	79,53%	-83	-164	-49,39%

The Group's turnover amounted to € 43.194 thousand compared to € 50.105 thousand of year 2010 . This decrease reflects the Groups' strategy to significantly reduce its credit risk and maintain at similar levels as those of year 2010, especially in the sales of goods, rather than the sales of services.

The Group's Gross profit amounted to € 13.023 thousand compared to € 12.825 thousand of the previews period showing an increase of 1,54%. The efforts to maintain the turnover of Technical solutions and services combined with the cost reduction of services, has led to the increase of the gross profit.

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The Group's EBITDA amounted to € 3. 744 thousand compared to € 3.000 thousand of the previews period showing a increase of 24,80%, as result of the optimization of expenses as well as the continuous efforts for cost reductions and increase of productivity with the minimum impact on the company's growth.

The Group's EBIT amounted to € 2.914 thousand compared to € 2.073 thousand of the previews period showing an increase of 40,57%.

The Group's earnings before taxes amounted to € 416 thousand compared to € 414 thousand of the previews period. The increase of EBITDA is not fully reflected in the earnings before taxes because of the increased cost of interest for the entire year 2011.

The Group's earnings after taxes amounted to € 228 thousand compared to € 127 thousand of the previews period.

The extraordinary taxation for the year 2010 (fiscal year 2011) had no effect o the Group's results as it had no application for the Group. As for the current year, there are no law provisions that impose extraordinary taxation.

The other comprehensive income after taxes amount to € -72 thousand and concern the loss from the cancellation of the Stock option Plan for the amount of € -26 thousand and profit for currency exchange differences from the consolidation of sub-subsidiaries fort the amount of € -46 thousand.

2.1.1.2 Assets

BALANCE SHEET (Assets)						
	GROUP			COMPANY		
Amounts in € thousand	01.01-31.12.2011	01.01-31.12.2010	VARIATION %	01.01-31.12.2011	01.01-31.12.2010	VARIATION %
Total Assets	49.407	57.462	-14,02%	48.248	56.525	-14,64%
Total noncurrent receivables	14.292	13.671	4,54%	13.186	12.808	2,95%
Inventories	3.591	3.224	11,38%	3.591	3.224	11,38%
Trade receivables	24.155	31.981	-24,47%	23.950	31.799	-24,68%
Other receivables	7.369	8.586	-14,17%	7.520	8.694	-13,50%

The Group's Total Assets amounts to € 49.407 thousand compared to € 57.462 thousand of year 2010.

The Group's noncurrent receivables' net value amounts to € 14.292 thousand compared to € 13.671 thousand of year 2010.

There are no real liens on non-current assets or property except the underwriting, amounting to € 1.200 thousand, on the property situated at 6 Loch. Dedousi St., Cholargos, Athens as well as, the underwriting amounting to € 650 thousand, dated 27 April 2010, on the property situated in Romania belonging to the sub-subsidiary Space Hellas System Integrator Srl.

The Groups' inventories of goods, raw and auxiliary materials and consumables amount to € 3.591 thousand compared to 3.224 thousand of year 2010.

The Group's Trade receivables amount to € 24.155 thousand compared to € 31.981 thousand of year 2010. The continuous effort for increasing collection as well as for reduced repayment periods, has led to this positive variation

The Group's other receivables amount to € 7.369 thousand compared to € 8.586 thousand of year 2010

2.1.1.3 Liabilites

BALANCE SHEET (Liabilities)						
	GROUP			COMPANY		
Amount in € thousand	01.01-31.12.2011	01.01-31.12.2010	VARIATION %	01.01-31.12.2011	01.01-31.12.2010	VARIATION %
Total Liabilities	49.407	57.462	-14,02%	48.301	56.525	-14,55%
Shareholders' Equity	15.073	14.884	1,27%	13.936	14.045	-0,78%
Long term loans	1.120	1.608	-30,35%	644	1.067	-39,64%
Other long term liabilities	712	802	-11,22%	1.470	1.426	3,09%
Short term loans	17.987	22.765	-20,99%	17.922	22.700	-21,05%
Other short term liabilities	14.515	17.403	-16,59%	14.276	17.287	-17,42%

The Shareholders' equity amounts to € 15.073 thousand compared to € 14.884 thousand of year 2010.

The long term loans amounts to € 1.120 thousand compared to € 1.608 thousand of year 2010 and concern a) the mortgage loan ending at 2013 for the construction of new premises (4 floor building) on 6 Loch. Dedousi Str., Cholargos, Athens. The loan amounts to € 72 thousand after interest and principal payments, b) the loan of € 571 thousand and 3 years duration after the final bank disbursement, contracted with the European Investment Bank at 21 July 2009. This loan is financing the company's operating activities and c) the loan of € 650 thousand ending at 2020, contracted at 2t April 2010 and received from SPACE HELLAS SYSTEM INTEGRATOR S.R.L. for the purchase of investment building. The loan amounts to € 477 thousand after interest and principal payments.

The Group's other long term liabilities amount to € 712 thousand compared to € 802 thousand of year 2010. The decrease is attributed mainly to the employees' retirement benefits program updated with the new demographic data regarding the Group's employees.

The Group's short term loans amounting to € 17.987 thousand compared to € 22.765 thousand of year 2010 show a decrease. This trend is expected to continue for year 2012.

The Group's other short term liabilities amount to € 14.515 thousand compared to € 17.403 thousand of year 2010.

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

2.1.1.4 Cash Flow

CASH FLOW STATEMENT				
	GROUP		COMPANY	
Amount ins € thousand	01.01-31.12.2011	01.01-31.12.2010	01.01-31.12.2011	01.01-31.12.2010
Total cash inflow/(outflow) from operating activities	6.115	-527	5.983	-1.198
Total cash inflow/(outflow) from investing activities	-1.094	-1.749	-790	-750
Total cash inflow/(outflow) from financing activities	-5.260	-106	-5.201	-713

Cash flow from operating activities, is positive amounting to € 6.115 thousand as result of significant collection of completed Public sectors' projects.

Cash flows from investing activities, presented in a negative € 1.094 thousand. The purchase of a new building in Romania as well as the purchase of fixed equipment (back up), which are necessary to meet contractual obligations and improve the quality of maintenance services to our customers, are the major causes of this development.

The cash flow from financing activities remained negative for the whole year. At the end of year 2011 amounted to € 5.260 thousand in negative.

2.1.1.5 Performance ratios

	RATIOS	GROUP		COMPANY	
		2011	2010	2011	2010
A.	**LIQUIDITY RATIOS**				
A1.	CURRENT RATIO	108,04%	109,02%	108,89%	109,33%
A2.	QUICK RATIO	96,99%	100,99%	97,74%	101,26%
A3.	ACID TEST RATIO	5,29%	4,88%	4,77%	3,86%
A4.	WORKING CAPITAL TO CURRENT ASSETS	0,7	0,8	0,8	0,9
B.	**CAPITAL STRUCTURE RATIOS**				
B1.	DEPT TO EQUITY	228,60%	286,08%	246,21%	302,47%
B2.	CURRENT LIABILITIES TO NET WORTH	215,64%	269,88%	231,04%	284,72%
B3.	FIXED ASSETS TO NET WORTH	89,14%	89,14%	87,61%	88,32%
B4.	OWNER'S EQUITY TO TOTAL LIABILITIES	43,74%	34,96%	40,62%	33,06%
B5.	CURRENT ASSETS TO TOTAL ASSETS RATIO	70,90%	76,21%	72,67%	77,34%
C.	**ACTIVITY RATIOS**				
C1.	INVENTORIES TURNOVER RATIO	8,85 multiple	11,43 multiple	8,73 multiple	11,28 multiple
C2.	FIXED ASSETS TURNOVER RATIO	3,22 multiple	3,78 multiple	3,47 multiple	3,97 multiple
C3.	DAYS OF SALES OUTSTANDING (D.S.O)	262,59 days	243,41 days	269,60 days	250,92 days
C4.	ASSET TURNOVER RATIO	0,87 multiple	0,87 multiple	0,88 multiple	0,87 multiple
C5.	OWNER'S EQUITY TURNOVER RATIO	2,87 multiple	3,37 multiple	3,04 multiple	3,50 multiple
D.	**PROFITABILITY RATIOS**				
D1.	GROSS PROFIT MARGIN	30,15%	25,60%	29,78%	25,24%
D2.	NET PROFIT MARGIN	0,96%	0,83%	0,18%	0,18%
D3.	RETURN OF INVESTMENT	8,27%	9,01%	6,49%	7,23%
D4.	EFFICIENCY OF TOTAL ASSETS	2,76%	2,78%	0,53%	0,63%
D5.	RETURN ON TOTAL CAPITAL EMPLOYED	6,27%	3,41%	5,65%	2,84%
D6.	FINANCIAL LEVERAGE RATIO	0,19 multiple	0,33 multiple	0,03 multiple	0,05 multiple
E.	**OPERATING EXPENSES RATIOS**				
E1.	OPERATING RATIO	94,79%	97,38%	95,35%	97,97%
E2.	INTEREST RATIO	1,15 multiple	1,27 multiple	1,03 multiple	1,06 multiple
E3.	OPERATING EXPENSES TO NET SALES	24,94%	22,97%	25,13%	23,21%
E4.	LOANS TO TOTAL ASSETS	38,58%	42,42%	39,80%	43,15%

2.1.1.6 Share Capital

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

Number of shares and nominal value	31.12.2011
Number of ordinary shares	6.456.530
Nominal value each share	1,60 €

2.1.1.7 Own Shares – Cancellation of Stock Option Plan

The company does not possess any own shares.

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 2011 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	31.12.2011	31.12.2010				
Subsidiaries			Direct	Indirect		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	946	396		99%	Full Consolidation	Romania
METROLOGY HELLAS S.A.	191	-	82,87%		Full Consolidation	Greece
Total Subsidiaries	**1.171**	**430**				
Associates & Joint Ventures						
JOINT-VENTURE "EMY" MODERNIZATION	389	389	67,5%	-	Equity method	Greece
JOINT-VENTURE ALKYONA	49	49	99%	-	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	3	3	35%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	**454**	**454**				
Other investments						
MOBICS L.T.D.	150	150	19,32%	-	-	Greece
Total Other investments	**150**	**150**				
Total Shareholding	**1.775**	**1.034**				

At 25th November 2011, the company acquired the 82,87% of the shares of METROLOGY HELAS S.A.. The subsidiary is included in the consolidated financial statements with the full consolidation method. The subsidiary's operating activities are the

- Calibration of instrumentation and control devices in accordance with ISO / IEC 17025 and
- Inspection and Certification of Lifting Equipment in accordance with ISO / IEC 17020

METROLOGY HELLAS SA, beside the aforementioned accreditation activities, has also the ability to execute controls of industrial products, titrations Tanks of any size, as well as controls and special testing of final products.

2.1.1.10 Commitments -Guarantees

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

Contingent Liabilities	Group		Company	
Amounts in € thousand	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Guarantee letters to secure good performance of contract terms *	4.757	5.873	4.757	5.873
Total contingent liabilities	**4.757**	**5.873**	**4.757**	**5.873**

** The guarantee letters to secure good performance issued to joint ventures amounted to € 571 thousand and € 946 at 31.12.2011 and 31.12.2010 respectively.*

2.1.1.11 Excess clause provisions and Disputed claims

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

2.1.1.12 Other contigent liabilities

The company has formed a cumulative provision for the amount of € 122 thousand to cover the possibility of additional charges for the event of tax audit from the tax authorities for the year 2011, since the company has been audited up to year 2008. The remaining domestic Group companies (Note 4.7.25) are in the process of settlement of tax pending affairs, year 2009 included, according to Law 3888/2010.

Except the above mentioned there are no other contingent liabilities.

2.1.2 OTHER INFORMATION

2.1.2.1 Branches

The operating branches (except the company's headquarters on Mesogion Ave 312) as at 31.12.2011 are the following:

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

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 2011 and 2010 as well as the remuneration received (salary and social security contributions):

Employees (average numbers)												
Amounts in € thousand	GROUP						COMPANY					
	Persons		Total salary		Social security charges		Persons		Total salary		Social security charges	
Years	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total	218	230	7.045	7.718	1.660	1.799	210	230	7.020	7.718	1.653	1.799

2.2 SIGNIFICANT FACTS DURING YEAR 2011 AND THEIR IMPACT ON THE FINANCIAL STATEMENTS

Significant facts that took place during the period from 1st January to 31st December 2011 are the following:

- **Shareholders' Ordinary General Meeting at 30-06-2011,** The most important issues of the meeting were the following:

- **Shareholders' Ordinary General Meeting at 30-06-2011.** The most important issues of the meeting were the following:
    - **Modification of several articles of the association as following:**
        - Article 7, para 2, with regard to the issuance of single of multiple share, without the need to cut them from the special book.
        - Article 10, para 2, with regard to the extraordinary extension of the incumbency of the Board of Directors up to the due time within which the extraordinary General Meeting should be convened.

- Article 14, para 1 with regard to the meetings of the Board of directors, where the secretary of the board can be either a member of the legal counsel. The secretary is responsible for the keeping of the minutes, recording all the different points of view.
- Article 15 with regard to the rephrase of the wording in modern Greek
- Article 17, para 2 and para 3 with regard to cancellation of provision fell in disuse regarding no legally compliant corporate regulations and under oath services.
- Article 19, para 5 with regard to the replacement of the word "customers" with the words "third parties" in relation to the ordinary corporate contracts, according to art 23a L. 2190/1920.
- Article 20, para 3 with regard to the necessary information for the invitation of the General Meeting and its publication in summarised form.
- Article 23, with regard to the publication modality of hanging on the wall the list of the shareholders with voting rights within 24 hours instead of 48 hours
- Article 24, par 2,3 and 4, with regard to the adjustment according to article 29, para 2 of L 2190/1920, in relation to the publication of the new General Meeting (para 2), to the editorial corrections (para 4), as well as rephrase of provisions 4 and 5 and replacement with the new provision 4, for convocation of the recurrent General Meeting, according to art. 29, para 4, L. 2190/1920

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

The year ended as at 31.12.2011 was the fourth consecutive year of recession for the Greek economy as well as a year of instability and uncertainty for the global economy. The main lines of action followed by the government and the financial institutions as well were the regain of stability and thereafter the development. However the complexity of the globalised issues rendered the achievement of the goals within the prescribed time framework extremely difficult. Moreover, the fiscal structural distortions of the Greek economy made the effort even harder.

For year 2012, the economic conditions are expected to be the same characterising the whole period as a year of adaptation and preparation for 2013, where in second half the first signs of recovery might be visible.

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:

- Decrease of borrowings from banks in order to achieve optimum capital structure at a Group level
- Conservation of funds to address the risks of prolonged recession.
- Strengthening cash position and working capital of the group with the aim of improving the efficiency of capital.
- Forecast and continuous assessment of future investment and operational needs.

Commercial management aims are:

- Trade operations as technology providers of solutions and services to the business environment.
- Participation in major IT projects in the public and private sector in order to exploit opportunities while taking manageable risks.
- Development of resellers' network for mobile telecommunications
- 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 the promotion of products/technology solutions and telecommunication and security software. The company continuously monitors the efficiency of this operational route by grouping, in three wider businesses, namely, telecommunications, information technology and security, in order, through the resources multiplexing, to maximize the efficiency and productivity.
The sales department has increased its efforts to enhance the promotion of the Groups products and services by combining solutions and services of different technologies. An important achievement is the upgrade of the company's status to Cisco's Gold Partner, which is the major global network provider covering software and security as well.

With regard to the second aim, that is, "major IT projects", the main goal is the successful conclusion of the existing projects as well as the involvement in projects that are fit to the company's strategic development plans and know-how and have a secure financing as well.

Meanwhile, there is an ongoing project (project acronym NVIS), for the Foreign Ministry, of € 7 million, for the automation of issuance of Visas, concerning the central IT systems as well as the biometric systems at 135 embassies and consulates in our country and abroad as well. The company has obtained a contract extension for the same project for the fulfilment of additional requirements posed by the EU.

Another ongoing project is the DORY project (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) of € 7,5 million. The project is executed by a Joint Venture in which the company has a stake of 50%.

The company, has, also, took part in the NSRF action "Digi-Retail", where undertook the implementation of several small scale contracts with several project beneficiaries

Furthermore the following projects are in their final phase:

- the project «Remote access users Greek Police » (3G ΕΛ.ΑΣ).
- the project «full digitization of four upgraded Radar of CMH»
- the project LIS concerning the computerization of laboratories (LIS) Social Insurance Institute,
- the project regarding the control of access to sports facilities, card members management and ticketing

With regard to the participation in public bids our company has participated and submitted several proposals in the NSRF and Digital Convergence programs as well, where funding is secured from EU funds. For the year 2011, the company has submitted the following proposals under the funding framework of Information Society:

- e.ΤΑΠ (AFIS) for the Greek Police, of € 8 million
- e.Crime, of € 2,5 million
- 112 – Emergency calls, of € 6 million

The company has submitted proposals abroad, for projects where the company can demonstrate expertise acquired from the conclusion of similar domestic. For the year 2011, the company has submitted the following proposals:

- The Gymnastic Association "Pankypria" , ticketing system
- Data Center for the Cyprus University of Technology
- Provision of meteorological service for the Ministry of Agriculture of Cyprus

Our company is also preparing to participate in calls for proposals, within the first semester of 2012 in selected projects with secure financing, such as:

- G- Cloud
- SafeSea Net

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. The project framework follows the concluded project "SYZEFXIS I", where the company had successfully taken part in the recent past.

With regard to the third aim, that is "resellers' network for mobile telecommunications", after four years from its revival, this activity is on progress in the form of multiple networks through the stipulation of agreements with all the active network providers. Despite the telecom market has been seriously affected from the economic crisis, focusing on satisfaction of the provider, reseller and final customer, will allow to expect slight increase of operating profits for year 2012 for this activity.

Finally, with regard to the fourth aim, the company, continuously seeks and promotes telecom solutions of global connectivity to multinational customers, through the cooperation with British Telecom for both Greece and Cyprus and other Balkan countries as well. This aim is supported by the company's upgraded status of BT Alliance Partner in Greece and Cyprus for the sale, supply and support of a fuller range of products and services from BT's portfolio beyond the international connectivity.

The overall estimate for the future prospects is that company will preserve its strong market position, through the enrichment of its products and the upgrade of its services for a more expanding range of customer needs.

The economic crisis and the existing technological gap make the technology investments to be the first priority. Our company will play a significant role, substantial and socially useful, with the aid of a stable and financially healthy customer base.

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 2011 in € thousand	USD	2,5%	-140
		-2,5%	140
Amounts of year 2010 in € thousand	USD	1,5%	-120
		-1,5%	120

➢ 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 2011 in € thousand	EURO	1,5%	-230
		-1,5%	230
Amounts of year 2010 in € thousand	EURO	1%	-180
		-1%	180

- **Credit Risk**

The Group has no significant credit risk.

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

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

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

Appropriate provision for impairment losses is made for specific credit risks. At the end of year 2011 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.

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

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

- **Liquidity Risk**

The Group's liquidity is obtained through the use of available of funding and the raise up of the credit limits received whenever needed in order to finance particular projects (project basis funding). The Group maintains excellent relationships with the Banking institutions and thus ensures adequate funding for the execution of the Group's business plans.
The Group's strategic planning determines the form of funding as well as the financial tools to be used.
Borrowings include the floating and fixed rate outstanding principal at year end plus accrued interest up to maturity.
The table below summarizes the maturity profile of financial liabilities at 31 December 2011 based on contractual undiscounted payments.

Group								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2011	2010	2011	2010	2011	2010	2011	2010
Borrowings	**19.107**	**24.373**	17.987	22.765	1.120	1.608	-	-
Trade and other payables	**14.526**	**17.414**	14.515	17.403	-	-	11	11

Company								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2011	2010	2011	2010	2011	2010	2011	2010
Borrowings	**18.566**	**23.767**	17.922	22.700	644	1.067	-	-
Trade and other payables	**14.923**	**17.922**	14.276	17.287	636	624	11	11

- **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	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Short term Borrowings	17.987	22.765	17.922	22.700
Long term Borrowings	1.120	1.608	644	1.067
Less: cash and cash equivalents	-1.720	-1.959	-1.537	-1.545
Net Debt	**17.387**	**22.414**	**17.029**	**22.222**
Equity	15.073	14.884	13.936	14.045
Total capital employed	**32.460**	**37.298**	**30.965**	**36.267**
Gearing ratio	**53,60%**	**60,09%**	**55,00%**	**61,27%**

The gearing ratio in 2011 amounted to 53,50% compared to 60,09% of year 2010. The decrease is attributable to the reduction of borrowing combined with the marginal increase of the Equity.

2.5 STATEMENT OF CORPORATE GOVERNANCE

2.5.1 Corporate Governance Code Apllied

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

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

2.5.1.1 Chapter A'- Board of Directors

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

2.5.1.2 Chapter B' – General Meeting:

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

2.5.1.3 Chapter C' – Minority interest

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

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

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

2.5.2 CORPORATE GOVERNANCE PRACTICES APPLIED

The Corporate Governance Code of the company contains corporate practices of transparency in relation to operating procedures with regard to the company's management, to ASE information, shareholders equal treatment and protection of the corporate interests.

In particular:

I. Board of Directors:
The Board of Directors is composed of seven members, four (4) 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 Dimitrios	President, executive member
Drosinos Paraskevas	CEO, executive member
Manolopoulos Spyridon	A΄Vice President, executive member
Mpellos Christos	B' Vice President, non executive member
Lagogiannis Georgios	Executive member
Chouchoulis Dimitrios	Independent - non executive member
Kapopoulos Lysandros	Independent - non executive member

The responsibilities of the executive members are decided by the Board of Directors, as well as the delegation of responsibilities to third - non-staff members, in particular executive officers. For the current year, responsibilities were delegated to the company's A' Vice President-executive meber 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 whch 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.

2.5.3 SHAREHOLDERS' GENERAL MEETING

2.5.3.1 General Meeting description of functions:

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

a) Information regarding:
aa) The rights of shareholders of paragraph 2, a 2, 4 and 5 of Article 39 of Law. 2190/1920, indicating the period within which may be exercised any right within the time limits set out in paragraphs of Article 39 of Law 2190/1920, as above, or alternatively, the deadline by which these rights can be exercised provided that detailed information about these rights and conditions for their exercise will be available with express reference to the call to the address (domain name) of the company's website.
bb) The procedure for proxy voting and, in particular the forms used for the proxy vote, and the methods provided in the statute, article 28 paragraph 3 of a CL 2190/1920, to receive electronic notifications of for the appointment and removal of the agents.

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

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

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

The invitation is also uploaded at the company's website along with the total number of shares and voting rights at the time of the call and the documents to be submitted to the General Meeting, a draft decision on any matter of the agenda as proposed or, if no resolution is proposed for approval, comment of the Board on each item on the agenda and any draft resolutions proposed by shareholders upon receipt by the company and the forms to be used for the proxy voting right and, where applicable, the right to vote by mail, unless these forms are sent directly to each shareholder. If for technical reasons this information is not available, the company provides information through the website on how to supply the relevant forms in hardcopy form and send mail without charge to each interested shareholder.
The call of the General Assembly, in order to enhance transparency in informing shareholders, is published in Communication System "Hermes" which is considered reliable and has a wide range.
The company may publish in the publication media listed by the Law 2190/1920 a summary of the call which includes at least the building with exact address, day and hour of the meeting, the shareholders entitled to attend as well as express reference to the website address where the full text of the call and other information regarding the meeting will be available. Call for a general meeting is not required in the event that the shareholders present or represented are representing the entire share capital and none of them objects to carrying out of the meeting and to the decision making.

2.5.3.2 Minority rights before the Call for the General Meeting:

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

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

2.5.3.3 General Meeting participation rights:

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

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

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

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

2.5.3.4 Quorum:

The General Assembly is in quorum and convenes validly on the issues on the agenda, when are present shareholders or agents representing one fifth (1 / 5) at least the paid up share capital. If such a quorum fails to achieve, the General Assembly shall meet again within twenty (20) days from the date of the cancelled meeting, while the call should take place at least ten (10) days before. This new meeting will form a quorum and will validly deliberate on the issues of the original agenda regardless of the percentage of issued share capital will be

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

2.5.3.5 General Meeting hearing procedure:

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

2.5.3.6 General Meeting's minutes:

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

2.5.3.7 Principle of quality:

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

2.5.3.8 Publication of the General Meeting's voting results:

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

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

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

Foremost obligation and duty of the Board of Directors of the Company is the continuing pursuit of the preservation and expansion of long-term economic value of the company and the pursuit of corporate interest. More specifically, the Board sets the strategy and the development policy and preserves the property of the company, exercises control over all activities of the company and oversee its management. The Board of Directors decides on matters relating to any fees paid to managers, internal auditors of the company and its general policy of pay. The responsibilities of the Board are determined by the Company, and existing legislation. According to the articles of association and the Law 2190/1920 after the election by the General Meeting, the Board is established as a body and proceeds to the election of the President, Vice President and Managing Director. At the same meeting decides the delegation to members or third parties.

The Board shall meet at the headquarters of the company, whenever the law, the Statute or the company's needs require. The Board may meet valid and elsewhere, outside the headquarters of the company, domestically or abroad, if all its members are present or represented and no one objects to holding the meeting and to take decisions. Two (2) of the members, with a request to the President or his deputy, may request the convening of the Board, which will convene within seven (7) days of the request. In the above request, the members are required to mention the issues on the agenda to be addressed by the Board, otherwise invalid. In case of refusal of the President or his deputy to convene the Board within the above deadline, members are allowed to ask for a meeting of the Board within five (5) days after the end of seven days, notifying the relevant Call the other Board members.

The Board is convened by the President or his deputy with a call or facsimile or email communicated to members at least two (2) business days before the meeting. The invitation should indicate clearly the issues of the agenda, otherwise the decision making is allowed only if all Board members are present and none of these objects.

Each member who is not present in the meeting can validly be represented only by another member appointed by the absent member by written letter, telex or facsimile addressed the Board. Each member can validly represent only one absent member.

The Board achieves the reqired quorum and convenes validly when the present or represented memberes are half plus one, but never the number of these members may be less than three. Resulting fraction is disregarded.

During the meetings of the Board the secretary is a member or the counsel of the company, if requested. The Secretary keeps the minutes of the meetings of the Board of care to record all members' views expressed. Unless otherwise provided by law, the decisions of the Board are valid when taken by the absolute majority of present and represented members. Each member has one vote and when represents an absent member, has two (2) votes. In the event of a tie, the President of the Board gives the casting vote. The minutes of the Board signed by the President or Vice President or CEO (if he does not have the position of the President) and Board member designated by the Board of Directors. Copies of the minutes are officially issued by such persons without requiring further validation.

2.5.4.2 Members of the Board of Directors:

According to the association, the company is managed by the Board consisting of three (3) to nine (9) members. The members of the Board, which can be shareholders of the company or other persons (not shareholders) are elected by the General Meeting of shareholders of the company for five years, automatically extended until the first Annual General Meeting following the expiry of their term, but which may not exceed six years. For the election to the board of the company take into consideration the experience in managing corporate affairs of the candidates, the level of professional training, experience and previous experience especially in managerial positions, knowledge of rules and market conditions.

If for any reason a vacancy of member or members arises, the remaining members can continue to manage and represent the company, without replacing the missing members, provided that the number is more than half of the members, as had before the occurrence of the vacancy. In each case the members may not be less than three (3). To Board of Directors may elect such members to replace members who resigned, die or lost their status in any other way. This election by the Board shall be taken by the remaining members, if at least three (3), valid for the remainder of the member being replaced. The decision of the election shall be published according in article 7b of CL 2190/1920 and announced by the Board at the next General Meeting, which can replace the elected members, even if not included on the agenda.

The members have participated in all meetings of the Board. The continuing absence of a member from the meetings for one (1) year without sufficient cause or without permission of the Board, is equivalent to resignation from the Board, but applies only when the Board decides so and the relevant decision is recorded in the minutes.

The Board of Directors, which runs the company is composed of seven members of which four (4) 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.

2.5.4.2.1 Executive members of the Board of Directors:

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

2.5.4.2.2 President of the Board of Directors:

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

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

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

2.5.4.2.3 Vice President of the Board of Directos:

According to the association, the Board by decides and elects one or more Vice Presidents. The company has one excecuitve Vice Presidents and one non executive Vice President. The executive Vice President of the Board acts within the powers confered 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.

2.5.4.2.4 Chief Executive Officer:

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

1. Participates in determining the strategy of the company, along with the President and other executive members of the Board.
2. Participates in setting goals and how to implement them.
3. He is responsible, along with the President and other board members, for determining the remuneration policy of the company.
4. Promotes the image and vision of the company.
5. Participates in the approval process of investments.
6. Promotes and form collaboration agreements with foreign firms (representation, marketing, supply products, etc.).
7. Works with banks and decide on matters of finance and lending.
8. Coordinates and directs the actions of the marketing department in terms of marketing policy of products and services.
9. Co-decides in recruitment.
10. Co-decides and approve the general operating expenses of the company.
11. Collaborates with other management staff on organizational issues.
12. Co-decides in the formulation of pricing and discount policy.
13. Take decisions and set priorities particularly on investment, financing, pricing and products.
14. Directs the activities of the staff, particularly in the marketing department.
15. Exchanges information and views with appropriate seriousness and conviction.
16. Participates in regular meetings with:
    - The President, the Board, banks, subsidiaries,
    - Other departments, foreign firms, Customers, Suppliers.
17. Takes care for the budgeting at the start of each fiscal year.
18. Ensures the preparation of annual reports within three months from the end of the financial year.

19. He is responsible for supervising and managing the operation of electronic management information system (MIS), which is organized by the Security Division. Also, ensures that the continued proper functioning of electronic communication systems and in particular the website of the company is sufficiently monitored by the competent department
20. Decides on the internal organization and take all necessary steps for the upgrading and development of the staff, proposes to the Board for approval the necessary new regulations, organization charts, educational and training issues of personnel.
21. Implements the decisions of the Board.

The CEO reports to the Board of the company.

2.5.4.2.5 Indipendent non executive members of the Board of Directors:

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

2.5.4.3 **Remunaration policy:**

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

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

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

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

2.5.5.1 **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 though the application of specific procedures giving access to authorized persons only. The physical plant where information is managed, accessed and stored is safeguarded with respective procedures.

2.5.5.2 **Internal Audit Division:**

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

2.5.5.3 **Supervision of Internal Audit Division / Audit Committee:**

The Audit Committee consists of two (2) non-executive members (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.

2.5.5.4 **Board of Directors:**

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

2.6 CERTIFICATIONS

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

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

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

The company has obtained the ISO certification for a Quality Management Systems as following:
- Quality Assurance EN ISO 9002:1994 1996 - 1999
- Quality Assurance EN ISO 9001:1994 1999 - 2003
- Quality Assurance EN ISO 9001:2000 2004 - 2009
- Quality Assurance EN ISO 9001:2008 2010 - 2013

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

2.7 CORPORATE SOCIAL RESPONSABILITY

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

2.8 IMPORTANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The sales to and purchases from related parties, during 2011, 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 2011 and 2010 respectively.

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Company	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
SPACE HELLAS CYPRUS LTD	0	2	10	-	-	2	10	-
METROLOGY HELLAS SA	4	-	-	-	50	-	-	-
Subsidiaries	**4**	**2**	**10**		**50**	**2**	**10**	
JOINT-VENTURE "EMY" MODERNIZATION	58	-	104	80	1.731	2.753	-	-
JOINT-VENTURE ALKYONA	-	-	4	137	772	765	617	613
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	-	4	10	12	15	17	-
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	1	-	-1.471	-1.470	-	-
Joint Ventures	**58**	**-**	**113**	**230**	**1.044**	**2.087**	**634**	**613**
MOBICS L.T.D.	-	-	16	31	-	-	5	37
SPACE CONSULTING S.A.	474	26	311	90	845	627	82	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	2	-	510	519	4	12	-	15
SPACE VISION S.A.	-	169	-	245	-	210	-	-
Associates	**476**	**195**	**837**	**885**	**849**	**849**	**87**	**52**
Total Company	**538**	**197**	**960**	**1.115**	**1.943**	**2.938**	**731**	**665**

Amounts in € thousand	Revenue		Expenses		Receivables		Liabilities	
Group	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
JOINT-VENTURE "EMY" MODERNIZATION	58	-	104	80	1.731	2.753	-	-
JOINT-VENTURE ALKYONA	-	-	4	137	772	765	617	613
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	-	4	10	12	15	17	-
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	1	-	-1.471	-1.470	-	-
Joint Ventures	**58**	**-**	**113**	**230**	**1.044**	**2.087**	**634**	**613**
MOBICS L.T.D.	-	-	16	31	-	-	5	37
SPACE CONSULTING S.A.	474	26	311	90	845	627	82	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	2	-	510	519	4	12	-	15
Associates	**476**	**26**	**837**	**640**	**849**	**639**	**87**	**52**
Total Group	**534**	**26**	**950**	**867**	**1.893**	**2.722**	**721**	**665**

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

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

Table of Key management compensation:

Amounts in € thousand	Group		Company	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Salaries and other employee benefits	**1.392**	**1.348**	**1.392**	**1.348**
Receivables from executives and members of the Board	**5**	**13**	**5**	**13**
Payables to executives and member of the Board	**110**	**98**	**110**	**98**

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

Tables of Guarantees to third parties

Amounts in € thousand	**Group**		**Company**	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Guarantees to third parties on behalf of subsidiaries and joint ventures	**2.042**	**3.218**	**2.042**	**3.218**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**2.042**	**3.218**	**2.042**	**3.218**

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 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each and listed in the Athens Stock Exchange in the sector "Telecommunications equipment" under the "Medium and Small Capitalization" category.

ii. *Limitations on transfer of Company shares.*

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

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

At 31.12.2011 the following shareholders held more than 5% of the total voting rights of the Company:

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

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

iv. *Shares conferring special control rights.*

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

v. *Limitations on voting rights.*

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

vi. *Agreements among Company shareholders.*

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

vii. *Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association.*

The articles of Association regarding the appointment or replacement of Board of Directors members as well as the alteration of its provisions are in accordance to the provisions of Law 2190/1920.

viii. *Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/20.*

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

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

ix. *Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer*

There is no such an agreement.

x. *Significant agreements with members of the Board of Directors or employees of the Company.*

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

Agia Paraskevi, 16 March 2012

The President of Board

D. MANOLOPOULOS

The Board of Directors

3 INDEPENDENT AUDITOR’S REPORT

PKF Euroauditing SA.

Accountants & business advisers

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

Report on the Company and Consolidated Financial Statements

We have audited the accompanying company and consolidated financial statements of SPACE HELLAS SA and its subsidiaries which comprise the company and consolidated statement of financial position as of 31 December 2011 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, 2011, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal Matters

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

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

PKF EUROAUDITING S.A.
Certified Public Accountants
PANNELL KERR FORSTER
124 Kifissias Avenue, 115 26 Athens
S.O.E.L. Reg. No. 132

Athens, 19 March 2012

ANDREAS G. POURNOS
Certified Public Accountant
S.O.E.L. Reg. No. 35081

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4 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st JANUARY 2011 TO 31st DECEMBER 2011

4.1 TOTAL COMPREHENSIVE INCOME STATEMENT

Amounts in € thousand	NOTES	GROUP 01.01-31.12.2011	GROUP 01.01-31.12.2010	COMPANY 01.01-31.12.2011	COMPANY 01.01-31.12.2010
Revenue	4.7.1	43.194	50.105	42.383	49.191
Cost of sales		-30.171	-37.280	-29.761	-36.774
Gross profit		**13.023**	**12.825**	**12.622**	**12.417**
Other income	4.7.2	663	531	564	496
Administrative expenses	4.7.3	-5.127	-5.191	-5.079	-5.157
Research and development cost	4.7.3	-395	-332	-395	-332
Selling and marketing expenses	4.7.3	-4.670	-4.896	-4.661	-4.894
Other expenses	4.7.4	-580	-864	-518	-808
Earnings before taxes, investing and financial results		**2.914**	**2.073**	**2.533**	**1.722**
Interest & other similar income		324	340	324	339
Interest and other financial expenses		-2.689	-1.771	-2.650	-1.745
Profit/(loss) from revaluation of investments in subsidiaries - associated companies		-133	-228	-133	-228
Profit/(loss) before taxes		**416**	**414**	**74**	**88**
Less: Taxes	4.7.5	-188	-287	-157	-252
Profit after taxes (A)		**228**	**127**	**-83**	**-164**
- Company Shareholders		231	127	-	-
- Minority Interests in subsidiaries		-3	0	**-**	**-**
Other comprehensive income after taxes (B)		**-72**	**-406**	**-26**	**-409**
Total comprehensive income after taxes (A) + (B)		**156**	**-279**	**-109**	**-573**
- Company Shareholders		159	-279	-	-
- Minority Interests in subsidiaries		-3	0	-	-
Earnings per share - basic (in €)		0,0353	0,0197	-0,0129	-0,0173
SUMMARY OF INCOME STATEMENT					
Profit before interest, taxes, depreciation and amortization (EBITDA)		**3.744**	**3.000**	**3.363**	**2.649**
Less depreciation		**830**	**927**	**830**	**927**
Profit before interest and taxes, (EBIT)		**2.914**	**2.073**	**2.533**	**1.722**
Profit before taxes		**416**	**414**	**74**	**88**
Profit after taxes		**228**	**127**	**-83**	**-164**
Other comprehensive income after taxes		**-72**	**-406**	**-26**	**-409**
Total comprehensive income after taxes		**156**	**-279**	**-109**	**-573**

Notes

Current year

- *The amount € -72 thousand, that was charged directly to the Equity concerns prior year tax differences of the Joint Venture UNISYSTEMS INFORMATION SYSTEMS S.A. for the amount of -26 thousand and currency exchange differences from the consolidation of sub-subsidiary. SPACE SYSTEM INTEGRATOR S.R.L. for the amount of -46 thousand*

Previews period

- *The amount of € 406 thousand charged directly to Equity concerns € -409 thousand loss from the cancellation of the stock option plan and € 15 thousand currency exchange differences from the consolidation of sub-subsidiary. SPACE SYSTEM INTEGRATOR S.R.L.*

4.2 FINANCIAL POSITION STATEMENT

Amounts in € thousand	Note	GROUP		COMPANY	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS					
Non-current assets					
Property, plant & equipment	4.7.6	10.836	11.293	10.813	11.293
Investment properties	4.7.8	1.500	1.000	0	0
Goodwill	4.7.9	460	428	428	428
Intangible assets	4.7.7	978	403	977	403
Investments in subsidiaries	4.7.11	0	0	225	34
Investments in associates	4.7.11	374	475	605	578
Other noncurrent receivables		144	72	138	72
Total Non-current assets		**14.292**	**13.671**	**13.186**	**12.808**
Current assets					
Inventories	4.7.12	3.591	3.224	3.591	3.224
Trade debtors	4.7.13	24.155	31.981	23.950	31.799
Other debtors	4.7.14	5.312	5.060	5.648	5.582
Financial assets		13	12	13	12
Advanced payments	4.7.15	324	1.555	323	1.555
Cash and cash equivalents	4.7.16	1.720	1.959	1.537	1.545
Total Current assets		**35.115**	**43.791**	**35.062**	**43.717**
TOTAL ASSETS		**49.407**	**57.462**	**48.248**	**56.525**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share Capital	4.7.17	10.330	10.330	10.330	10.330
Share premium	4.7.17	53	53	53	53
Stock option plan reserve	4.7.20	0	0	0	0
Treasury shares	4.7.20	0	0	0	0
Fair value reserves		3.435	3.435	3.435	3.435
Other Reserves		627	674	671	671
Retained earnings		594	388	-553	-444
Equity attributable to equity holders of the parent		**15.039**	**14.880**	**13.936**	**14.045**
Minority interests		**34**	**4**	**-**	**-**
Total equity		**15.073**	**14.884**	**13.936**	**14.045**
Non-current liabilities					
Other non-current liabilities	4.7.19	11	11	647	635
Long term loans	4.7.18	1.120	1.608	644	1.067
Provisions	4.7.23	122	122	122	122
Retirement benefit obligations	4.7.20	54	126	54	126
Deferred income tax liability	4.7.21	525	543	647	543
Total Non-current liabilities		**1.832**	**2.410**	**2.114**	**2.493**
Current liabilities					
Trade and other payables	4.7.22	12.808	15.241	12.614	15.193
Income tax payable		1.707	2.162	1.662	2.094
Short-term borrowings		17.987	22.765	17.922	22.700
Total Current liabilities		**32.501**	**40.168**	**32.198**	**39.987**
Total Equity and Liabilities		**49.407**	**57.462**	**48.248**	**56.525**

4.3 STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Company's Equity:

Amounts in € thousand	Share Capital	Share premium	Fair value reserves	Stock option plan reserves	Treasury shares	Other Reserves	Retained earnings	Amounts in € thousand
Changes in the Shareholders equity for the year 2010 (01/01-31/12/2010)								
Balance at 1 January 2010 as previously reported	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**129**	**14.209**
Profit for the year	0	0	0	0	0	0	-164	**-164**
Share Capital increase/ (decrease)	-200	0	0	0	0	0	0	**-200**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	0	**0**
Treasury shares purchased	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	0	0	0	0	**0**
Capitalisation of the Share premium with concurrent offsetting of previews years' losses for the increase of the Share capital	0	0	0	-202	811	0	-409	**200**
Balance at 31 December 2010	**10.330**	**53**	**3.435**	**0**	**0**	**671**	**-444**	**14.045**
Changes in the Shareholders equity for the year 2011 (01/01-31/12/2011)								
Balance at 1 January 2011 as previously reported	**10.330**	**53**	**3.435**	**0**	**0**	**671**	**-444**	**14.045**
Profit for the year	0	0	0	0	0	0	-83	**-83**
Share Capital increase/ (decrease)	0	0	0	0	0	0	0	**0**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**
Net income recognized directly in equity	0	0	0	0	0	0	-26	**-26**
Treasury shares purchased	0	0	0	0	0	0	0	**0**
Stock Option Plan formation reserve	0	0	0	0	0	0	0	**0**
Cancellation of Stock Option Plan and own shares	0	0	0	0	0	0	0	**0**
Balance at 31 December 2011	**10.330**	**53**	**3.435**	**0**	**0**	**671**	**-553**	**13.936**

Notes:

Current year

- *The amount of € -26 thousand, that was charged directly to the Equity concerns prior year tax differences of the Joint Venture UNISYSTEMS INFORMATION SYSTEMS S.A.*

Previews year

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

Statement of Changes in Group's Equity:

Amounts in € thousand	Share Capital	Share premium	Fair value reserves	Stock option plan reserves	Treasury shares	Other Reserves	Accumulated profit / (loss)	Total	Non controlling interests	Total net Equity
Balance at 1 January 2010 as previously reported	**10.530**	**53**	**3.435**	**202**	**-811**	**671**	**670**	**14.750**	**0**	**14.750**
Profit for the year	0	0	0	0	0	0	127	**127**	0	**127**
Share Capital increase/ (decrease)	-200	0	0	0	0	0	0	**-200**	0	**-200**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**	0	**0**
Net income recognized directly in equity	0	0	0	0	0	3	0	**3**	0	**3**
Treasury shares	0	0	0	0	0	0	0	**0**	0	**0**
Non controlling interest	0	0	0	0	0	0	0	**0**	4	**4**
Cancellation of Stock Option Plan and own shares	0	0	0	-202	811	0	-409	**200**	0	**200**
Balance at 31 December 2010	**10.330**	**53**	**3.435**	**0**	**0**	**674**	**388**	**14.880**	**4**	**14.884**
Balance at 1 January 2011 as previously reported	**10.330**	**53**	**3.435**	**0**	**0**	**674**	**388**	**14.880**	**4**	**14.884**
Profit for the year	0	0	0	0	0	0	231	**231**	-3	**228**
Share Capital increase/ (decrease)	0	0	0	0	0	0	0	**0**	0	**0**
Dividends distributed (profits)	0	0	0	0	0	0	0	**0**	0	**0**
Net income recognized directly in equity	0	0	0	0	0	-46	-26	**-72**	0	**-72**
Treasury shares	0	0	0	0	0	0	0	**0**	0	**0**
Non controlling interest	0	0	0	0	0	0	0	**0**	33	**33**
Cancellation of Stock Option Plan and own shares	0	0	0	0	0	0	0	**0**	0	**0**
Balance at 31 January 2011	**10.330**	**53**	**3.435**	**0**	**0**	**627**	**594**	**15.039**	**34**	**15.073**

Notes:

Current year *The amount of concerns € -72 thousand*

- *The amount € -72 thousand, that was charged directly to the Equity concerns prior year tax differences of the Joint Venture UNISYSTEMS INFORMATION SYSTEMS S.A. for the amount of -26 thousand and currency exchange differences from the consolidation of sub-subsidiary. SPACE SYSTEM INTEGRATOR S.R.L. for the amount of -46 thousand*

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

4.4 CASH FLOW STATEMENT

Amounts in € thousand	GROUP		COMPANY	
	01.01-31.12.2011	01.01-31.12.2010	01.01-31.12.2011	01.01-31.12.2010
Cash flows from operating activities				
Profit/(Loss) Before Taxes	416	414	74	88
Adjustments for:	0		0	
Depreciation & amortization	830	927	830	927
Provisions	130	29	130	29
Foreign exchange differences	-9	180	29	163
Net (profit)/Loss from investing activities	-227	-51	-219	-39
Interest and other financial expenses	2.689	1.771	2.650	1.745
Plus or minus for Working Capital changes:				
Decrease/(increase) in Inventories	-367	74	-367	74
Decrease/(increase) in Receivables	8.803	-3.953	8.736	-4.303
(Decrease)/increase in Payables (excluding banks)	-2.948	877	-2.757	858
Less:				
Interest and other financial expenses paid	-2.675	-1.771	-2.637	-1.745
Taxes paid	-527	976	-486	1.005
Total cash inflow/(outflow) from operating activities (a)	**6.115**	**-527**	**5.983**	**-1.198**
Cash flow from Investing Activities				
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	0	-191	0
Purchase of tangible and intangible assets	-1.434	-2.105	-934	-1.105
Proceeds from sale of tangible and intangible assets	11	16	11	16
Proceeds from sale/liquidation of subsidiaries	5	0	0	0
Interest received	324	340	324	339
Dividends received	0	0	0	0
Total cash inflow/(outflow) from investing activities (b)	**-1.094**	**-1.749**	**-790**	**-750**
Cash flow from Financing Activities				
Proceeds from Borrowings	899	4.428	899	3.778
Payments of Borrowings	-6.165	-4.534	-6.100	-4.491
Total cash inflow/(outflow) from financing activities (c)	**-5.260**	**-106**	**-5.201**	**-713**
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	**-239**	**-2.382**	**-8**	**-2.661**
Cash and cash equivalents at beginning of period	**1.959**	**4.341**	**1.545**	**4.206**
Cash and cash equivalents at end of period	**1.720**	**1.959**	**1.537**	**1.545**

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/B/86/95 and the Tax Register Number (ΑΦΜ) is 094149709

4.5.2 Operating Activities

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

The company is active in the following market segments

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

4.5.3 Board of Directors

By virtue of the company's decision, dated 27.10.2011, registered in the S.A. register (Ministry of Development decision K2-8889/04-11-2011), the Board of Directors is composed of the following members:

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

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

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

4.5.4 Group Structure

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

Corporate name	Ownership percentage		Consolidation method	Country
Amounts in € thousand	Direct	Indirect		
Subsidiaries				
METROLOGY HELLAS S.A.	82,87%		Full consolidation	Greece
SPACE HELLAS (CYPRUS) LTD	100%		Full consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.		99%	Full consolidation	Romania
Associates & Joint Ventures				
JOINT-VENTURE "EMY" MODERNIZATION	67,5%		Equity method	Greece
JOINT-VENTURE ALKYONA	99%		Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	35%		Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	50%		Equity method	Greece
Other investments				
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")	19,32%		-	Greece

4.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.6.1 General Infromation

The accompanying financial statements of the period from 1st January to 31st December 2011 comprise the individual as well as the consolidated financial statements.
SPACE HELLAS S.A is the parent company of the Group. The company's shares are ordinary registered shares and have been listed in ASE since 29.09.2000. The company operates in the IT and Telecommunications market since 1985, offering integrated solutions and services to Private and Public entitles at a national and international level. The company's legal address is Mesogion Ave 312, Agia Paraskevi, 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 31.12.2011 have been approved by the Board of Directors with the decision No 2058/26th March 2012.
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 2011, have been approved for issue by the Board of Directors on March 26, 2012 have been prepared taking into account the going concern principle as well as the historical cost convention, as modified by the revaluation of certain equity investments, investment property, and derivative instruments at fair value and fully comply with the International Financial Reporting Standards (I.F.R.S.) and issued Interpretations by International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, (EC regulation 1606/2002) as at December 31, 2011

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

4.6.3 New standards, interpretations and amendments to published standards

The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations whose application is mandatory for the periods beginning January 1, 2011, onwards (except if mentioned otherwise below). The Group's and the Company's Management's assessment regarding the effect of these new standards and interpretations is as follows:

4.6.3.1 Standards and interpretations mandatory for 2011

IAS 24 (Revised) "Related Party Disclosures" This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual Financial Statements. This revision does not affect the Group's Financial Statements

IAS 32 (Amendment) "Financial Instruments: Presentation" This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not relevant to the Group.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Group.

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

The amendments set out below describe the key changes toy IFRSs following the publication in May 2010 of the results of the IASB's annual improvements project. Unless otherwise stated, the following amendments will not have a material impact on the Group's financial statements.

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

IFRS 7 "Financial Instruments: Disclosures" The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 "Presentation of Financial Statements" The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

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

IAS 34 "Interim Financial Reporting" The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

IFRIC 13 "Customer Loyalty Programmes" The amendment clarifies the meaning of the term 'fair value' in the context of measuring award credits under customer loyalty programmes.

4.6.3.3 Standards and interpretations mandatory after 1st January 2012

IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011) This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the Group has continuing involvement. It also provides guidance on applying the disclosure requirements.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015). IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Group is currently investigating the impact of IFRS 9 on its Financial Statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2015.

IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013) IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. This standard has not yet been endorsed by the EU.

IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012) The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. This amendment has not yet been endorsed by the EU.

IAS 12 (Amendment) "Income Taxes" (effective for annual periods beginning on or after 1 January 2012) The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". This amendment has not yet been endorsed by the EU.

IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013) This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. This amendment has not yet been endorsed by the EU.

IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013) The IASB has published this amendment to include information that will enable users of an entity's Financial Statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2014) 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 not yet been endorsed by the EU.

4.6.3.4 Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2013)

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. 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.

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.

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.

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 2010.

4.6.5 Property, Plant And Equipment

Fixed assets are reported in the financial statements at the fair value or at the acquisition cost or deemed cost as determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets

Buildings are measured at fair value as at 31.12.2008, less accumulated depreciation and less any accumulated impairment loss. Land held for the production or management is presented at its fair value. As the useful period of life cannot be determined, the relevant carrying amounts are not subject to depreciation.

The fair value is assessed based on valuations by external independent values every three or four years, unless factors of the market indicate impairment risk of the value, so as to assure that the carrying value does not differ significantly from the fair value.

Other assets are measured at cost less accumulated depreciation and any accumulated impairment losses

Intangible assets include goodwill, concessions and industrial property rights, as well as the computer software. Concessions and industrial property rights are no subject to depreciation because of the difficulty to estimate with accuracy their commercial value.

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

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

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

4.6.6 Investment property

Investment properties are held to earn rental income and profit from increased capital value at disposal. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are treated as long-term assets and carried at fair value which represents the open market value, and is tested at the end of the year. Changes in fair values are recorded in net income and are included in other operating income.

4.6.7 Impairment of Assets

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results.

Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or cash generating unit- CGU) is greater than its recoverable amount.

Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

4.6.8 GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture and associate at the date of acquisition.
Goodwill on acquisitions of subsidiaries and joint ventures are included in intangible assets and disclosed at the acquisition cost. This cost equals the consolidation cost that exceeds the company's share to the assets and liabilities of the acquired entity.
Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.
The Group performs its annual impairment test of goodwill as at 31 December. When needed, impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount (typically the value in use) of the cash-generating units is less than their carrying amount an impairment loss is recognized

4.6.9 CONSOLIDATION

- 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 o three months or less.

4.6.13 RESERVES

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

4.6.14 SHARE CAPITAL

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange since 29-9-2000. All shares are ordinary and nominal. The Share capital is fully paid up, amounts to 10.330.448,00 € and is divided to 6.456.530 ordinary nominal voting shares of nominal value 1,60 € each..

4.6.15 REVENUE AND EXPENSE RECOGNITION

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

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

4.6.16 PROVISIONS

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

4.6.17 BORROWINGS

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

4.6.18 EMPLOYEE BENEFITS

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

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

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

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

4.6.19 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.

4.6.20 INCOME TAX AND DEFERRED TAX

The tax for the period comprises current income tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to Equity. In such case the related tax is, accordingly, booked directly to Equity.
Current income tax is calculated using the financial statements of every company included in the consolidated financial statements, along with the applicable tax law in the respective countries. The charge from income tax consists in the current income tax calculated upon the results of the Group companies, as they have been reformed in their taxation return applying the applicable tax rate.
Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.
Deferred income tax assets are recognized only to the extent that is it probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures

and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income taxation is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

4.6.21 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.

4.6.22 FINCANCIAL INSTRUMENTS

Financial instruments at fair value

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

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

4.6.23 FINCANCIAL 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.

- **Price Risk**

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

- **Interest Rate Risk**

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

- **Credit Risk**

Trade accounts receivable consist mainly of a large, widespread customer base where the predominant position is held by Banking and Public sectors. The Group's Financial Management Department monitors the financial position of their debtors on an ongoing basis.
Each client's credit exposure is monitored by an independent entity, taking into account the client's financial position, the amount of previews transactions and other factors and tests the credit limits granted to the client. The credit limits granted are fixed taking into account internal and external evaluations and are always within the limits approved by the Board of directors.
Appropriate provision for impairment losses is made for specific credit risks. At the end of year 2011 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.
Taking into account the Group's customer base and the relevant liquidity risk, the exposure at the credit risk will be moderate. The post-dated collection of receivables is an important issue but is not related to our customers credit ability. To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

- **Liquidity Risk**

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

- **Capital Management**

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

4.6.24 Income Tax And Deferred Tax

The tax for the period comprises current income tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to Equity. In such case the related tax is, accordingly, booked directly to Equity.
Current income tax is calculated using the financial statements of every company included in the consolidated financial statements, along with the applicable tax law in the respective countries. The charge from income tax consists in the current income tax calculated upon the results of the Group companies, as they have been reformed in their taxation return applying the applicable tax rate.
Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.
Deferred income tax assets are recognized only to the extent that is it probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income taxation is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

4.6.25 Foreign Currency Transactions

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

4.7 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4.7.1 Operating Segments

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

- **Primary segment – Business segments**

The Group organizes its activities in three segments:

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

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

GROUP												
	Technology Solutions and Services			Integration projects			Mobile telecommunications			Total		
	year			year			year			year		
Amounts in € thousand	2011	2010	VARIATION %	2011	2010	VARIATION %	2011	2010	VARIATION %	2011	2010	VARIATION %
Revenue	35.994	41.190	-12,61	4.700	6.045	-22,25	2.500	2.870	-12,89	**43.194**	**50.105**	-13,79
Gross profit	10.576	9.880	7,04	1.457	2.025	-28,05	990	950	4,21	**13.023**	**12.825**	1,54
EBIT	2.770	2.350	17,87	754	440	71,36	220	210	4,76	**3.744**	**3.000**	24,77
Earnings before taxes	-	-	-	-	-	-	-	-	-	**416**	**414**	0,48
Earnings after taxes	-	-	-	-	-	-	-	-	-	**228**	**127**	79,53

- **Secondary segment – Geographical segment**

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

4.7.2 Other Operating Income

Amounts in € thousand	GROUP		COMPANY	
	01.01-31.12. 2011	01.01-31.12. 2010	01.01-31.12.2011	01.01-31.12. 2010
Service provision	14	27	14	27
Income from property leases	125	128	126	128
Income from technical equipment leases	39	32	42	32
Government Grants	167	109	165	109
Other extraordinary income	32	57	18	57
Currency exchange gains	277	170	190	135
Other extraordinary gains	5	7	5	7
Prior year's income	4	1	4	1
Total other operating income	**663**	**531**	**564**	**496**

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 2010 for 2,18% , mainly because of the containment of the operation cost, though maintaining the company's growth trends.

Amounts in € thousand	GROUP		VARIATION %	COMPANY		VARIATION %
	01.01-31.12.2011	01.01-31.12.2010		01.01-31.12.2011	01.01-31.12.2010	
Payroll expenses	5.924	6.432	-7,90%	5.909	6.432	-8,13%
Third parties' fees and expenses	1.346	904	48,89%	1.328	869	52,82%
Third parties' utilities and services	1.467	1.594	-7,97%	1.455	1.594	-8,72%
Taxes and dues	207	176	17,61%	197	176	11,93%
Sundry expenses	629	689	-8,71%	627	688	-8,87%
Depreciations	489	543	-9,94%	489	543	-9,94%
Provisions	130	81	60,49%	130	81	60,49%
Total operating expenses	**10.192**	**10.419**	-2,18%	**10.135**	**10.383**	-2,39%

4.7.4 Other Operating Expenses

amounts in € thousand	GROUP		COMPANY	
	01.01-31.12.2011	01.01-31.12.2010	01.01-31.12.2011	01.01-31.12.2010
Extraordinary expenses	242	191	242	191
Loss from currency exchange	270	353	220	297
Extraordinary loss legal dispute	14	12	14	12
Prior years' expenses	0	36	0	36
Provisions for receivables of doubtful collection	37	162	37	162
Extraordinary losses	17	81	5	81
Losses from renegotiation of agreements	0	29	0	29
Total other operating expenses	**580**	**864**	**518**	**808**

4.7.5 Income Tax

The income tax expense imputed the results as following:

Income Tax	NOTE	GROUP		COMPANY	
Amounts in € thousand		31.12.2011	31.12.2010	31.12.2011	31.12.2010
Current Income Tax		-84	-35	-53	0
Provision charged for the tax unaudited fiscal years		0	-52	0	-52
Deferred tax imputed to results	5.7.20	-104	-200	-104	-200
Total		**-188**	**-287**	**-157**	**-252**

According to the provisions of the previews tax law, the taxation income rate for year 2010 amounted to 24%. With the new taxation law (L. 3943/2011), the taxation rate for year 2011 and after, has been reduced to 20%. The deferred tax has been calculated using the tax rate that will be in force at the time of the settlement.

The Greek tax authorities issue Greek circulars and interpretations in several cases regarding the application of the Greek Tax Law. The income tax statements are submitted to the tax authorities but the results stated up to 2010 for tax purposes are considered provisory until the final tax audit. The tax losses to the extent of their recognition from the tax authorities can be deductable for the next five years starting from the year where the loss appeared.

According to the Greek tax law, companies pay taxes in advance as percentage of the year's income tax. Whenever advancements exceed the due tax a refund can be claimed.
From year 2011 an after, the tax returns are subject to the issuance of the Tax Compliance Report (described below).

New taxation law

According to the provisions of the law 3943/2011, the taxation rate for year 2011 and after has been reduced to 20%. An additional 25% tax, borne by the beneficiary, is applied to dividends of domestic companies that have been approved after 1st January 2012. Especially for dividends approved during 2011, the additional tax rate

amounts to 21%. This additional tax is withheld from the company and the beneficiary's tax liability is retained fulfilled.
No additional tax is applied when the beneficiary of paid dividends is a company based in another member state of the EU, fulfilling the requirements of Law 2578/1998 (Parent-subsidiary directive).

Tax compliance Report
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.

Income Tax reconciliation	**GROUP**		**COMPANY**	
Amounts in € thousand	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Earnings before taxes	**416**	**414**	**74**	**88**
Tax calculated at the statutory tax rate 20% (24% for 2010)	84	100	15	22
Expenses not deductible for tax purposes	132	89	132	89
Provision for tax unaudited fiscal years	0	52	0	52
Effect of changes in future tax rates and tax revaluation	0	43	0	43
Unused recognized tax losses	-72	-36	-72	-36
Permanent tax differences	82	82	82	82
Effect of different tax rates in other countries	-38	-43	0	0
Total	**188**	**287**	**157**	**252**

4.7.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of the Group:

Amounts in € thousand	Land	Buildings and buildings installation	Plant and machinery	Motor Vehicles	Furniture's & Fittings	**Total**
Opening Balance 01.01.2010	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Plus: Additions	0	80	725	160	110	**1.075**
Minus: Disposals	0	0	167	0	250	**417**
Ending balance 31.12.2010	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Depreciation at 01.01.2010	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Plus: Depreciation expense	0	250	380	8	187	**825**
Minus: Depreciation of disposed elements	0	0	99	0	230	**329**
Ending balance 31.12.2010	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Net Book Value at 31.12.2010	**1.955**	**5.768**	**2.684**	**185**	**701**	**11.293**
Opening Balance 01.01.2011	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Plus: Additions	0	46	199	1	37	**283**
Minus: Disposals	0	0	16	5	15	**36**
Ending balance 31.12.2011	0	0	71	113	101	**285**
	1.955	**6.910**	**5.290**	**328**	**2.477**	**16.960**
Depreciation at 01.01.2011	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Plus: Depreciation expense	0	252	334	12	154	**752**
Minus: Depreciation of disposed elements	0	0	8	5	12	**25**
Additions through business Combinations	0	0	50	114	98	**262**
Ending balance 31.12.2011	**0**	**1.348**	**2.728**	**155**	**1.893**	**6.124**
Net Book Value at 31.12.2011	**1.955**	**5.562**	**2.562**	**173**	**584**	**10.836**

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 01.01.2010	**1.955**	**6.784**	**4.478**	**59**	**2.494**	**15.770**
Plus: Additions	0	80	725	160	110	**1.075**
Minus: Disposals	0	0	167	0	250	**417**
Ending balance 31.12.2010	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Depreciation at 01.01.2010	**0**	**846**	**2.071**	**26**	**1.696**	**4.639**
Plus: Depreciation expense	0	250	380	8	187	**825**
Minus: Depreciation of disposed elements	0	0	99	0	230	**329**
Ending balance 31.12.2010	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Net Book Value at 31.12.2010	**1.955**	**5.768**	**2.684**	**185**	**701**	**11.293**
Opening Balance 01.01.2011	**1.955**	**6.864**	**5.036**	**219**	**2.354**	**16.428**
Plus: Additions	0	46	199	1	37	**283**
Minus: Disposals	0	0	16	5	15	**36**
Ending balance 31.12.2011	**1.955**	**6.910**	**5.219**	**215**	**2.376**	**16.675**
Depreciation at 01.01.2011	**0**	**1.096**	**2.352**	**34**	**1.653**	**5.135**
Plus: Depreciation expense	0	252	334	12	154	**752**
Minus: Depreciation of disposed elements	0	0	8	5	12	**25**
Ending balance 31.12.2011	**0**	**1.348**	**2.678**	**41**	**1.795**	**5.862**
Net Book Value at 31.12.2011	**1.955**	**5.562**	**2.541**	**174**	**581**	**10.813**

4.7.7 INTANGIBLE ASSETS

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

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

Intangible assets of the Group:

Amounts in € thousand	**Software**	**Other intangibles**	**Total intangible assets IFRS**
Opening balance 01.01.2010	**909**	**284**	**1.193**
Additions	29	0	**29**
Disposals/Write offs	1	0	**1**
Ending balance 31.12.2010	**937**	**284**	**1.221**
Depreciation 01.01.2010	**717**	**0**	**717**
Depreciation expense	102	0	**102**
Disposals	1	0	**1**
Depreciation at 31.12.2010	**818**	**0**	**818**
Net Book Value 31.12.2010	**403**	**284**	**403**
Opening balance 01.01.2011	**937**	**284**	**1.221**
Additions	652	0	**652**
Disposals/Write offs	0	0	**0**
Ending balance 31.12.2011	59	0	**59**
	1.648	**284**	**1.932**
Depreciation 01.01.2011	**818**	**0**	**818**
Depreciation expense	78	0	**78**
Disposals	0	0	**0**
Additions through business Combinations	58	0	**58**
Depreciation at 31.12.2011	**954**	**0**	**954**
Net Book Value 31.12.2011	**694**	**284**	**978**

Intangible assets of the Company:

Amounts in € thousand	Software	Other intangibles	Total intangible assets IFRS
Opening balance 01.01.2010	**909**	**284**	**1.193**
Additions	29	0	**29**
Disposals/Write offs	1	0	**1**
Ending balance 31.12.2010	**937**	**284**	**1.221**
Depreciation 01.01.2010	**717**	**0**	**717**
Depreciation expense	102	0	**102**
Disposals	1	0	**1**
Depreciation at 31.12.2010	**818**	**0**	**818**
Net Book Value 31.12.2010	**119**	**284**	**403**
Opening balance 01.01.2011	**937**	**284**	**1.221**
Additions	652	0	**652**
Disposals/Write offs	0	0	**0**
Ending balance 31.12.2011	**1.589**	**284**	**1.873**
Depreciation 01.01.2011	**818**	**0**	**818**
Depreciation expense	78	0	**78**
Disposals	0	0	**0**
Depreciation at 31.12.2011	**896**	**0**	**896**
Net Book Value 31.12.2011	**694**	**284**	**977**

4.7.8 INVESTMENT PROPERTIES

The amount of € 1.500 thousand concerns building owned by the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. (indirect participation) acquired for rental purposes during the first half of year 2010 and it is disclosed at the acquisition cost. This fair value of this property will be tested on annual basis. The fair value for investments in urban areas is determined taking into account the market value of similar investments. The building is leased for three years. The rent for the current period amounts to €97 thousand.

4.7.9 GOODWILL

The Goodwill, amounting to € 460 thousand, comprised among the noncurrent assets, resulted from the buyout of the remaining 50% of SPACE PHONE S.A. (€ 428 thousand) at 29/6/2007, currently merged by absorption by the parent company, plus the buyout of 82,87% (€ 32 thousand) of the subsidiary «METROLOGY HELLAS S.A.» at 25/11/2011.
The goodwill was tested for impairment and it is shown among the company's assets.

4.7.10 LIENS AND PLEDGES

There are no real liens on non-current assets or property except the underwriting of € 1.200 thousand, dated 24 September 2008, and the underwriting of € 4.000 thousand, dated 10 December 2010 both on the property situated at 6 Loch. Dedousi St., (Cholargos, Athens), at Company level and the underwriting of € 650 thousand, dated 27 April 2010, on the property in Romania, at Group level.

4.7.11 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The company's shareholding in subsidiaries, associates and Joint venture as at 31.12.2011, is disclosed at their acquisition cost less provisions for impairment.

Corporate name	**Acquisition cost**		**Ownership percentage**		**Consolidation method**	**Country**
Amounts in € thousand	**31.12.2011**	**31.12.2010**				
Subsidiaries			**Direct**	**Indirect**		
SPACE HELLAS (CYPRUS) LTD	34	34	100%		Full Consolidation	Cyprus
SPACE HELLAS SYSTEM INTEGRATOR S.R.L.	946	396		99%	Full Consolidation	Romania
METROLOGY HELLAS S.A.	191	-	82,87%		Full Consolidation	Greece
Total Subsidiaries	**1.171**	**430**				

Associates & Joint Ventures						
JOINT-VENTURE "EMY" MODERNIZATION	389	389	67,5%	-	Equity method	Greece
JOINT-VENTURE ALKYONA	49	49	99%	-	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	3	3	35%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	-	3	50%	-	Equity method	Greece
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")*	13	13	50%	-	Equity method	Greece
Total Associates & Joint Ventures	**454**	**457**				
Other investments						
MOBICS L.T.D.	150	150	19,32%	-	-	Greece
Total Other investments	**150**	**150**				
Total Shareholding	**1.775**	**1.037**				

**winded up since 16/5/2011*

At 25th November 2011, the company acquired the 82,87% of the shares of METROLOGY HELAS S.A.. The subsidiary is included in the consolidated financial statements with the full consolidation method. The subsidiary's operating activities are the :

- Calibration of instrumentation and control devices in accordance with ISO / IEC 17025 and
- Inspection and Certification of Lifting Equipment in accordance with ISO / IEC 17020

METROLOGY HELLAS SA, beside the aforementioned accreditation activities, has also the ability to execute controls of industrial products, titrations Tanks of any size, as well as controls and special testing of final products.

Summary of the major financial amounts as at 31/12/2011 for the subsidiaries, associates and joint ventures:

Corporate name	**Assets**	**Liabilities**	**Revenue**	**Earnings (Losses) after taxes**	**Percentage Ownership**	**Consolidation method**	**Country**
Amounts in € thousand							
Subsidiaries							
SPACE HELLAS (CYPRUS) LTD	1.835	672	811	337	100%	Full Consolidation	Cyprus
METROLOGY HELLAS SAE	328	162	25	-26	82,87%	Full Consolidation	Greece
Total subsidiaries	**2.163**	**834**	**836**	**311**			
Joint Ventures							
JOINT-VENTURE "EMY" MODERNIZATION	2.860	2.760	0	-154	67,5%	Equity method	Greece
JOINT-VENTURE ALKYONA	832	782	0	-4	99%	Equity method	Greece
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	48	98	2	-11	35%	Equity method	Greece
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	1.498	1.475	0	-1	50%	Equity method	Greece
Total Joint Ventures	**5.238**	**5.115**	**2**	**-170**			
Total ownership	**7.401**	**5.949**	**838**	**141**			

****Consolidated date.***

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

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

Tables of Guarantees to third parties:

Amounts in € thousand	**Group**		**Company**	
	31.12. 2011	**31.12. 2010**	**31.12. 2011**	**31.12. 2010**
Guarantees to third parties on behalf of subsidiaries and joint ventures	**2.042**	**3.218**	**2.042**	**3.218**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**2.042**	**3.218**	**2.042**	**3.218**

Joint Ventures' activities

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

4.7.12 INVENTORIES

Table of inventories of the Group and the company:

Inventories	**Group**		**Company**	
Amounts in Euro thousands	**31.12. 2011**	**31.12. 2010**	**31.12. 2011**	**31.12. 2010**
Goods	3.192	2.770	3.192	2.770
Materials	366	430	366	430
Consumables	34	24	34	24
Total inventories	**3.592**	**3.224**	**3.592**	**3.224**

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 previews years' results, The level of inventories is determined according to the Group's customer-oriented, strategic warehouse management.

4.7.13 TRADE RECEIVABLES

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

Trade receivables	**Group**		**Company**	
Amounts in Euro thousands	**31.12. 2011**	**31.12. 2010**	**31.12. 2011**	**31.12. 2010**
Trade receivables	27.932	35.745	27.727	35.563
Less: Provisions for doubtful liquidation	3.777	3.764	3.777	3.764
Total trade receivables	**24.155**	**31.981**	**23.950**	**31.799**

Balance of the Provisions for doubtful liquidation

	Group / Company	
Amounts in Euro thousands	**31.12.2011**	**31.12. 2010**
Total provision - Opening balance	**3.764**	**3.610**
Additions	13	154
Legal settlements	0	0
Offsetting of prior year's provision	0	0
Total charges to year's income	**13**	**154**
Write-off of receivables following Court Decisions	0	0
Write-off of receivables	0	0
Total provision - Ending balance	**3.777**	**3.764**

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

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

Aging analysis for receivables:

Trade receivables	**Group**		**Company**	
Amounts in Euro thousands	**31.12.2011**	**31.12. 2010**	**31.12.2011**	**31.12. 2010**
1 – 90 days	11.188	13.721	10.983	13.539
91 – 180 days	5.520	7.500	5.520	7.500
181 – 360 days	3.703	6.800	3.703	6.800
> 360 days	3.744	3.960	3.744	3.960
Total trade receivables	**24.155**	**31.981**	**23.950**	**31.799**

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

Receivables from Related parties	Group		Company	
Amounts in Euro thousands	31.12.2011	31.12. 2010	31.12.2011	31.12. 2010
1 – 90 days	70	30	70	30
91 – 180 days	130	171	130	171
181 – 360 days	32	40	32	40
> 360 days*	1.178	2.026	1.178	2.026
Total Receivables from Related parties	**1.410**	**2.267**	**1.410**	**2.267**

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

4.7.14 OTHER RECEIVABLES

Other receivables of the group and company:

Other receivables	Group		Company	
Amounts in Euro thousands	31.12.2011	31.12. 2010	31.12.2011	31.12. 2010
Cheques receivable	1.708	575	1.694	575
Cheques receivable at banks as pledge	0	156	0	156
Cheques overdue	1.700	1.676	1.700	1.676
Deducted Taxes & other receivables	227	325	224	325
Salary prepayments	16	18	16	18
Advances to account for	432	1.130	406	1.130
Amounts owed by affiliated undertakings	121	112	526	634
Deferred charges	2.272	2.093	2.270	2.093
Income earned	439	575	439	575
Other receivables	301	280	277	280
Total other receivables	**7.216**	**6.940**	**7.552**	**7.462**
Less: provisions for doubtful liquidation	1.904	1.880	1.904	1.880
Total other receivables	**5.312**	**5.060**	**5.648**	**5.582**

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

4.7.15 PREPAYMENTS

Analysis of prepayments:

Prepayments	Group		Company	
Amounts in Euro thousands	31.12.2011	31.12. 2010	31.12.2011	31.12. 2010
Orders placed abroad	243	129	243	129
Prepayments to other creditors	81	1.426	80	1.426
Total prepayments	**324**	**1.555**	**323**	**1.555**

4.7.16 CASH AND CASH EQUIVALENTS

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

Cash and Cash equivalents	Group		Company	
Amounts in Euro thousands	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Cash on hand	94	195	93	195
Short term Bank deposits	1.626	1.764	1.444	1.350
Total Cash and Cash equivalents	**1.720**	**1.959**	**1.537**	**1.545**

4.7.17 SHARE CAPITAL

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

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

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.

4.7.18 LONG TERM LOANS

The long term loans concern:

i. the mortgage loan ending at 31.01.2013 for the construction of new premises (4 floor building) on 6 Loch. Dedousi Str., Cholargos, Athens. The loan amounts to € 72 thousand after the interest and principal payments.

ii. the loan ending at year 2013 of € 800 thousand for financing the company's operating activities. The loan amounts to € 571 thousand after the interest and principal payments.

iii. mortgage loan of € 650 thousand, ending at 2020 contacted by the subsidiary SPACE HELLAS SYSTEM INTEGRATOR S.R.L. on 27th April 2010 for the acquisition of a building as investment property. The loan amounts to € 477 thousand after the interest and principal payments.

4.7.19 OTHER LONG TERM LIABILITES

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

Other long term liabilities	Group		Company	
Amounts in Euro thousands	31.12.2011	31.12.2010	31.12.2011	31.12. 2010
losses from joint ventures	0	0	636	624
Guarantees received	11	11	11	11
Total Other long term liabilities	**11**	**11**	**647**	**635**

4.7.20 PERSONELL EMPLOYEED - EMPLOYEE BENEFITS

The personnel employed at 31-12-2011 both in the Company and the Group amounted to 216 persons while as at 31.12.2010 amounted to 215.

4.7.20.1 Provisions for employees benefits

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

Accounting disclosures according to IAS 19	Company	
Amounts in Euro thousands	31.12.2011	31.12.2010
Present value of unfunded obligations	533	602
Fair Value of employee benefits assets	-479	-476
Reserves to be formed	**54**	**126**

Provisions for employers benefits recognized in the income statement		
Current service cost	83	71
Cost of interest	30	34
Past service cost	0	-23
Actuarial loss / (gain)	18	0
Net periodic cost	**131**	**82**
Liability recognized in the Statement of financial position		
Net liability – opening balance as at 01.01	126	624
Benefits paid	-203	-580
Cost recognized in the income statement	131	82
Net liability	**54**	**126**
Present value of the liability		
Net liability – opening balance as at 01.01	126	624
Current service cost	83	71
Cost of interest	30	34
Past service cost	-0	-23
Benefits paid	-203	-580
Actuarial loss / (gain)	18	0
Present value of the liability	**54**	**126**

The assumptions used are the following

Assumptions		
1.	Discount interest rate	5% as at 31/12/2011
2.	Average annual long term inflation rate	2% ((according to EU, Lisbon convention)
3.	Average annual long term salary growth	3%
4.	Valuation date	31.12.2011
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)

4.7.21 DEFFERED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rates that apply to the countries where the companies of the group operate. The calculation of the deferred taxes both for the Group and the Company are reviewed each year, as the balance on the balance sheet to reflect the effective tax rates.
The movement on the deferred income tax account after set-offs is as follows:

Deferred income taxes	Group and Company			
	31.12.2011			
Amounts in € thousand	Amounts at 31.12.2010	Amounts charged to net profit	Amounts charged to equity	Total
Deferred tax liabilities				
Depreciation rate difference effect	-245	-21	0	-266
Fair value adjustments Property, plant and equipment	-859	0	0	-859
Depreciation rate difference effect from acquisition of subsidiary	0	12	110	122
Total Deferred tax liabilities	**-1.104**	**-9**	**110**	**-1.003**
Deferred tax assets				
Provisions for Trade and other payables	413	22	0	435
Post-employment and termination benefits	25	-14	0	11
Impairment of Inventories	4	0	0	4
Tax deductible previews years' losses	91	-91	0	0
Share premium capitalization expenses	28	0	0	28
Total Deferred tax assets	**561**	**-92**	**0**	**478**
Total Deferred tax	**-543**	**-104**	**0**	**-525**

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

4.7.22 TRADE AND OTHER PAYABLES

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

Trade and other payables	GROUP		COMPANY	
Amounts in € thousand	31.12. 2011	31.12. 2010	31.12. 2011	31.12. 2010
Trade payables	7.632	10.954	7.546	10.909
Checks payables	2.581	1.426	2.553	1.426
Customer down payments/advances	1.591	1.923	1.590	1.923
Social security	440	412	381	412
Wages and salaries payable	93	62	93	62
Other payables	242	37	233	37
Amounts due to related parties	0	0	0	0
Next year's Income	23	132	23	129
Accrued expenses	202	285	191	285
Purchases under arraignment	4	10	4	10
Other short term provisions	0	0	0	0
Total Trade and other payables	**12.808**	**15.241**	**12.614**	**15.193**

4.7.23 PROVISIONS

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

	Provision changes for the Group and the Company				
Amounts in € thousand	31.12. 2010	New Provisions	Used Provisions	Decreases	31.12.2011
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	126	131	203	0	54
Other provisions	0	0	0	0	0
Total	**695**	**131**	**203**	**0**	**176**

4.7.24 DISPUTED CLAIMS

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

4.7.25 UNDAUDITED FISCAL YEARS BY THE TAX AUTHORITIES

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

Company	Unaudited year
SPACE HELLAS S.A.	2009 – 2010
SPACE HELLAS (CYPRUS) LTD	2005 – 2011
METROLOGY HELLAS S.A.	2010 – 2011
JOINT-VENTURE "EMY" MODERNIZATION	2010 – 2011
JOINT-VENTURE ALKYONA	2010 – 2011
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	2007 – 2011
JOINT-VENTURE SPACE HELLAS - KONSTANTINOS SYMPONIS LTD	2010 – 2011
JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY")*	2009 – 2011

Although a reliable estimation regarding the result of the tax audit cannot be made, the company, using statistical information from previews year's tax audits, has formed a provision for the tax unaudited years 2009-2010, amounting to € 122 thousand for the event of additional taxes in case of tax audit. The domestic Group companies are in the process of settlement of tax pending affairs, year 2009 included, according to Law 3888/2010 and a tax audit would have insignificant impact.
For the parent company, according to the provisions of article 82, § 5, of N.2238/1994, for year 2011 the statutory auditors' "tax" audit is on progress. After the completion of the tax audit, the company believes there will not be any significant changes in tax liabilities disclosed in the financial statements

4.7.26 CONTIGENT EVENTS

4.7.26.1 Commitments -Guarantees

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

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

Contingent Liabilities	**Group**		**Company**	
Amounts in € thousand	**31.12.2011**	**31.12. 2010**	**31.12.2011**	**31.12.2010**
Guarantee letters to secure good performance of contract terms	4.757	5.873	4.757	5.873
Total Contingent Liabilities	**4.757**	**5.873**	**4.757**	**5.873**

** Including letters of guarantee issued in favour of joint ventures amounting to € 571 thousand as at 31.12.2011 and to € 946 thousand as at 31.12.2010*

4.7.26.2 Excess clause provisions and Disputed claims

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

4.7.26.3 Other contigent liabilities

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

4.7.27 OPERATING LEASE COMMITMENTS

At 31.12.2011, the company's leases concerned motor vehicles as well as buildings. The minimum future payments based on valid contracts at 31st December 2011 are the following:

	Minimum future payments		
Amounts in € thousand	**COMPANY**		
	Up to year	**Up to 5 years**	**Over 5 years**
Motor vehicle	329	396	-
Buildings	496	2.200	2.017
Total	**825**	**2.596**	**2.017**

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

4.7.28 CAPITAL COMITTEMENTS

At 31.12.2011 there were no capital commitments for the Group and the Company.

4.7.29 CASH FLOW

Cash flow from operating activities, presented in a positive € 6.115 thousand because the turnover during the last quarter was too high, resulting in the accumulation of uncollected debts at the end of the year.

Cash flows from investing activities, presented in a negative € 1. 099 thousand. The purchase of a new building in Romania as well as the purchase of fixed equipment (back up), which are necessary to meet contractual obligations and improve the quality of maintenance services to our customers, are the major causes of this development.

The cash flow from financing activities is negative amounting to € 5.260 thousand. This is reflecting the economic conditions characterising year 2011.

4.7.30 CONTINGENT EVENTS - TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES (IAS 24) FROM 01-01-2011 TO 31-12-2011

The tables below summarize the transactions carried out with related parties, according to IAS 24, cumulatively from the beginning of the current year, as well as the account receivables and payables at the end of the current and previews year respectively.
The sales to and purchases from related parties, during 2011, are made at normal market prices. There are no transactions of unusual nature or content with significant impact on the Group or the subsidiaries or related parties. All of the transactions with related parties are free of any special condition or clause.

Amounts in € thousand	**Revenue**		**Expenses**		**Receivables**		**Liabilities**	
Company	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
SPACE HELLAS (CYPRUS)	0	2	10	-	-	2	10	-
METROLOGY HELLAS SA	4	-	-	-	50	-	-	-
Subsidiaries	**4**	**2**	**10**		**50**	**2**	**10**	
JOINT-VENTURE "EMY" MODERNIZATION	58	-	104	80	1.731	2.753	-	-
JOINT-VENTURE ALKYONA	-	-	4	137	772	765	617	613
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	-	4	10	12	15	17	-
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	1	-	-1.471	-1.470	-	-
Joint Ventures	**58**	**-**	**113**	**230**	**1.044**	**2.087**	**634**	**613**
MOBICS L.T.D.	-	-	16	31	-	-	5	37
SPACE CONSULTING S.A.	474	26	311	90	845	627	82	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	2	-	510	519	4	12	-	15
SPACE VISION S.A.*	-	169	-	245	-	210	-	-
Associates	**476**	**195**	**837**	**885**	**849**	**849**	**87**	**52**
Total Group	**538**	**197**	**960**	**1.115**	**1.943**	**2.938**	**731**	**665**

**Termination of relation*

Amounts in € thousand	**Revenue**		**Expenses**		**Receivables**		**Liabilities**	
Group	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
JOINT-VENTURE "EMY" MODERNIZATION	58	-	104	80	1.731	2.753	-	-
JOINT-VENTURE ALKYONA	-	-	4	137	772	765	617	613
JOINT VENTURE UNISYSTEMS INFORMATION SYSTEMS S.A. (formerly INFO QUEST)– SPACE HELLAS	-	-	4	10	12	15	17	-
JOINT-VENTURE SPACE HELLAS - KB IMPULS HELLAS SA	-	-	1	-	-1.471	-1.470	-	-
Joint Ventures	**58**	**-**	**113**	**230**	**1.044**	**2.087**	**634**	**486**
MOBICS L.T.D.	-	-	16	31	-	-	5	37
SPACE CONSULTING S.A.	474	26	311	90	845	627	82	-
SPACE TECHNICAL CONSTRUCTION BUILDING S.A.	2	-	510	519	4	12	-	15
SPACE VISION S.A.*	-	169	-	245	-	210	-	-
Associates	**476**	**195**	**837**	**885**	**849**	**849**	**87**	**52**
Total Group	**534**	**195**	**950**	**1.115**	**1.893**	**2.936**	**721**	**665**

**Termination of relation*

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

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

Table of Key management compensation:

Amounts in € thousand	**Group**		**Company**	
	31.12. 2011	**31.12. 2010**	**31.12. 2011**	**31.12. 2010**
Salaries and other employee benefits	**1.392**	**1.348**	**1.392**	**1.348**
Receivables from executives and members of the Board	**5**	**13**	**5**	**13**
Payables to executives and member of the Board	**110**	**98**	**110**	**98**

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

Tables of Guarantees to third parties

Amounts in € thousand	**Group**		**Company**	
	31.12. 2011	**31.12. 2010**	**31.12. 2011**	**31.12. 2010**
Guarantees to third parties on behalf of subsidiaries and joint ventures	**2.042**	**3.218**	**2.042**	**3.218**
Used guarantees to third parties on behalf of subsidiaries	**0**	**0**	**0**	**0**
Bank guarantee letters	**2.042**	**3.218**	**2.042**	**3.218**

4.7.31 RISK MANAGEMENT AND HEADGING POLICY

❑ Financial Risk Factors

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

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

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

➢ Foreign Exchange Risk

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

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

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

sensitivity analysis due to currency exchange rate changes	Currency	Exchange rate variation	Effect on profit before tax
Amounts of year 2011 in € thousand	USD	2,5%	-140
		-2,5%	140
Amounts of year 2010 in € thousand	USD	1,5%	-120
		-1,5%	120

➢ **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 2011 in € thousand	EURO	1,5%	-230
		-1,5%	230
Amounts of year 2010 in € thousand	EURO	1%	-180
		-1%	180

➢ **Credit Risk**

The Group credit risk stems from the cash and cash equals, bank deposits, derivatives as well as exposure to credit risk of clients.

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 2011 the there is no material credit risk exposure that is not already covered with appropriate doubtful debt provision.

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

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

- **Liquidity Risk**

The Group's liquidity is obtained through the use of available of funding and the raise up of the credit limits received whenever needed in order to finance particular projects (project basis funding). The Group maintains excellent relationships with the Banking institutions and thus ensures adequate funding for the execution of the Group's business plans.
The Group's strategic planning determines the form of funding as well as the financial tools to be used.
Borrowings include the floating and fixed rate outstanding principal at year end plus accrued interest up to maturity.
The table below summarizes the maturity profile of financial liabilities at 31 December 2011 based on contractual undiscounted payments.

Group								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2011	2010	2011	2010	2011	2010	2011	2010
Borrowings	**19.107**	**24.373**	17.987	22.765	1.120	1.608	-	-
Trade and other payables	**14.526**	**17.414**	14.515	17.403	-	-	11	11

Company								
	Total		Less than 1 Year		1 to 5 years		>5years	
Amounts in € thousand	2011	2010	2011	2010	2011	2010	2011	2010
Borrowings	**18.566**	**23.767**	17.922	22.700	644	1.067	-	-
Trade and other payables	**14.923**	**17.922**	14.276	17.287	636	624	11	11

- **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. 2011	31.12. 2010	31.12. 2011	31.12. 2010
Short term Borrowings	17.987	22.765	17.922	22.700
Long term Borrowings	1.120	1.608	644	1.067
Less: cash and cash equivalents	-1.720	-1.959	-1.537	-1.545
Net Debt	**17.387**	**22.414**	**17.029**	**22.222**
Equity	15.073	14.884	13.936	14.045
Total capital employed	**32.460**	**37.298**	**30.965**	**36.267**
Gearing ratio	**53,60%**	**60,09%**	**55,00%**	**61,27%**

The gearing ratio in 2011 amounted to 53,50% compared to 60,09% of year 2010. The decrease is attributable to the reduction of borrowing combined with the marginal increase of the Equity.

- **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.

4.8 SIGNIFICANT EVENTS

Significant facts that took place during the period from 1st January to 31st December 2011 are the following:

- **Shareholders' Ordinary General Meeting at 30-06-2011,** The most important issues of the meeting were the following:

- **Shareholders' Ordinary General Meeting at 30-06-2011.** The most important issues of the meeting were the following:

    - **Modification of several articles of the association as following:**
        - Article 7, para 2, with regard to the issuance of single of multiple share, without the need to cut them from the special book.
        - Article 10, para 2, with regard to the extraordinary extension of the incumbency of the Board of Directors up to the due time within which the extraordinary General Meeting should be convened.
        - Article 14, para 1 with regard to the meetings of the Board of directors, where the secretary of the board can be either a member of the legal counsel. The secretary is responsible for the keeping of the minutes, recording all the different points of view.
        - Article 15 with regard to the rephrase of the wording in modern Greek
        - Article 17, para 2 and para 3 with regard to cancellation of provision fell in disuse regarding no legally compliant corporate regulations and under oath services.
        - Article 19, para 5 with regard to the replacement of the word "customers" with the words "third parties" in relation to the ordinary corporate contracts, according to art 23a L. 2190/1920.
        - Article 20, para 3 with regard to the necessary information for the invitation of the General Meeting and its publication in summarised form.
        - Article 23, with regard to the publication modality of hanging on the wall the list of the shareholders with voting rights within 24 hours instead of 48 hours
        - Article 24, par 2,3 and 4, with regard to the adjustment according to article 29, para 2 of L 2190/1920, in relation to the publication of the new General Meeting (para 2), to the editorial corrections (para 4), as well as rephrase of provisions 4 and 5 and replacement with the new provision 4, for convocation of the recurrent General Meeting, according to art. 29, para 4, L. 2190/1920

4.9 SIGNIFICANT POST-BALANCE SHEET EVENTS FROM 1ST JANUARY TO 31ST DECEMBER 2011

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 2011

SPACE HELLAS S.A.

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

Financial statement and information for the year 1 January 2011 until 31 December 2011
(In accordance to L.2190/20, article 135 for companies that prepare annual financial statements, consolidated and not, according to IFRS)

The following results and information, that arise from the financial statements, provide a general picture of the financial position and financial results of the SPACE HELLAS S.A. Thus we suggest the reader, before entering into any sort of investment dec

Prefecture	Ministry of Development, Department of Commerce
Company's web site	http://www.space.gr
Date of approval by the Board of Directors	16 March 2012
	Board of Direcotrs Decisions No 2.058
Certified Auditor Accountant	Andreas G. Pournos (S.O.E.L. Reg. No 35081)
Auditing Company	PKF Euroauditing S.A..
Type of Auditor's report	Without qualification

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

1.1 STATEMENT OF FINANCIAL POSITION

(consolidated and non consolidated) Amounts in € thousand	GROUP 31.12.2011	GROUP 31.12.2010	COMPANY 31.12.2011	COMPANY 31.12.2010
ASSETS				
Property, plant and equipment	10.836	11.293	10.813	11.293
Investment properties	1.500	1.000	0	0
Intangible assets	978	403	977	403
Other non current assets	978	975	1.396	1.112
Inventory	3.591	3.224	3.591	3.224
Receivables (trade debtors)	24.155	31.981	23.950	31.799
Other current assets	7.369	8.586	7.521	8.694
TOTAL ASSETS	**49.407**	**57.462**	**48.248**	**56.525**
EQUITY AND LIABILITIES				
Share capital	10.330	10.330	10.330	10.330
Other components of equity	4.709	4.550	3.606	3.715
Total equity attributable to owners of the parent (a)	15.039	14.880	13.936	14.045
Non controlling interests (b)	34	4	-	-
Total Equity (c) = (a)+(b)	**15.073**	**14.884**	**13.936**	**14.045**
Long term borrowings	1.120	1.608	644	1.067
Long term provisions / Non current liabilities	712	802	1.470	1.426
Short term borrowings	17.987	22.765	17.922	22.700
Other current liabilities	14.515	17.403	14.276	17.287
Total Liabilities (d)	34.334	42.578	34.312	42.480
TOTAL EQUITY AND LIABILITIES (c)+(d)	**49.407**	**57.462**	**48.248**	**56.525**

1.3 STATEMENT OF CHANGES IN EQUITY

(consolidated and non consolidated) Amounts in € thousand	GROUP 31.12.2011	GROUP 31.12.2010	COMPANY 31.12.2011	COMPANY 31.12.2010
Total equity in the beginning of the year (1.1.2011 and 1.1.2010	14.884	14.750	14.045	14.209
Total comprehensive income after taxes (continued and discontinued operations)	156	-279	-109	-573
Increase / (Decrease) of Share Capital	0	-200	0	-200
Cancellation of own shares	0	811	0	811
Stock Option Plan Reserve	0	-202	0	-202
Non controlling interests	33	4	0	0
Total equity at the end of the year Total equity at the end of the year (31.12.2011 and 31.12.2010 accordingly)	**15.073**	**14.884**	**13.936**	**14.045**

1.4 CASH FLOW STATEMENT FOR THE YEAR

(consolidated and non consolidated) Amounts in € thousand	GROUP 1.1-31.12.2011	GROUP 1.1-31.12.2010	COMPANY 1.1-31.12.2011	COMPANY 1.1-31.12.2010
Operating Activities :				
Profit before taxes (continued operations)	416	414	74	88
Plus/Less adjustments for :				
Depreciation	830	927	830	927
Provisions	130	29	130	29
Foreign exchange differences	-9	180	29	163
Net (profit)/Loss from investing activities	-227	-51	-219	-39
Interest and other financial expenses	2.689	1.771	2.650	1.745
Plus or minus for Working Capital changes:				
Decrease/(increase) in Inventories	-367	74	-367	74
Decrease/(increase) in Receivables	8.803	-3.953	8.736	-4.303
(Decrease)/increase in Payables (excluding banks)	-2.948	877	-2.757	858
Less:				
Interest and other financial expenses paid	-2.675	-1.771	-2.637	-1.745
Taxes paid	-527	976	-486	1.005
Total cash inflow/(outflow) from operating activities (a)	**6.115**	**-527**	**5.983**	**-1.198**
Cash flow from Investing Activities				
Acquisition of subsidiaries, associated companies, joint ventures and other investments	0	0	-191	0
Purchase of tangible and intangible assets	-1.434	-2.105	-934	-1.105
Proceeds from sale of tangible and intangible assets	11	16	11	16
Interest received	5	0	0	0
Cash proceeds from acquisition of subsidiary	324	340	324	339
Total cash inflow/(outflow) from investing activities (b)	**-1.094**	**-1.749**	**-790**	**-750**
Cash flow from Financing Activities				
Share capital increase from subsidiaries	6	0	0	0
Proceeds from Borrowings	899	4.428	899	3.778
Payments of Borrowings	-6.165	-4.534	-6.100	-4.491
Total cash inflow/(outflow) from financing activities (c)	**-5.260**	**-106**	**-5.201**	**-713**
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	**-239**	**-2.382**	**-8**	**-2.661**
Cash and cash equivalents at beginning of period	**1.959**	**4.341**	**1.545**	**4.206**
Cash and cash equivalents at end of period	**1.720**	**1.959**	**1.537**	**1.545**

1.2 STATEMENT OF COMPREHENSIVE INCOME

(consolidated and non consolidated) Amounts in € thousand	GROUP 1.1-31.12.2011	GROUP 1.1-31.12.2010	COMPANY 1.1-31.12.2011	COMPANY 1.1-31.12.2010
Turnover	43.194	50.105	42.383	49.191
Gross Profit	13.023	12.825	12.622	12.417
Profit before taxes, financing and investing activity	2.914	2.073	2.533	1.722
Profit before taxes	416	414	74	88
Profit after taxes (A)	228	127	-83	-164
- *Owners of the parent*	231	127	-83	-164
- *Non controlling interests*	-3	0	-	-
	228	127	-83	-164
Other comprehensive income after taxes (B)	-72	-406	-26	-409
Total comprehensive income after taxes (A)+(B)	156	-279	-109	-573
- *Owners of the parent*	159	-279	-109	-573
- *Non controlling interests*	-3	0	-	-
Earnings (after taxes) per share - basic in €	0,0353	-0,0197	-0,0129	-0,0254
Profit before taxes, financing and investing activity and depreciation	**3.744**	**3.000**	**3.363**	**2.649**

Additional information

1. The shares of the company were listed on the Athens Stock Exchange on 29-9-2000. The earnings per share were calculated based on the weighted average number of ordinary shares in issue amounting to 6.456.530
2. The companies of the Group, the percentage ownership and the consolidation method for the ending period are disclosed in note 4.7.11 of the financial report of 2011
   The Company has stopped the inclusion of joint venture "SPACE HELLAS - KONSTANTINOS SYMPONIS LTD" following the conclusion of its purpose as at 16.05.2011. The impact on the Group's position was less than 25%.
   The Company, at 25.11.2011, proceeded to the
3. The tax un-audited years of the Company and the Group are disclosed in note 4.7.25 of the financial report of 2011.
4. The company has formed a provision for the tax unaudited 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 (no
   There are no other provisions formed (note 4.7.23).
5. There are no other disputed or under arbitration cases of national or administrative courts that may have a material effect on the financial position of the Company.
6. There are no other real liens on non-current assets or property except the underwriting of € 1.200 thousand on the property situated at 6 Loch. Dedousi St., (Cholargos, Athens) and the underwriting of € 4.000 thousand on the property situated at 302 Ave.
7. The personnel employed at 31.12.2011 for the Group amounted to 216 persons and for the Company amounted to 208 while as at 31.12.2010 amounted to 215 for both the company and the Group.
8. The same Accounting Policies have been followed as for the financial statements as at 31.12.2010.
9. Note 4.3 of the annual financial report of 2011 refers to the comprehensive income after taxes for the company and the Group.
10 Intercompany transactions for the period from 1 January 2011 to 31 December 2011 according to I.A.S. 24 are as follows:

	GROUP	COMPANY
a) Sales of goods and services	534	538
b) Purchases of goods and services	950	960
c) Receivables from related parties	1.893	1.943
d) Payables to related parties	721	731
e) Key management compensations	1.392	1.392
f) Receivables from key management	5	5
g) Payables to key management included in above	110	110

The company has guaranteed to financial institutions for bank credit limits for Joint venture "EMY" up to the amount of € 245 thousand and for JOINT-VENTURE SPACE HELLAS SA-KB IMPULS HELLAS SA ("DORY") up to the amount of € 1.797 thousand through the iss

Agia Paraskevi, 16 March 2012

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

6 INFORMATION OF ARTICLE 10 L.3401/2005

ISSUE	PLACE OF APPEARANCE	DATE
Press release: Space Hellas among the Strongest Companies in Greece για for second year in a row	www.ase.gr www.space.gr	05/12/2011
Press release: Increase of EBITDA and earnings after taxes in the 3rd quarter 2011	www.ase.gr www.space.gr	22/11/2011
Financial statements figures as at 30.09.2011	www.ase.gr www.space.gr	
Announcement: Financial statements figures for the period 1/1/-30/9/2011	www.ase.gr www.space.gr	21/11/2011
Press release: Space Hellas awarded from Hewlett-Packard	www.ase.gr www.space.gr	02/11/2011
Announcement: Constitution of the Board of Directors	www.ase.gr www.space.gr	31/10/2011
Announcement: Mr. Manolopoulos Sp. elected A' Vice-President and executive member of the Board of Directors	www.ase.gr www.space.gr	31/10/2011
Financial statements figures of the a' Semester 2011	www.ase.gr www.space.gr	
Announcement: Financial statements figures for the period 1/1/-30/6/2011	www.ase.gr www.space.gr	30/08/2011
Decisions of the General Meeting	www.ase.gr www.space.gr	01/07/2011
Announcement: Notification of transactions according to L. 3556/2007	www.ase.gr www.space.gr	30/06/2011
Announcement: Notification of transactions according to L. 3556/2007	www.ase.gr www.space.gr	30/06/2011
Press release: The European Space Agency assigns Space Hellas research project for the Future Internet.	www.ase.gr www.space.gr	27/06/2011
Announcement: Turnover increase and preservation of profits for the 1st quarter 2011	www.ase.gr www.space.gr	27/05/2011
Financial statements figures of the a' quarter 2011	www.ase.gr www.space.gr	
Announcement: Financial statements figures for the period 1/1/-31/3/2011	www.ase.gr www.space.gr	25/05/2011
Announcement: New internal Auditor	www.ase.gr www.space.gr	20/04/2011
Announcement: Turnover increase and preservation of profits before taxes	www.ase.gr www.space.gr	30/03/2011
Financial statements figures as at 31.12.2010	www.ase.gr www.space.gr	
Financial statements figures as at 31.12.2010	www.ase.gr www.space.gr	
Announcement: The Annual financial report 2010 is available	www.ase.gr www.space.gr	16/03/2011
Press release: Space Hellas participates in pilot stage project for the implementation of the eCall	www.ase.gr www.space.gr	03/03/2011
Press release: CEDEFOP assigns to Space Hellas two security projects	www.ase.gr www.space.gr	24/02/2012

7 WEBSITE ACCESS OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Statements of the Company and Group, the Audit Report and the Board of Directors' Management Report for 2011, have been posted on the Company's website www.space.gr .

We certify that the attached annual financial report includes the annual financial statements of the Group and of company SPACE HELLAS SA for the financial year from January 1, 2011 to December 31, 2011, which have been approved by the Board of Directors of SPACE HELLAS SA on March 16, 2012 and have been published by posting them on the internet, at the address http://www.space.gr., and have been signed by the following:

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