



INTRACOM S.A.
IT Services Provider

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

31 December 2008

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- A) Report of the Board of Directors
- B) Independent Auditor's Report
- C) Annual Financial Statements in accordance with IFRS

The accompanying annual financial statements of the Group and the Company were approved for issue by the Board of Directors at its meeting held on 27 March 2009.

THE CHAIRMAN OF THE B. OF D.

**THE VICE CHAIRMAN OF THE B. OF D.
AND CEO**

S. P. KOKKALIS
ID. No. Π 695792/31.10.1991

K. G. DIMITRIADIS
ID. No. I 208019/07.08.1974

**THE DEPUTY CEO
& MEMBER OF THE B. OF D.**

THE FINANCIAL DIRECTOR

N.-S. D. LABROUKOS
ID. No. AB 266594/03.07.2006

A. D. LAFOGIANNIS
ID. No. AE 600676/06.06.2007

THE ACCOUNTING MANAGER

C. N. HAIKALIS
ID. No. Σ 592503/ 16.09.1997
E.C.G. Licence No. 0015198 A' Class

A) Report of the Board of Directors**ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 1/1/2008-31/12/2008****FINANCIAL DATA – EVOLUTION OF THE BUSINESS**

Despite the unfavourable economic conjunctures and recession at an international level, the Group is presented dynamically up-going as this is reflected in the Financial Statements at 31 December 2008 with the increase of Turnover and its overall profitability.

In particular:

- The sales of the Group amounted to € 161,9 mil. (as against 154 in 2007), making it for another year the leading Hellenic Group provider of solutions and International Technology Services. The sales of the parent company amounted to € 55,1 mil. (as against 50,6 in 2007).
- The Earnings Before Taxes, Financing and Investing results and Depreciation – Amortisation (EBITDA) amounted to € 17,85 mil. (as against 6,13 in 2007), while the Earnings Before Taxes, Financing and Investing results (EBIT) amounted to € 15,40 mil. (as against 3,28 in 2007). The EBITDA of the parent company amounted to € 12,34 mil. (as against 0,66 in 2007).
- The Earnings Before Taxes (EBT) amounted to € 6,55 mil. (as against 0,54 in 2007). The EBT of the parent company amounted to € 3,05 mil. (as against losses 2,7 mil. in 2007).
- Lastly, the unperformed balance at the end of 2008 amounted to € 205 mil.

The company will not distribute dividend for the year 2008.

The financial ratios that present the financial position of the Group and the Company in static form are as follows:

a. Financial Structure Ratios

	GROUP		COMPANY	
	2008	2007	2008	2007
Current Assets / Total Assets	79,96%	83,66%	64,74%	69,82%
Equity / Total Liabilities	37,94%	32,67%	46,17%	34,92%
Equity / Fixed Assets	137,22%	150,75%	89,59%	85,75%
Current Assets / Current Liabilities	113,80%	113,48%	95,91%	96,57%

b. Return on Investment and Profitability Ratios

	GROUP		COMPANY	
	2008	2007	2008	2007
EBITDA / Turnover	11,03%	3,98%	21,84%	1,30%
Gross Results / Sales	19,72%	19,75%	19,95%	19,20%
Sales / Equity	363,51%	385,61%	162,85%	184,54%

SIGNIFICANT EVENTS

- 1) On 5/3/2008, was signed the draft merger agreement of UNIBRAIN and HELLAS ON LINE, while the General Meetings of both companies approved on 21/4/2008 their merger by absorption of the latter by the first. The merger was approved on 7/5/2008 by the competent government authorities. The share of the new company is traded on the ASE from 18/6/2008.
- 2) The company proceeded in an increase of its Share Capital by amount € 8.941 thousands with issue of 47.100 new shares by offsetting credit balances it had with the sole shareholder INTRACOM HOLDINGS S.A. The increase of the Share Capital will assist the Company in maintaining its upwards course through the improvement of its money-flows and its financial structure
- 3) The company within its planning for the expansion of its international presence established over the year 2008 two new Branches abroad, namely in Amman, Jordan and in Moldova.
- 4) Was completed from the subsidiary INTRACOM IT SERVICES DENMARK A/S the acquisition of the compliance solutions business unit of WM-data Denmark A/S. Under this deal the company has acquired the rights to the internationally acclaimed ESKORT Compliance and Enforcement Solution. The ESKORT Compliance and Enforcement Solution is an integrated suite of systems providing support for all the main compliance processes within a taxation or customs authority. The product has been developed and enhanced in close collaboration with a number of revenue authorities throughout the world and is recognised as the leading, if not only, compliance and enforcement solution internationally, serving the needs of over 30 customers, in more than 20 countries (Denmark, Sweden, Norway, Finland, Iceland, the U.K., Luxemburg, Ireland, Hungary, Poland, Moldova, Greece, Cyprus, Malta, Lithuania, Latvia, Kazakhstan, South Africa, Vietnam, Philippines, Malaysia, the USA and Argentina).

OBJECTIVES - PROSPECTS

The main objectives of the group are summarized in the following basic lines:

The Group INTRACOM IT Services employs more than 1.600 persons and has physical presence in 11 countries around the world, while more than 500 international organizations, banks, institutions and enterprises in several countries all over the world (Egypt, Albania, Belgium, Bulgaria, Germany, Georgia, Denmark, Greece, the U.S.A., Jordan, Iraq, Spain, Italy, Qatar, Croatia, Cyprus, Latvia, Libya, Lithuania, Luxemburg, the G.B., Mali, Malta, Moldova, South Africa, Holland, Uganda, Ukraine, Pakistan, Poland, Romania, Senegal, Serbia, Slovenia, Syria, FYROM, etc.) have selected the advanced solutions and professional services provided by it. The successful course of the group lies on high specialization and know-how of its staff executives and the outstanding experience it avails of in the sectors of its activity, namely: Electronic Governance and Public Administration Systems, Solutions and Products for Banks and Large Enterprises, Solutions and Services to European Union Institutions, Outsourcing, Legal Data Bases, Tourism Services Management Systems, Integrated Solutions SAP, etc.

The course of the Group over 2008 was consistent with the strategy adhering to the trilogy “international activity - specialization - quality” and has become the basic strategic framework of the Group’s development over the last three years. Most of the Group companies and particularly INTRACOM IT Services, Intrasoft International, INTRACOM Jordan, INTRACOM IT Services Denmark, improved significantly their performance and thanks to their efforts the Group INTRACOM IT Services over 2008 improved significantly its results as against 2007, enlarged its customer list and strengthened its international presence.

The hard effort will continue and will become even stronger in 2009. Adhering to the strategy followed and continuing actions for further strengthening of the Group shall be pursued a successful encounter of the difficulties and adverse circumstances of 2009 along with making the most of the challenges presented in the Greek and the international markets.

The main objectives of the Group for 2009 are summarized below:

- Further establishing and strengthening its international presence
- Strengthening its competitive ability through strategic alliances, investment in research and development of new products, and planned target acquisitions
- Diversification of its portfolio in new activities
- Continuing its effort for restructuring and limiting costs
- Achieving financial results at 2008 level.

In parallel will continue the solicitation of human resources and its continuing upgrading and development that for the Group remain basic growth development priority.

RISKS AND UNCERTAINTIES

Financial risk factors

INTRACOM IT SERVICES S.A., being a Greek multinational Group, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, interest rates and market prices), credit risk, liquidity risk and cash flow and fair value interest rate risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

The financial liabilities of the Group include short-term bank loans, bond loans and finance lease agreements, through which the Group finances its working capital and capital expenditure needs. Moreover, the Group manages financial assets, mainly short-term bank deposits and long-term investments with guaranteed capital arising from operating activities.

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

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

Foreign exchange risk

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

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

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

Price risk

The Group has limited exposure to changes in the prices of the shares held either for trading or as available for sale financial assets.

Credit risk

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

Regarding credit risk related to cash deposits, it is pointed out that the Group collaborates only with financial institutions of high credit rating.

Liquidity risk

Prudent liquidity risk management is achieved by maintaining sufficient high liquid cash and committed credit facilities.

The Group manages the risks that can be generated from lack of sufficient liquidity by maintaining adequate availability under committed credit lines.

The existing available unused committed credit facilities to the Group are sufficient to cover any probable lack of cash and cash equivalents.

Cash flow and fair value interest rate risk

The interest-rate risk arises mainly from the fact that almost all of the Group's borrowings carry floating interest rates. The Group assesses that during the current period, interest rate risk is limited since it is expected that interest rates will either remain stable or drop in the medium-term. In parallel are assessed alternative proposals for changing part of borrowings at fixed interest rate.

SIGNIFICANT TRANSACTIONS BETWEEN COMPANY AND RELATED ENTITIES

(Article 2 decision 7/448/11.10.2007 of the Capital Market Commission)

The most significant transactions of the company with its related parties as these are defined in the International Accounting Standard 24, concern transactions with its subsidiaries and associates (related under article 42e, c.L. 2190/1920), as well as companies in which holds interests the basic shareholder of INTRACOM IT SERVICES, which are set out in the table below:

	RECEIVABLES	SALES OF GOODS	SALES OF SERVICES	RENTS
- Subsidiaries				
INTRASOFT INTERNATIONAL S.A.	94.344	-	404.545	184.684
INTRASOFT S.A.	808	-	226	-
INTRACOM CYPRUS	18.202	-	-	-
DIALOGOS SA	-	-	31.528	-
DB DATABANK S.A.	1.081.879	-	-	-
INTRACOM DENMARK A/S.	-	-	-	-
INTRACOM JORDAN	-	-	-	-
TOTAL	1.195.234	0	436.300	184.684
- Other related companies				
INSTANT LOTTERY S.A.	131.840	-	-	-
THRYLOS S.A.	306.726	-	-	-
OLYMPIACOS CFP	7.705	-	-	-
INTRAMULTIMEDIA	402	-	-	-
OLYMPIACOS AMATEUR	21.009	-	-	-
INTRACOM SVYAZ	5.743	-	-	-
OLYMPIACOS F.C.	726.561	-	138	-
INTRALOT	2.495.297	-	2.199.828	-
INTRAROM SA	-	-	1.000	-
BETTING COMPANY	265.669	-	-	-
TOTAL	3.960.952	0	2.200.965	0
- Associates				
INTRACOM TELECOM S.A.	78.924	97.896	945.328	33.552
INTRACOM - INTRAKAT S.A.	62.754	-	30.205	-
HELLAS ON LINE S.A.	543.905	-	313.521	-
INTRACOM ARMENIA	18.502	-	-	-
INTRACOM CONSTRUCTIONS	34.587	-	-	-
INTRACOM HOLDINGS INTERNATIONAL LTD	18.239	-	-	-
INTRACOM HOLDINGS S.A.	954.987	-	249.000	-
INTRADEVELOPMENT	97.436	-	-	-
INTRACOM DEFENCE SA	11.007	-	112.400	-
IN MAINT S.A.	-	-	-	-
TOTAL	1.820.342	97.896	1.650.453	33.552
GRAND TOTAL	6.976.528	97.896	4.287.718	218.236

INTRACOM IT SERVICES S.A.

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	PAYABLES	PURCHASES OF GOODS	PURCHASES OF ASSETS	PURCHASES OF SERVICES	RENTS
- Subsidiaries					
INTRASOFT INTERNATIONAL S.A.	334.997	-	-	456.910	-
INTRACOM CYPRUS	-	-	-	861.000	-
DIALOGOS SA	299.564	-	-	611.142	-
DB DATABANK SA	2.650.180	-	-	349.069	-
INTRACOM DENMARK A/S.	95.000	-	-	100.000	-
INTRACOM JORDAN	455.015	-	-	2.641.258	-
TOTAL	3.834.756	0	0	5.019.379	0
- Other related companies					
OLYMPIACOS F.C.	12.330	-	-	16.330	-
TOTAL	12.330	0	0	16.330	0
- Associates					
INTRACOM TELECOM S.A.	3.313.548	219.583	-	2.049.045	805.784
HELLAS ON LINE S.A.	105.926	-	-	115.093	-
INTRACOM HOLDINGS S.A.	366.855	-	893.585	709.060	-
IN MAINT S.A.	26.980	-	-	128.081	-
TOTAL	3.813.308	219.583	893.585	3.001.279	805.784
GRAND TOTAL	7.660.393	219.583	893.585	8.036.988	805.784

The directors and key management compensation amounted in the year 2008 to € 1.158 thousands as against € 1.110 thousands in the previous year.

B) INDEPENDENT AUDITOR'S REPORT

To the Shareholders of INTRACOM IT SERVICES S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of INTRACOM IT SERVICES S.A. (the "Company"), which comprise of the separate and consolidated balance sheet as at 31 December 2008, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Report on Other Legal Requirements

We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying financial statements, under the legal frame of the articles 43a, 107 and 37 of c.L. 2190/1920.

Athens, 30 March 2009



ANASTASIA A. PAVLATOU

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 14441

SOL S.A. – Certified Public Accountants Auditors

3, Fok. Negri Street - Athens, Greece

Institute of CPA (SOEL) Reg. No. 125

C) Annual Financial Statements

In accordance with International Financial Reporting Standards

As adopted by the European Union

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Balance Sheet

	Note	Group		Company	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
ASSETS					
Non-current assets					
Property, plant and equipment	6	2.941.820	4.715.185	834.886	2.373.977
Goodwill	7	13.573.423	13.574.541		
Intangible assets	8	6.475.513	6.050.867	4.555.929	2.262.858
Investment property	9	1.383.624	-	1.383.624	-
Investments in subsidiaries	10	-	-	24.832.730	26.517.251
Available-for-sale financial assets	11	6.015.964	1.443.255	5.508.022	825.340
Deferred income tax assets	12	1.164.768	72.120	623.504	-
Trade and other receivables	13	899.625	640.854	34.333	44.441
		32.454.738	26.496.823	37.773.026	32.023.867
Current assets					
Inventories	14	1.482.543	1.877.186	616.926	235.989
Trade and other receivables	13	114.359.595	111.786.153	64.209.303	67.819.851
Financial assets at fair value through profit or loss	15	-	449.768	-	-
Current income tax assets		1.844.924	2.812.981	1.327.384	1.757.801
Cash and cash equivalents	16	11.781.496	18.766.820	3.211.801	4.261.467
		129.468.558	135.692.907	69.365.414	74.075.108
Total Assets		161.923.296	162.189.730	107.138.440	106.098.975
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	17	47.466.084	38.524.620	47.466.084	38.524.620
Reserves		(4.735.092)	(4.588.539)	(13.623.776)	(11.064.711)
		42.730.992	33.936.081	33.842.307	27.459.909
Minority interest		1.802.575	6.007.483	-	-
Total Equity		44.533.567	39.943.564	33.842.307	27.459.909
LIABILITIES					
Non-current liabilities					
Borrowings	19	265.984	379.879	-	-
Deferred income tax liabilities	12	-	-	-	689.301
Retirement benefit obligations	20	1.654.799	1.772.460	901.458	1.122.685
Provisions for other liabilities and charges	21	1.701.157	516.223	72.621	122.276
		3.621.941	2.668.562	974.079	1.934.262
Current liabilities					
Trade and other payables	22	48.234.080	66.274.669	28.736.902	41.673.207
Current income tax liabilities		1.128.289	1.927.851	3.668	-
Borrowings	19	58.042.413	46.334.569	39.622.032	32.321.905
Provisions for other liabilities and charges	21	6.363.005	5.040.516	3.959.453	2.709.693
		113.767.788	119.577.604	72.322.054	76.704.805
Total Liabilities		117.389.729	122.246.167	73.296.133	78.639.067
Total Equity and Liabilities		161.923.296	162.189.730	107.138.440	106.098.975

The notes on pages 22 to 78 are an integral part of these financial statements.

INTRACOM IT SERVICES S.A.
Financial Statements in Accordance with IFRS
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Income Statement - Group

		1/1 - 31/12/2008	1/1 - 31/12/2007
	Note		
Sales		161.881.855	154.027.591
Cost of sales	23	(129.966.207)	(123.609.673)
Gross profit		31.915.648	30.417.918
Other operating income – net	25	315.787	955.667
Other gains/(losses) – net	26	8.668.682	331.916
Selling and research costs	23	(11.456.608)	(11.239.319)
Administrative expenses	23	(14.035.497)	(17.186.552)
Operating profit		15.408.012	3.279.630
Finance expenses	27	(9.004.280)	(2.895.900)
Finance income	27	147.590	157.140
Finance costs – net		(8.856.690)	(2.738.761)
Profit before income tax		6.551.322	540.870
Income tax expense	28	(624.357)	(2.263.567)
Profit/(loss) for the year		5.926.965	(1.722.697)
Profit/(loss) from continuing operations		(2.466.006)	(1.875.200)
Profit/(loss) from discontinued operations		8.392.971	152.503
Attributable to:			
Equity holders of the Company		5.664.771	(1.914.315)
Minority interest		262.194	191.618
		5.926.965	(1.722.697)
Earnings per share for loss attributable to the equity holders of the Company during the year (expressed in € per share)			
Basic	29	0,46	(0,16)

The notes on pages 22 to 78 are an integral part of these financial statements.

INTRACOM IT SERVICES S.A.
Financial Statements in Accordance with IFRS
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Income Statement - Company

		1/1 - 31/12/2008	1/1 - 31/12/2007
	Note		
Sales		55.112.510	50.674.093
Cost of sales	23	(44.118.363)	(40.942.457)
Gross profit		10.994.147	9.731.636
Other operating income – net	25	406.509	1.089.393
Other gains/(losses) – net	26	9.774.846	356.257
Selling and research costs	23	(4.671.528)	(4.435.251)
Administrative expenses	23	(5.605.851)	(7.346.015)
Operating profit		10.898.124	(603.980)
Finance expenses	27	(7.848.404)	(2.133.099)
Finance income	27	580	27.675
Finance costs – net		(7.847.824)	(2.105.424)
Profit/(Loss) before income tax		3.050.299	(2.709.403)
Income tax expense	28	1.309.136	(685.687)
Profit/(loss) for the year		4.359.436	(3.395.090)
Earnings per share for loss attributable			
to the equity holders of the Company during the year			
(expressed in € per share)			
Basic	29	0,36	(0,28)

The notes on pages 22 to 78 are an integral part of these financial statements.

INTRACOM IT SERVICES S.A.
Financial Statements in Accordance with IFRS
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Statement of Changes in Equity – Group

	Note	<u>Attributable to equity holders of the Company</u>			Minority Interest	Total Equity
		Share Capital	Other Reserves	Retained Earnings		
Balance at 1 January 2007		38.524.620	9.210.440	-11.868.143	1.170.694	37.037.609
Loss for the year		-	-	-1.915.147	191.618	(1.723.529)
Currency translation differences	18	-	-	-12.978	-7.242	(20.220)
Total recognised income and expense		0	0	(1.928.125)	184.376	(1.743.749)
- Value of employee services		-	-	232.912	359.288	592.200
Dividends paid		-	-	-	-33.019	(33.019)
Effect of acquisitions and changes in the share percentage held in subsidiaries		-	-	-123.646	123.646	0
Effect of changes in the consolidation group structure		-	-	-	4.257.028	4.257.028
Transfer		-	270.539	(382.515)	-54.530	-166.506
		0	270.539	(273.248)	4.652.413	4.649.703
Balance at 31 December 2007		38.524.620	9.480.978	(14.069.517)	6.007.483	39.943.564
Balance at 1 January 2008		38.524.620	9.480.978	-14.069.517	6.007.483	39.943.564
Gain/(loss) for the year		-	-	5.664.771	262.194	5.926.965
Valuation of available-for-sale financial assets	18	-	-5.710.718	-	-	-5.710.718
Currency translation differences	18	-	97.762	-	20.583	118.345
Total recognised income and expense		0	-5.612.956	5.664.771	282.777	334.592
Issue of share capital	17	8.941.464	-	-	-	8.941.464
Employee share option scheme		-	-	-	-	0
- Value of employee services	18	-	173.699	-	6.188	179.887
Dividends paid		-	-	-	-29.522	-29.522
Effect of changes in the share percentage held in subsidiaries		-	-124.716	-191.735	-4.499.980	-4.816.432
Transfer		-	219.903	(219.903)	-	0
Other		-	18.727	(74.343)	35.630	-19.986
		8.941.464	287.613	-485.982	-4.487.684	4.255.411
Balance at 31 December 2008		47.466.084	4.155.635	(8.890.727)	1.802.575	44.533.567

Analysis of other reserves is presented in note 18.

The notes on pages 22 to 78 are an integral part of these financial statements.

INTRACOM IT SERVICES S.A.
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Statement of Changes in Equity – Company

	Note	Share Capital	Other Reserves	Retained Earnings	Total Equity
Balance at 1 January 2007		38.524.620	8.705.350	-16.374.970	30.855.000
Loss for the year				-3.395.091	-3.395.091
Total recognised income and expense		0	0	(3.395.091)	(3.395.091)
Balance at 31 December 2007		38.524.620	8.705.350	(19.770.061)	27.459.909
Balance at 1 January 2008		38.524.620	8.705.350	(19.770.061)	27.459.909
Gain fro the year				4.359.436	4.359.436
Valuation of available-for-sale financial assets	18		(6.922.409)		(6.922.409)
Currency translation differences	18		3.907		3.907
Total recognised income and expense		0	(6.918.502)	4.359.436	(2.559.066)
Issue of share capital	17	8.941.464			8.941.464
		8.941.464			8.941.464
Balance at 31 December 2008		47.466.084	1.786.849	(15.410.626)	33.842.307

Analysis of other reserves is presented in note 18.

The notes on pages 22 to 78 are an integral part of these financial statements.

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Cash Flow Statement

	Note	GROUP		COMPANY	
		1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Cash Flows from operating activities					
Cash generated from operations	30	-4.728.812	3.327.837	-662.032	1.340.705
Interest paid		(5.786.749)	(2.904.687)	(4.619.701)	(2.133.099)
Income tax paid		(946.610)	(1.422.068)	430.417	(758.174)
Net cash generated from operating activities		(11.462.170)	(998.918)	(4.851.316)	(1.550.567)
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)/investment property		(1.025.477)	(1.750.081)	(293.755)	(487.478)
Purchase of intangible assets		(2.981.626)	(217.401)	(2.981.626)	(85.170)
Proceeds from sale of PPE		59.599	266.370	171	1.421
Proceeds from sale of intangible assets		285	30.516		
Acquisition of financial assets at fair value through profit or loss	15		(62.844)		
Sale of financial assets at fair value through profit or loss		49.985	55.288		
Increase in share capital of subsidiary	10			(400.215)	(2.268.367)
Proceeds from sale of associates			832.538		832.538
Dividends received		266.369	35.911	176.369	399.995
Interest received		129.338	157.140	580	27.675
Net cash from investing activities		(3.501.527)	(652.564)	(3.498.477)	(1.579.386)
Cash flows from financing activities					
Proceeds from borrowings		24.517.014	31.217.176	19.036.319	25.865.787
Repayments of borrowings		(12.812.666)	(23.313.256)	(11.736.193)	(21.729.875)
Repayments of finance leases		(107.404)	(95.074)		
Net cash from financing activities		11.596.944	7.808.846	7.300.127	4.135.912
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of year		18.766.820	12.845.085	4.261.467	3.255.509
Exchange gains/(losses) on cash and cash equivalents			-235.629		
Cash of subsidiary due to change in consolidation method		(3.618.571)			
Cash and cash equivalents at end of year	16	11.781.496	18.766.820	3.211.801	4.261.467

The notes on pages 22 to 78 are an integral part of these financial statements.

Notes to the Financial Statements in accordance with International Financial Reporting Standards

1. General information

INTRACOM INFORMATION TECHNOLOGY SERVICES SOCIETE ANONYME with distinctive name "INTRACOM IT SERVICES" derived from the change in the name of the company "DB-DATABANK S.A." due to restructuring over the year 2005. At the Extraordinary General Meeting held on 16 December 2005 of the Company's shareholders was approved the merger by absorption of the spin-off business unit of IT services of the parent company INTRACOM HOLDINGS S.A. as its contribution to the increase of the share capital of the company. The relevant decisions regarding the approval of the competent authorities were issued on 30 December 2005.

At the extraordinary General Meeting held on 6 December 2006 of the company's shareholders was approved the spin-off from the company of the business unit of Data Bank and Content through Information and Telecommunications infrastructure and its contribution to the societe anonyme with the name DATA BANK & CONTENT SOCIETE ANONYME OF INFORMATION & TELECOMMUNICATIONS SERVICES with distinctive name DB-DATABANK in accordance with the provisions of the L. 2166/93. As critical date of the spin-off under the IFRS was deemed the transformation balance sheet at 30 April 2006.

INTRACOM IT SERVICES is subsidiary by 100,00% of INTRACOM HOLDINGS S.A. The shares of the parent company are traded in Athens Stock Exchange.

The financial statements of "INTRACOM IT SERVICES" as well of its subsidiaries and associated companies, are included in the consolidated financial statements of INTRACOM HOLDINGS SOCIETE ANONYME.

INTRACOM IT SERVICES operates in providing study, planning, development, production, purchase, sale, installation and support of electronic systems for information technology, in the development and exploitation of all kinds of pay cable services to the service or private individuals and enterprises, as well as in providing telephone support services and overall information.

The Company is domiciled in Greece and its registered office is in the Prefecture of Attiki, Municipality of Peania, at 19,3 Km of new road Peania - Markopoulou. The company has three branches (1. 147, Skiathou Str. Athens, 2. 19, Queen Musbah Street Amman Jordan, 3. Chisinau Stefan Cel Mare 51 SFINT Ave 65 Moldova). Its website address is www.intracom.com.

The financial statements have been approved for issue by the Board of Directors on 27 March 2009 and are subject to approval by the Annual General Meeting of the Shareholders.

2. Summary of significant accounting policies

Basis of preparation

These financial statements consist of the company separate financial statements of INTRACOM IT SERVICES SA (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (together “INTRACOM” or “the Group”), for the year ended 31 December 2008 in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (EU).

These financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets and the financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

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

Accounting policies used in the preparation of the financial statement of subsidiaries and associates are consistent with those applied by the Company.

New standards, amendments to standards and interpretations

Specific new standards, amendments to standards and interpretations have been published, which are mandatory for accounting periods beginning during the present year or later periods. The Group’s assessment of the impact of these new standards, amendments and interpretations is set out below.

(a) Standards/Interpretations mandatory for the year 2008

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” and IFRS 7 (Amendment) “Financial Instruments: Disclosures” – Reclassification of Financial Assets

The amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the “fair value through profit or loss” category in particular circumstances. The amendment also permits an entity to transfer from the “available-for-sale” category to the “Loans and Receivables” category a financial asset that would have met the definition of “Loans and Receivables” (if the financial asset had not been designated as “available-for-sale”), if the entity has the intention and ability to hold that financial asset for the foreseeable future. This amendment had no impact on the financial statements of the Group.

IFRIC 11 - IFRS 2: “Group and Treasury Share Transactions”

The interpretation clarifies the accounting for subsidiaries when they grant employees equity instruments of the parent company. It also establishes as to whether the share-based payment transactions should be accounted for as cash-settled or equity-settled transactions.

Intracom IT Services had applied the Interpretation 11 in the financial statements for 2006.

IFRIC 12 “Service Concession Arrangements”

Interpretation 12 gives guidance on how entities participating in service concession arrangements should apply the existing IFRS in order to recognise their contractual obligations and the rights conveyed to them under the relevant concession arrangements. Within the scope of this interpretation the operator should not recognise the infrastructure as property, plant and equipment but recognise a financial asset and/or an intangible asset. This interpretation had no impact on the financial statements of the Group.

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

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

(b) Standards/Interpretations mandatory for subsequent periods that have not been early adopted by the Group

IAS 1 (Revised) “Presentation of Financial Statements” (applicable for annual periods beginning on or after 1 January 2009)

IAS 1 has been revised in order to upgrade the utility of the information presented in the financial statements. The main changes are: the statement of changes in equity shall present only transactions with owners of the parent, the introduction of a new statement of “comprehensive income”, that aggregates all the items of income and expenses recognised in the income statement with the “other comprehensive income” and “restatements” in the financial statements or retrospective application of new accounting policies shall be presented from the beginning of the earlier comparative period. The Group will apply the above amendments and will make the necessary changes in the presentation of its financial statements for the year 2009.

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Amendment to IAS 23 “Borrowing costs” (applicable for annual periods beginning on or after 1 January 2009)

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after the effective date. No changes will be made for borrowing costs incurred to this date that have been expensed.

IAS 32 (Amendment) “Financial Instruments: Presentation” and IAS 1 (Amendment) “Presentation of Financial Statements” – Financial Instruments available by the holder (or “puttable instrument”) (applicable for annual periods beginning on or after 1 January 2009)

The Group does not expect that these amendments will affect its financial statements, since it does not hold such financial instruments.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” – Hedged items qualifying for hedge accounting (applicable to annual periods beginning on or after 1 July 2009)

This amendment is not applied by the Group since it does not follow hedge accounting under the IAS 39.

IFRS 1 (Amendment) “First-time Adoption of I.F.R.S” and IAS 27 (Amendment) “Consolidated and Separate Financial Statements” (applicable for annual periods beginning on or after 1 January 2009)

This amendment will have no impact on the financial statements of the Group, since the parent company and all its subsidiaries have already adopted the IFRS.

IFRS 2 (Amendment) “Share-based Payment” – Non – vesting conditions (applicable for annual periods beginning on or after 1 January 2009)

The Group does not expect that this amendment will have an impact on its financial statements.

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

A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have

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no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 and IAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

IFRS 8 – “Operating Segments” (applicable for annual periods beginning on or after 1 January 2009)

This standard replaces IAS 14 under which segments were recognised and reported on the basis of an analysis of risks and returns. According to IFRS 8 operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Managing Director/Chief operating decision maker and presented in the financial statements on the same basis as that used for internal reporting purposes. The Group is in the process of assessing the impact of this standard on its financial statements and will adopt IFRS 8 from 1 January 2009.

IFRIC 13 “Customer Loyalty Programmes” (applicable for annual periods beginning on or after 1 July 2008)

The Group does not expect that this Interpretation will have any impact on its financial statements since it does not apply such schemes.

IFRIC 15 “Agreements for the Construction of Real Estate” (applicable for annual periods beginning on or after 1 January 2009)

The interpretation refers to existing different accounting treatments with regards to sales of real estate (IAS 18 and IAS 11). The interpretation clarifies which standard should be applied in each circumstance.

The Group is assessing the impact of this interpretation on its financial statements.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (applicable for annual periods beginning on or after 1 October 2008)

The interpretation is not relevant for the Groups’ operations since the Group does not use hedge accounting for any investment in foreign operation.

Amendments to standards that are one part of the annual improvements of IASB (International Accounting Standards Board)

The following amendments outline the most significant changes entailed to IFRSs as result of the annual improvements of IASB published in May 2008. The amendments below, unless otherwise stated, are applicable for annual periods beginning on or after 1 January 2009.

IAS 1 (Amendment) “Presentation of Financial Statements”

The amendment clarifies that some of the financial assets and financial liabilities that have been classified as held for trading in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” constitute

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examples of current assets and current liabilities respectively. The Group will apply this amendment from 1 January 2009, however expects that it will have no impact on its financial statements.

IAS 16 (Amendment) “Property, Plant and Equipment” (and successive amendment to IAS 7 “Statement of Cash Flows”)

This amendment requires an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognised as revenue. The successive amendment to IAS 7 states that the cash flows generated from the purchase, rental and sale of such assets are classified as cash flows from operating activities. This amendment will have no impact on the Group’s operations, since in none of the Group companies are included in the course of the ordinary activities the rental and subsequent sale of assets.

IAS 19 (Amendment) “Employee Benefits”

The changes in this standard are the following:

- A plan amendment resulting in a change in the extent to which the commitments for benefits are affected by future salary increases is a curtailment, while an amendment that changes the benefits attributable to past service causes a negative past service cost if it results in decrease of the present value of the defined benefit obligation.
- The definition of the return on plan assets has been amended in order to define that the costs of administering the plan are deducted at the return on plan assets calculation only in the extent that these costs were not included in the actuarial assumptions used to measure the defined benefit obligation.
- The distinction between Short-term and Long-term employee benefits shall rely on whether the employee benefits shall be settled within 12 months or beyond 12 months after the end of the period in which the employees render the related service.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” requires the contingent liabilities to be disclosed but not to be recognised. IAS 19 has been amended in order to be consistent.

The Group will apply the amendments from 1 January 2009. These amendments are not expected to have an impact on its financial statements.

IAS 20 (Amendment) “Accounting for Government Grants and Disclosures of Government Assistance”

This amendment requires the benefit of a government loan at a below-market rate of interest to be measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” and the proceeds received. The benefit is accounted for in accordance with IAS 20. This amendment will have no impact on the Group’s operations.

IAS 27 (Amendment) “Consolidated and Separate Financial Statements”

The amendment clarifies that in circumstances when investments in subsidiaries, which are accounted for in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” have been classified as assets held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” shall continue to be applied the IAS 39. This amendment will have no impact on the financial statements of the Group, since it is a Group policy the investments in subsidiaries to be recognised at cost in the separate financial statements.

IAS 28 (Amendment) “Investments in Associates” (and successive amendments to IAS 32 “Financial Instruments: Disclosure and Presentation” and to IFRS 7 “Financial Instruments: Disclosures”)

According to this amendment, an investment in an associate is accounted for as a single asset for impairment testing and the amount of any impairment loss is not allocated to specified assets that form part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases. The Group will apply this amendment from 1 January 2009.

IAS 28 (Amendment) “Investments in Associates” (and successive amendments to IAS 32 “Financial Instruments: Disclosure and Presentation” and to IFRS 7 “Financial Instruments: Disclosures”)

This amendment indicates that in circumstances when an investment in an associate is accounted for in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” in addition to the required disclosures of IAS 32 “Financial Instruments: Disclosure and Presentation” and IFRS 7 “Financial Instruments: Disclosures” should be made specified and not all the required disclosures of IAS 28.

This amendment will have no impact on the Group’s operations since it does not hold investments in associates that are accounted for in accordance with IAS 39.

IAS 29 (Amendment) “Financial Reporting in Hyperinflationary Economies”

This amendment will have no impact on the Group’s operations since none of its subsidiaries and associates operate in hyperinflationary economies.

IAS 31 (Amendment) “Interests in Joint Ventures” (and successive amendments to IAS 32 “Financial Instruments: Disclosure and Presentation” and to IFRS 7 “Financial Instruments: Disclosures”)

This amendment indicates that in circumstances when an investment in a joint venture is accounted for in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” in addition to the required disclosures of IAS 32 “Financial Instruments: Disclosure and Presentation” and IFRS 7 “Financial Instruments: Disclosures”) shall be made specified and not all the required disclosures of IAS 31 “Interests in Joint Ventures”. The amendment will have no impact on the Group’s operations, since it does not have interests in joint ventures that are accounted for in accordance with IAS 39.

IAS 36 (Amendment) “Impairment of Assets”

This amendment requires that in circumstances when the fair value less costs to sell is determined using discounted cash flow projections shall be made disclosures equivalent to those for the determination of the value due to use. The Group will apply this amendment and will provide the required disclosure where applicable for the impairment tests from 1 January 2009.

IAS 38 (Amendment) “Intangible Assets”

This amendment indicates that a payment can be recognised as prepayment only if it has been made in advance of obtaining a right to access the goods or receiving the services. This amendment practically means that when the Group obtains a right to access goods or receive services then the payment should be recognised as expenditure. The Group will apply the amendment from 1 January 2009.

IAS 38 (Amendment) “Intangible Assets”

This amendment deletes the expression indicating that there will exist “rare, if ever exists” evidence for the use of a method that results in a lower amortisation rate than that of the straight-line amortisation method. The amendment will not have at present any impact on the Group’s operations since all the intangible assets are amortised using the straight-line method.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”

The changes in this standard are the following:

- It is possible to have transfers to and from the class of fair value through profit or loss when a derivative is qualified or derecognised as cash flow hedging instrument or as net investment hedging.
- The definition of financial asset or financial liability at fair value through profit or loss as regard to assets held for trading has been amended. It is clarified that a financial asset or a financial liability that is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, is included in such a portfolio on initial recognition.
- The applicable guidance for designation and documentation of the hedging relationship for hedge accounting purposes indicates that a hedging instrument shall involve a party external to the reporting entity and reports one segment as example of an entity. This means that in order to be applied the hedge accounting at segment level; the requirements for hedge accounting shall be met at the same time by the segment that applies it. The amendment eliminates this requirement so as the IAS 39 to co-exist with the IFRS 8 “Operating segments” which requires the disclosure about reportable segments to rely on the information provided to the Managing Director/Chief Operating Decision Maker.
- When it is re-measured the carrying amount of a debit hedged item and discontinued the hedge accounting of fair value, the amendment clarifies that shall be used a revised effective interest rate (calculated on the date the hedge accounting of fair value was discontinued).

The Group will apply IAS 39 (Amendment) from 1 January 2009. This is not expected to have any impact on the financial statements of the Group.

IAS 40 (Amendment) “Investment Property” (and successive amendments to IAS 16 “Property, Plant and Equipment”)

The amendment defines that property that is being constructed or developed for future use as investment property is inside the scope of IAS 40. Therefore, when the fair value model is applied these items of investment property are measured at fair value. Instead, in cases where the fair value of investment property under construction cannot be measured reliably, this investment property is measured at cost till the most recent date when construction is completed and when the fair value becomes reliably determinable. The Group is in the process of assessing the impact of this amendment on its financial statements.

IAS 41 (Amendment) “Agriculture”

The amendment will have no impact on the Group’s operations since it has not undertaken any agriculture-related activity.

IFRS 5 (Amendment) “Non – Current Assets Held for Sale and Discontinued Operations” (and successive amendments to IFRS 1 “First – time Adoption of International Financial Reporting Standards”) (applicable for annual periods beginning on or after 1 July 2009)

The amendment clarifies that all assets and liabilities of a subsidiary are classified as held for sale if a sale plan for partial disposal involves loss of control of a subsidiary and there should be made the related disclosures regarding this subsidiary when it is met the definition of a discontinued operation. The successive amendment to IFRS 1 indicates that these amendments shall be applied prospectively from the date of transition to IFRSs. The Group will apply this amendment prospectively for all partial disposals of subsidiaries from 1 January 2010, if applicable.

Consolidation

(a) Business combinations and subsidiaries

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights and are consolidated by the method of full consolidation. The existence and effect of potential voting rights that are exercisable at the time of preparation of the financial statements are considered when assessing whether the parent company controls the subsidiaries. Subsidiaries are fully consolidated (full consolidation) from the date on which control is transferred to the group and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the participation percentage. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recognised as

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goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

In case of purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets, is recorded as goodwill. In case of disposals to minority interests the resulting gains and losses are recorded in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The Company recognises the investments in subsidiaries in the separate financial statements at cost net of any impairment loss.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The account investment in associates includes and the goodwill identified on acquisition (net of any impairment loss).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company recognises the investments in associates in the separate financial statements at cost net of any impairment loss.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services, within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Therefore, the Group has presented the segment analysis in business segments as primary reporting format and in geographical segments as secondary reporting format.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the functional measurement currency and the presentation currency of the parent Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities measured at their fair value, are reported as part of the fair value and consequently are recognised where also the fair value gain or loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Investment property

Investment property, principally comprising land and buildings, is held by the Group for long-term rental yields and is not occupied by the Group. Investment property is measured at cost less depreciation. When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in the income statement.

The Company classifies all land and buildings rented to subsidiaries as investment property in its separate financial statements.

Property, plant and equipment

The property, plant and equipment (except land & buildings), is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method by equal annual charges over the estimated useful life of the asset, as follows:

- Buildings	33-34	years
- Machinery-technical installations and other mechanical equipment	10	years
- Vehicles	5-7	years
- Telecommunications equipment & installations	5-10	years
- Furniture, fittings & equipment	5-10	years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, 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.

An asset's cost and accumulated depreciation are written down on its disposal or retirement when no future economic benefits are expected from its continuing use. Gains and losses on disposals are recognised as gains or losses in the income statement for the year the asset is disposed or written down.

The finance charges are recognised in the income statement during the year in which they are incurred.

Leases

(a) Finance leases

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

(b) Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership 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.

Goodwill

Goodwill is not amortised but is tested annually or more often, for impairment of its value, if there are events or changes in circumstances that provide evidence for loss. At the date of acquisition (or at the date of completion of the relative allocation of the cost of acquisition), the goodwill acquired, is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination in which the goodwill arose. Impairment is determined by assessing the recoverable amount of the cash-generating units relating to goodwill.

Impairment loss is recognised to the amount by which the carrying amount of cash-generating units, including proportional goodwill, exceeds the recoverable amount.

In the case where it is sold an activity forming part of a cash-generating unit to which goodwill has earlier been allocated, then this goodwill is taken into account at the determination of profit or loss from the disposal and is proportionally allocated to the selling activity. Under this aspect goodwill that is disposed is measured on the basis of the relative values of the disposed activity and the retained part of the cash-generating units.

The goodwill that has arisen on acquisitions or business combinations has been allocated and monitored at Group level in the basic cash-generating units which have been determined in accordance with IAS 36 "Impairment of Non-financial Assets". The Group, in order to determine whether goodwill suffered an impairment has performed the relative impairment tests on the cash-generating units to which goodwill has been allocated at a Group level, and based on the audits performed no impairment loss has resulted.

Intangible assets

Intangible assets include:

- a) Computer software: Acquired computer software licences are measured at cost less amortisation and any impairment loss. Amortisation is calculated using the straight-line method over the estimated useful life of the assets, which is 3 to 8 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group (internally – generated software) are recognised as part of intangible assets. Such costs include the cost of materials, the direct labour and an appropriate portion of relevant overheads. Internally – generated software is amortised over its estimated useful life which is 5 to 10 years.
- b) Customer relationships: concern assets recognised on the acquisition of the subsidiary company INTRACOM IT Services Denmark A/S and they are amortised over a period of 10 years.

Impairment of assets

(i) Non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment at each balance sheet date and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arms' length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(ii) Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost or based on the equity method (investments in subsidiaries and associates), assets measured at amortised cost based on the effective interest rate method (non-current receivables) and available for sale investments.

The recoverable amount of investments in subsidiaries and associates is determined in the same way as for nonfinancial assets.

For the purposes of impairment testing of the other financial assets the recoverable amount is determined based on the present value of future cash flows, discounted using the original asset-specific rate or a rate of a similar financial asset. Any resulting impairment losses are recognised in the income statement.

Financial assets

The Group classifies its investments in the following categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reviews the classification at each reporting date.

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

This category includes financial assets acquired principally for the purpose of selling in the short-term or assets that have been classified in this category by Management. Derivatives are classified as held for trading. Assets in this category are classified as current assets if held for trading or expected to be disposed of within 12 months of the balance sheet date.

(b) Loans and receivables

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

Loans and receivables are carried at amortised cost using the effective interest method.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and which the Group has the positive intent and ability to hold until maturity. Over the year the Group had no investments of this category.

(d) Available-for-sale financial assets

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

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

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

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

The fair values of financial assets traded in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis. In circumstances where fair value cannot be measured reliably it is carried at cost.

Derivative financial instruments and hedging accounting

Derivative financial instruments include forward exchange contracts, currency and interest-rate swaps.

Derivatives are initially recognised on balance sheet at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value is determined from the price they have in an active market and analyses of discounted cash flows.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The gains and losses on derivative financial instruments held for trading are included in the income statement. The Group uses derivatives to hedge foreign currency and interest rate risks. The Group designates derivatives as either fair value hedges or cash flow hedges when the required criteria are met. For derivatives that do not meet the conditions for hedge accounting, gains or losses from changes in the fair value are included in the income statement.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group designates derivatives, for the purposes of hedge accounting, as:

- Fair value hedges when they are used to hedge the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when they are used to hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction
- Hedges of net investment in a foreign operation

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity in relation to cash flow hedges are recycled in the income statement in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives, while used by the Group as effective hedges, do not satisfy the criteria for hedge accounting of IAS 39 and as a result the relevant gains or losses are recognized in the income statement.

Inventories

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

Provisions for slow-moving or obsolete inventories are formed when necessary.

Trade receivables

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

Factoring

Trade and other receivables are reduced by the amounts that have been received in advance under factoring agreements without recourse.

Cash and cash equivalents

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

Non-current assets held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic criteria to classify a non-current asset (or disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable.

For the sale to be highly probable:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group)
- an active programme to locate a buyer and complete the plan must have been initiated
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale should be expected to be completed within one year from the date of classification
- the actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately prior to initial classification of a non current asset (or disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRSs.

Non-current assets (or disposal groups) that are classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognised in the income statement. Any subsequent increase in fair value will be recognised in the income statement, but not in excess of the cumulative impairment loss which was previously recognised.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it should not be depreciated or amortised.

Share capital

Ordinary shares are classified as equity.

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings

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

Borrowing costs

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

Current income tax

Current income tax is computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece and other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted tax rates.

Trade payables

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

Deferred income tax

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Employee benefits

(a) Pension obligations

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

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

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

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

(b) Termination benefits

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

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

(c) Share-based plans

The Group operates an equity-settled, share-based compensation plan. The equity instruments are of the parent company INTRACOM HOLDINGS S.A. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Provisions

Provisions are recognized when:

- There is 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
- The amount can be reliably estimated.

(a) Warranties

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

(b) Compensated absences

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

(c) Loss-making contracts

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

Revenue recognition

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

(a) Sales of goods

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

(b) Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the stage of completion of the specific service. The stage of completion is assessed on the basis of the costs of the actual services provided until the balance sheet date as a proportion of the costs of the total estimated services to be provided under each contract. Costs of services are recognized in the period incurred. When the services to be provided under a contract cannot be reliably estimated, revenue is recognized only to the extent of costs incurred that are possibly recoverable.

(c) Construction contracts

Revenue from fixed price contracts are recognised, as long as the contract outcome can be estimated reliably, on the percentage of completion method, measured by reference to the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(d) Interest

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate. Subsequently, interest is recognized on the impaired value.

(e) Dividends

Dividends are recognized when the right to receive payment is established.

Dividend distribution

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

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company (after deducting interest on convertible shares, net of tax) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

Weighted average number of ordinary shares in issue during the accounting period and for all the presented accounting periods is adjusted for events that have changed the number of ordinary shares in issue without corresponding change in resources.

Rounding

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

3. Financial risk management

Financial risk factors

INTRACOM IT SERVICES S.A., being a Greek multinational company, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, interest rates and market prices), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

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

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

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

(a) Market risk

Foreign exchange risk

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

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

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

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

Increase in EURO/USD rate by	Effect on net profit 31/12/2008	Effect on net profit 31/12/2007
3%	(101.068)	(134.387)
6%	(202.137)	(268.774)
9%	(303.205)	(403.162)
12%	(404.274)	(537.549)

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

Increase in EURO/USD rate by	Effect on net profit 31/12/2008	Effect on net profit 31/12/2007
3%	(55.950)	(52.231)
6%	(111.900)	(104.461)
9%	(167.850)	(156.692)
12%	(223.800)	(208.923)

Price risk

The Group has limited exposure to changes in the prices of the shares held either for trading or as available for sale financial assets.

(b) Credit risk

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

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

(c) Liquidity risk

Each Group company draws up and monitors on a monthly basis a cash flow schedule that includes the operating as well as the investing cash flows. All Group companies submit to Intracom IT SERVICES on a weekly basis a detailed report of their cash and credit position, in order that an effective monitoring and co-ordination on a group level is achieved.

On 31 December 2008 current and non-current borrowings of the Group amounted to 99% and 1% of total borrowings respectively.

(d) Cash flow and fair value interest rate risk

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

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

Financial instruments in Euro

Increase in interest rates (Base units)	Effect on net profit 31/12/2008	Effect on net profit 31/12/2007
25	(116.317)	(72.369)
50	(232.635)	(144.738)
75	(348.952)	(217.107)
100	(465.269)	(289.476)

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

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Financial instruments in Euro

Increase in interest rates (Base units)	Effect on net profit 31/12/2008	Effect on net profit 31/12/2007
25	(91.026)	(70.151)
50	(182.051)	(140.302)
75	(273.077)	(210.453)
100	(364.102)	(280.604)

Capital risk management

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

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

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Total borrowings (Note 19)	58.308.398	46.714.448	39.622.032	32.321.905
Less: Cash and cash equivalents (Note 16)	-11.781.496	-18.766.820	-3.211.801	-4.261.467
Net borrowings	46.526.902	27.947.627	36.410.230	28.060.438
Equity	44.533.567	39.943.564	33.842.307	27.459.909
Total capital employed	91.060.469	67.891.191	70.252.537	55.520.347
Gearing ratio	51,09%	41,17%	51,83%	50,54%

Fair value estimation

The fair value of financial instruments traded in active markets (stock exchange) (i.e. derivatives, stocks, bonds) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of valuation methods and makes assumptions that are based on market conditions existing at each balance sheet date.

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

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.
- The Group uses the percentage of completion method of IAS 11 in order to recognise revenue from construction contracts. Revenue is recognised by reference to the stage of completion of the project at the balance sheet date, based on actual amounts compared to total estimated amounts. Possible adjustments to total estimated contract costs and revenues are taken into consideration in the period in which they arise.
- The Group tests annually whether goodwill from acquisition of subsidiaries and associates has suffered any impairment. These tests are based either on discounted cash flows (value in use) of cash generating units to which goodwill is allocated, or on fair values less costs to sell.

5. Segment information

Primary reporting format – business segments

At 31 December 2008, the Group is organised into one main business segment:

- (1) Integrated information technology solutions for government and banking sector

The segment results from continuing operations for the year ended 31 December 2008 are as follows:

	Integrated information technology solutions for government and banking sector	Total
Total segment revenue	161.881.855	161.881.855
Inter-segment revenue	-	-
Sales Revenue	<u>161.881.855</u>	<u>161.881.855</u>
Operating profit/(loss)	15.408.012	15.408.012
Finance costs – net	(8.856.690)	(8.856.690)
Share of profit/(loss) of associates	-	-
Loss before income tax from continuing operations	<u>6.551.322</u>	<u>6.551.322</u>

Other segment items included in the income statement are as follows:

	Integrated information technology solutions for government and banking sector	Total
Depreciation of PPE (Note 23)	1.267.582	1.267.582
Amortisation of intangible assets (Note 23)	1.175.955	1.175.955
Impairment of receivables (Note 13)	2.173.471	2.173.471

The segment assets and liabilities at 31 December 2008 and the capital expenditure for the year are as follows:

	Integrated information technology solutions for government and banking sector	Total
Assets	161.923.296	161.923.296
Total assets	<u>161.923.296</u>	<u>161.923.296</u>
Total liabilities	<u>161.923.296</u>	<u>161.923.296</u>
Capital expenditure (Note 6, 8 and 9)	<u>4.168.426</u>	<u>4.168.426</u>

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

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Secondary reporting format – geographical segments

The main business segments of the Group operate in four geographical areas. The home-country of the Company – which is also the main operating country – is Greece.

<u>Sales</u>	1/1 - 31/12/2008	1/1 - 31/12/2007
Greece	62.962.873	68.305.889
European Community	88.305.879	80.592.275
Other European countries	-	-
Other countries	10.613.102	5.129.427
Total	161.881.855	154.027.591
<u>Total assets</u>	31/12/2008	31/12/2007
Greece	96.519.616	122.417.301
European Community	59.795.765	36.450.759
Other countries	5.607.916	3.321.670
	161.923.297	162.189.730
Unallocated	-	-
Total	161.923.297	162.189.730
<u>Credit expenditure</u>	1/1 - 31/12/2008	1/1 - 31/12/2007
Greece	3.351.981	1.103.211
European Community	535.230	3.295.135
Other countries	281.216	168.924
Total	4.168.426	4.567.270

Sales are allocated based on the country in which the customer is located. Property, plant and equipment is allocated based on their geographical location. Capital expenditure is allocated based on where the assets are located.

<u>Sales by category</u>	1/1 - 31/12/2008	1/1 - 31/12/2007
Sales of products	6.923.905	3.423.583
Sales of goods	19.918.784	25.296.922
Revenue from services	135.039.166	125.307.087
Total	161.881.855	154.027.591

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6. Property, plant and equipment

Group

	Land – Buildings	Machinery	Vehicles	Telecommunications Equipment	Furniture & other equipment	Prepayments and assets under construction	Total
Cost							
Balance at 1 January 2007	2.113.552	1.604.774	179.425	242.892	15.594.978	5.516	19.741.136
Exchange differences	(194)	(4.611)	(128)	-	(239)	-	(5.173)
Additions	23.775	658.271	43.780	-	1.160.939	167.429	2.054.193
Acquisition of subsidiary	-	-	-	-	-	-	0
Disposals	-	-59.089	-59.331	-69.421	-966.764	-167.429	(1.322.034)
Transfer to investment property	-	-	-	-	-	-	0
Reclassifications	-	-	-	-	(2.529)	(5.516)	(8.045)
Transfer from assets held for sale	-	12.629	9.747	-	831.000	-	853.375
Balance at 31 December 2007	2.137.133	2.211.973	173.492	173.471	16.617.385	0	21.313.453
Balance at 1 January 2008	2.137.133	2.211.973	173.492	173.471	16.617.385	-	21.313.453
Exchange differences	-	(7.323)	-	-	(25.701)	-	(33.024)
Additions	76.300	31.913	82.310	175.729	683.521	-	1.049.772
Disposals	-	(9.907)	(38.401)	(54.303)	(144.045)	-	(246.656)
Transfer from investment property (Note 9)	(1.383.624)	-	-	-	-	-	(1.383.624)
Disposal of subsidiaries	-	(12.629)	(9.747)	-	(858.528)	-	(880.903)
Balance at 31 December 2008	829.809	2.226.655	217.400	294.897	17.131.160	0	19.819.018
Accumulated Depreciation							
Balance at 1 January 2007	341.165	1.337.002	67.753	178.436	13.578.165	-	15.502.522
Exchange differences	(194)	(2.024)	(128)	-	(289)	-	(2.635)
Depreciation charge	55.544	211.211	24.786	25.479	1.041.351	-	1.358.372
Acquisition of subsidiary	-	-	-	-	-	-	0
Disposals	-	(16.455)	(9.796)	(67.545)	(925.505)	-	(1.019.301)
Transfer to investment property	-	-	-	-	-	-	0
Transfer from assets held for sale	-	2.732	9.029	-	747.549	-	759.310
Balance at 31 December 2007	396.515	1.532.466	91.644	136.371	14.441.272	-	16.598.268
Balance at 1 January 2008	396.515	1.532.466	91.644	136.371	14.441.272	-	16.598.268
Exchange differences	-	(4.626)	544	208	(37.626)	-	(41.500)
Depreciation charge	53.162	207.501	26.946	11.314	968.659	-	1.267.582
Acquisition of subsidiary	-	-	-	-	-	-	0
Disposals	-	(3.624)	(23.266)	-	(120.840)	-	(147.729)
Reclassifications	-	-	15.632	184.735	(200.387)	-	-20
Transfer to investment property	-	-	-	-	-	-	0
Disposal of subsidiaries	-	(3.833)	(9.744)	-	(785.827)	-	-799.404
Balance at 31 December 2008	449.677	1.727.884	101.758	332.627	14.265.251	0	16.877.198
Net book amount at 31 December 2007	1.740.617	679.507	81.847	37.100	2.176.113	0	4.715.185
Net book amount at 31 December 2008	380.131	498.771	115.643	-37.730	2.865.908	0	2.941.820

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Company

Cost	Land – Buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Balance at 1 January 2007	1.383.624	528.560	16.669	10.944.900	-	12.873.753
Additions	-	-	5.896	481.582	-	487.478
Disposals	-	-	(3.661)	(117.012)	-	(120.674)
Balance at 31 December 2007	1.383.624	528.560	18.903	11.309.470	0	13.240.557
Balance at 1 January 2008	1.383.624	528.560	18.903	11.309.470	-	13.240.557
Additions	30.000	316	5.230	258.210	-	293.755
Disposals	-	-	-	(97.432)	-	(97.432)
Transfer to investment property (note 9)	(1.383.624)	-	-	-	-	(1.383.624)
Reclassifications	-	-	-	-	-	0
Balance at 31 December 2008	30.000	528.875	24.133	11.470.248	0	12.053.256
Accumulated Depreciation						
Balance at 1 January 2007	-	406.709	14.175	10.103.726	-	10.524.610
Depreciation charge	-	38.036	660	414.609	-	453.305
Disposals	-	-	(1.398)	(109.937)	-	(111.335)
Transfer to investment property (note 9)	-	-	-	-	-	0
Balance at 31 December 2007	0	444.745	13.437	10.408.398	0	10.866.580
Balance at 1 January 2008	-	444.745	13.437	10.408.398	-	10.866.580
Depreciation charge	-	40.042	884	407.338	-	448.264
Disposals	-	-	-	(96.474)	-	(96.474)
Transfer to investment property	-	-	-	-	-	0
Balance at 31 December 2008	0	484.788	14.321	10.719.262	0	11.218.371
Net book amount at 31 December 2007	1.383.624	83.814	5.466	901.072	0	2.373.977
Net book amount at 31 December 2008	30.000	44.088	9.812	750.986	0	834.886

7. Goodwill

Balance at 1 January 2007	11.361.097
Exchange differences	1.307
Acquisition of subsidiaries/businesses (note 35)	<u>2.212.138</u>
Balance at 31 December 2007	<u>13.574.541</u>
Balance at 1 January 2008	13.574.541
Exchange differences	<u>(1.118)</u>
Balance at 31 December 2008	<u>13.573.423</u>

Goodwill as at 31 December 2008 resulted from the acquisition of the companies listed below and is allocated to cash generating units as follows:

	<u>31/12/2007</u>
Intrasoft International SA	11.361.097
IT Services Denmark A/S	<u>2.212.327</u>
	<u>13.573.423</u>

For the acquisitions of the year 2007 (IT Denmark A/S), the Group has completed over the current year the allocation of the cost to the assets and liabilities of the acquired subsidiaries / businesses (see note 35) and determined final amount of goodwill.

As at 31 December 2007 and 2008, the Group performed impairment tests on the final amounts of goodwill. The recoverable amount of goodwill for each cash-generating unit was determined based on the calculation of the fair value less costs to sell.

The recoverable amount of goodwill from Intrasoft International SA was determined using comparable company indicators. This approach takes into consideration among others, the risk profile and the growth prospects of a selected sample of comparable listed companies.

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8. Intangible assts

Group

	Software	Internally-generated software	Trade name	Customers Relationships	Other	Total
Cost						
Balance at 1 January 2007	22.588.055	1.441.304	-	-	460.102	24.489.461
Exchange differences	-	(2.293)	390	135	-	-1.768
Additions	1.527.853	94.877	661.220	229.126	-	2.513.076
Disposals	(33.906)	(710)	-	-	-	-34.616
Transfer from assets held-for-sale	2.216.294	-	-	-	-	2.216.294
Reclassifications	-	-	-	-	(125.600)	-125.600
Balance at 31 December 2007	26.298.295	1.533.178	661.610	229.261	334.502	29.056.846
Balance at 1 January 2008	26.298.295	1.533.178	661.610	229.261	334.502	29.056.846
Exchange differences	(229)	-	(53)	(18)	-	(301)
Additions	2.144.830	973.782	-	-	43	3.118.655
Disposals	(4.259)	-	-	-	(50.100)	(54.359)
Disposal of subsidiaries	-2.667.985	-	-	-	-	(2.667.985)
Balance at 31 December 2008	25.770.651	2.506.960	661.557	229.243	284.445	29.452.855
Accumulated depreciation						
Balance at 1 January 2007	19.512.399	929.907	-	-	204.109	20.646.415
Exchange differences	(1.482)	-	-	-	-	(1.482)
Amortisation charge	1.110.890	307.659	-	7.641	64.641	1.490.832
Disposals	(1.695)	-	-	-	-	(1.695)
Reclassifications	997.509	-	-	-	(125.600)	871.909
Balance at 31 December 2007	21.617.622	1.237.565	0	7.641	143.150	23.005.979
Balance at 1 January 2008	21.617.622	1.237.565	-	7.641	143.150	23.005.979
Exchange differences	204	-	-	10	-	214
Amortisation charge	853.606	208.890	-	22.913	90.546	1.175.955
Disposals	(3.782)	-	-	-	(50.100)	(53.882)
Impairment charge	-	-	-	-	65.164	65.164
Disposal of subsidiaries	(1.216.086)	-	-	-	-	(1.216.086)
Balance at 31 December 2008	21.251.563	1.446.456	0	30.565	248.760	22.977.343
Net book amount at 31 December 2007	4.680.673	295.612	661.610	221.620	191.352	6.050.867
Net book amount at 31 December 2008	4.519.089	1.060.504	661.557	198.678	35.685	6.475.513

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Company

	Internally-generated		Total
	Software	software	
Cost			
Balance at 1 January 2007	22.415.255	-	22.415.255
Additions	85.170	-	85.170
Balance at 31 December 2007	22.500.425	0	22.500.425
Balance at 1 January 2008	22.500.425	-	22.500.425
Additions	958.192	2.023.434,19	2.981.626
Balance at 31 December 2008	23.458.617	2.023.434,190	25.482.051
Accumulated depreciation			
Balance at 1 January 2007	19.429.806	-	19.429.806
Amortisation charge	807.761	-	807.761
Balance at 31 December 2007	20.237.567	0	20.237.567
Balance at 1 January 2008	20.237.567	-	20.237.567
Amortisation charge	688.555	-	688.555
Balance at 31 December 2008	20.926.122	0,00	20.926.122
Net book amount at 31 December 2007	2.262.858	0	2.262.858
Net book amount at 31 December 2008	2.532.495	2.023.434	4.555.929

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9. Investment property

	Group	Company
Cost		
Balance at 31 December 2007	<u>0</u>	<u>0</u>
Balance at 1 January 2008	-	-
Transfer from/(to) property, plant and equipment (note 6)	1.383.624	1.383.624
Balance at 31 December 2008	<u>1.383.624</u>	<u>1.383.624</u>
Accumulated depreciation		
Balance at 1 January 2007	<u>-</u>	<u>-</u>
Balance at 31 December 2007	<u>0</u>	<u>0</u>
Balance at 1 January 2008	-	-
Balance at 31 December 2008	<u>0</u>	<u>0</u>
Net book amount at 31 December 2007	<u>0</u>	<u>0</u>
Net book amount at 31 December 2008	<u>1.383.624</u>	<u>1.383.624</u>

	Group		Company	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Rental income from investment properties	32.400	31.150	32.400	31.150

10. Investment in subsidiaries

Investments in subsidiaries are analyzed as follows:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the beginning of the year			26.517.251	22.249.417
Additions / Share capital increase			400.215	2.268.367
Transfer from associates			-	2.084.736
Disposals / Share capital decrease			-	(85.269)
Transfer to available-for-sale (note 11)			(2.084.736)	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>24.832.730</u>	<u>26.517.251</u>

Year 2008

The interests held in subsidiaries and their carrying amounts at 31 December 2008 and 31 December 2007 are as follows:

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Name	Country of incorporation	2008		2007	
		Carrying value	% Interest held	Carrying value	% Interest held
DIALOGOS SA	GREECE	292.876	39,50	292.876	39,50
UNIBRAIN SA	GREECE	-	-	2.084.736	29,29
INTRACOM IT DENMARK	DENMARK	1.468.582	100	1.068.367	100
INTRACOM OPERATION LTD	CYPRUS	1.723.371	100	1.723.371	100
GLOBAL NET SOLUTIONS LTD	BULGARIA	200.000	100	200.000	100
INTRACOM JORDAN LTD	JORDAN	314.118	80	314.118	80
INTRASOFT INTERNATIONAL S.A.	LUXEMBURG	16.419.982	96,56	16.419.982	99,99
DB DATABANK AE	GREECE	4.413.801	90	4.413.801	90
TOTAL		24.832.730		26.517.251	

The above list contains direct investment in subsidiaries only. A list of all the direct and indirect interests in subsidiaries is presented in note 34.

11. Available-for-sale financial assets

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the beginning of the year	1.443.255	1.294.015	825.340	786.073
Additions	9.520.353	-	9.520.353	-
Purchase of subsidiary / Change in consolidation method	(109.972)	109.972		
Impairment	(6.922.408)	-	(6.922.408)	-
Transfer from financial assets at fair value through profit or loss		39.268		39.268
Transfer from subsidiaries (note 10)	2.084.736	-	2.084.736	-
Balance at the end of the year	6.015.964	1.443.255	5.508.022	825.340
Non-current assets	6.015.964	1.443.255	5.508.022	825.340
	6.015.964	1.443.255	5.508.022	825.340

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
<u>Listed securities:</u>				
- Equity securities	4.682.682	-	4.682.682	-
<u>Unlisted securities:</u>				
- Equity securities	1.333.282	1.443.255	825.340	825.340
	6.015.964	1.443.255	5.508.022	825.340

Investments in unlisted shares are shown at cost less impairment.

The investments in listed companies relate to companies listed in the Athens Stock Exchange, which are measured at their stock prices at the balance sheet date. Bonds to banks are measured at their current value.

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12. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Deferred tax assets:	(4.732.984)	(1.944.246)	(3.721.897)	(1.423.764)
Deferred tax liabilities:	3.568.216	1.872.126	3.098.393	2.113.065
	(1.164.768)	(72.120)	(623.504)	689.301

The gross amounts are as follows:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Deferred tax assets:				
To be recovered after more than 12 months	(1.981.582)	(1.794.706)	(3.721.897)	(1.358.683)
To be recovered within 12 months	(2.751.402)	(149.540)	0	(65.081)
	(4.732.984)	(1.944.246)	(3.721.897)	(1.423.764)
Deferred tax liabilities:				
To be settled after more than 12 months	1.026.827	230.853	3.098.393	527.914
To be settled within 12 months	2.541.389	1.641.273	0	1.585.151
	3.568.216	1.872.126	3.098.393	2.113.065
	(1.164.768)	(72.120)	(623.504)	689.301

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the beginning of the year	(72.120)	(219.087)	689.301	3.614
Exchange differences	(33)	195	0	0
Charged/(Credited) to the income statement (note 28)	(1.420.070)	500.632	(1.312.805)	685.687
Charge in consolidation of subsidiary	327.455	(353.860)	0	0
Balance at end of the year	(1.164.768)	(72.120)	(623.504)	689.301

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

During the year 2008 was re-assessed the possibility of offsetting tax losses carry-forwards. Was calculated the deferred income tax proportional to the amount of tax losses carry-forwards to be offset using the income tax rate applicable at the time of offsetting these tax losses.

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Group

Deferred tax assets:

	Provisions/ Impairment losses	Tax losses	Other	Total
Balance at 1 January 2007	(106.364)	(365.360)	(706.413)	(1.178.137)
Exchange differences	-	195	-	195
Charged/(Credited) to the income statement	(633.108)	(79.657)	(53.539)	(766.304)
Balance at 31 December 2007	(739.472)	(444.821)	(759.952)	(1.944.246)
Balance at 1 January 2008	(739.472)	(444.821)	(759.952)	(1.944.246)
Exchange differences	-	(207)	-	(207)
Charged/(Credited) to the income statement	(84.335)	(2.841.006)	136.810	(2.788.531)
Balance at 31 December 2008	(823.807)	(3.286.035)	(623.142)	(4.732.984)

Deferred tax liabilities:

	Accrued income	Accelerated tax depreciation	Other	Total
Balance at 1 January 2007	232.716	700.412	25.922	959.050
Charged/(Credited) to the income statement	1.352.435	(142.105)	56.606	1.266.936
Change in consolidation of subsidiary	-	-	(353.860)	(353.860)
Balance at 31 December 2007	1.585.151	558.307	(271.332)	1.872.125
Balance at 1 January 2008	1.585.151	558.307	(271.332)	1.872.125
Exchange differences	-	43	131	174
Charged/(Credited) to the income statement	1.161.960	(78.366)	284.867	1.368.462
Change in consolidation of subsidiary	-	-	327.455	327.455
Balance at 31 December 2008	2.747.111	479.983	341.121	3.568.216

Company

Deferred tax assets:

	Provisions	Tax losses	Other	Total
Balance at 1 January 2007	(94.554)	(347.392)	(468.946)	(910.891)
Charged/(Credited) to the income statement	(636.067)	1	123.193	(512.873)
Balance at 31 December 2007	(730.621)	(347.390)	(345.753)	(1.423.764)
Balance at 1 January 2008	(730.621)	(347.390)	(345.753)	(1.423.764)
Charged/(Credited) to the income statement	(63.876)	(2.399.718)	165.462	(2.298.132)
Balance at 31 December 2008	(794.497)	(2.747.108)	(180.291)	(3.721.897)

Deferred tax liabilities:

	Accelerated tax depreciation	Other	Total
Balance at 1 January 2007	681.789	232.716	914.505
Charged/(Credited) to the income statement	-153.876	1.352.436	1.198.560
Balance at 31 December 2007	527.913	1.585.152	2.113.065
Balance at 1 January 2008	527.913	1.585.152	2.113.065
Charged to the income statement	(176.631)	1.161.959	985.328
Balance at 31 December 2008	351.282	2.747.110	3.098.393

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13. Trade and other receivables

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Trade receivables	69.095.191	79.875.523	44.221.538	56.427.177
Less: Provisions for impairment	(7.712.666)	(8.118.916)	(6.625.714)	(6.804.382)
Trade receivables – net	61.382.525	71.756.607	37.595.824	49.622.795
Prepayments	1.267.215	432.989	115.975	423.922
Receivables from related parties (note 33)	7.335.117	10.377.751	6.976.528	10.515.126
Prepaid expenses	1.593.648	2.131.871	388.468	961.847
Accrued expenses	31.172.061	19.921.858	13.735.552	6.340.603
Other receivables	12.508.655	7.805.931	5.431.289	-
Total	115.259.221	112.427.007	64.243.636	67.864.293
Non-current assets	899.625	640.854	34.333	44.441
Current assets	114.359.595	111.786.153	64.209.303	67.819.851
	115.259.221	112.427.007	64.243.636	67.864.293

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

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Total	61.382.525	71.756.607	37.595.824	49.622.795
Not past due and not impaired at the balance sheet date	6.052.141	16.929.388	3.014.926	1.652.861
Impaired at the balance sheet date	1.086.952	811.145		0
Provision made for the following amount:	-7.712.666	-8.118.916	-6.625.714	-6.804.382
	-6.625.714	-7.307.771	-6.625.714	-6.804.382
Not impaired at the balance sheet date but past due in the following periods:				
< 90 days	20.528.716	17.834.390	4.884.778	14.875.753
90-180 days	5.505.936	2.383.321	2.213.068	2.085.884
180-270 days	3.376.168	3.735.578	2.072.298	1.041.868
270-365 days	1.737.593	1.807.716	1.730.610	1.148.945
1- 2 years	5.237.790	9.613.441	5.071.744	9.104.213
>2 years	25.569.896	26.760.545	25.234.115	26.517.653
	61.956.098	62.134.990	41.206.613	54.774.316
Total trade receivables	61.382.525	71.756.607	37.595.825	49.622.795

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Trade receivables of the Company which are past due for more than one year include receivables from the Greek State of approximately € 20 mil. (31 December 2007: € 23 mil. approximately).

There is no concentration of credit risk in relation to trade receivables, since the Group has a great number of customers. The Group has developed policies to ensure that the sales agreements take place with customers with sufficient credit quality. The credit policy of the Group is determined on a case by case basis, and set out in the agreed terms in the contract signed with each customer.

The movement of provision for impairment of trade receivables is analysed as follows:

	<u>Group</u>	<u>Company</u>
Balance at 1 January 2007	9.571.778	8.278.494
Provision for impairment (note 23)	1.162.575	1.141.326
Unused amounts reversed	(2.615.437)	-2.615.437
Balance at 31 December 2007	8.118.916	6.804.382
Provision for impairment (note 23)	2.173.471	1.897.664
Receivables written-off during year as uncollectible	-161.559	-161.559
Unused amounts reversed	-2.418.162	-1.914.773
Balance at 31 December 2008	7.712.666	6.625.714

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Euro (EUR)	106.698.741	104.892.399	61.624.546	65.464.930
Romanian New Lei (RON)	-		-	-
US Dollar (USD)	5.467.997	5.792.911	2.619.090	2.177.191
Bulgarian Leva (LEV)	510.357	770.567		0
Jordan Dinar (JOD)	1.293.304	379.600		0
Other	1.288.822	591.530		222.171
	115.259.220	112.427.007	64.243.636	67.864.292

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14. Inventories

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Merchandise	1.603.934	4.150.906	737.636	2.210.736
Total	1.603.934	4.150.906	737.636	2.210.736
Less: Provisions for obsolete inventories:				
Merchandise	121.392	2.273.720	120.710	1.974.747
	121.392	2.273.720	120.710	1.974.747
Net realisable value	1.482.543	1.877.186	616.926	235.989

The movement of the provision is as follows:

Analysis of total provisions

	Group	Company
Balance at 1 January 2007	1.876.280	1.874.747
Provision for impairment	98.467	100.000
Amount of provision reversed during the year	(1.533)	-
Balance at 31 December 2007	1.973.214	1.974.747
Provision for impairment	682	-
Used during the year	(1.854.037)	(1.854.037)
Balance at 31 December 2008	119.859	120.710

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15. Financial assets at fair value through profit or loss

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the beginning of the year	449.768	62.389	0	0
Additions	-	62.844	-	-
Disposals	-49.985	-54.520	-	-
From change in consolidation method	-387.091	369.019	-	-
Fair value adjustments (note 26)	-12.692	10.036	-	-
Balance at the end of the year	0	449.768	0	0

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
<u>Listed securities</u>				
- Equity securities - Greece	-	449.768	-	-
	0	449.768	0	0

16. Cash and cash equivalents

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cash at bank and in hand	11.781.496	17.470.402	3.211.801	4.261.467
Short-term bank deposits	-	1.296.418	-	-
Total	11.781.496	18.766.820	3.211.801	4.261.467

The effective interest rate on short-term bank deposits for the company was 4,1% (2007: 4,4%).

Cash and cash equivalents are analysed in the following currencies:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Euro (EUR)	9.800.628	12.355.416	3.211.801	4.261.467
US Dollar (USD)	641.518	2.512.626	-	-
Bulgarian Leva (BGN)	1.145.013	3.107.897	-	-
Other	194.337	790.881	-	-
	11.781.496	18.766.820	3.211.801	4.261.467

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17. Share capital

	Number of shares	Share capital	Share premium	Treasury shares	Total
Balance at 1 January 2007	12.232.900	38.304.504	220.116	-	38.524.620
Balance at 31 December 2007	12.232.900	38.304.504	220.116	0	38.524.620
Balance at 1 January 2008	12.232.900	38.304.504	220.116	0	38.524.620
Proceeds from issue of share capital	47.100	149.307	8.792.157		8.941.464
	12.280.000	38.453.811	9.012.273	0	47.466.084
Balance at 31 December 2008	12.280.000	38.453.811	9.012.273	0	47.466.084

Share options

Share options are granted to directors, management and employees of the Group.

A summary of share options granted by the company INTRACOM HOLDINGS S.A. is as follows:

Share options	2008	2007
Outstanding at 1 January	14.300	14.300
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at 31 December	<u>14.300</u>	<u>14.300</u>

The outstanding share options can be exercised wholly or partly within a period of 5 years from the year granted, during the first 15 days of December of each respective year. Consequently, the share options granted during 2006 can be exercised up to December 2011.

The fair value of the share options is determined on grant date using the Binomial model. Fair value reflects the inputs into the model, such as the risk-free interest rate, the expected share volatility, the dividend yield and the expected option life. The fair value is recognised as an expense over the vesting period of the share options.

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18. Other Reserves

Group

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Other reserves	Fair value reserves	Total
Balance at 1 January 2007	169.253	103	9.068.621	20.121	(473)	-	9.257.625
Exchange differences	-	-	-	-	-	(20.220)	(20.220)
Transfers between reserves	130.959	241.211	269.284	-	(425.927)	(106.868)	108.659
Share options	-	-	134.915	-	-	-	134.915
Balance at 31 December 2007	300.212	241.313	9.472.820	20.121	(426.400)	(127.088)	9.480.978
Balance at 1 January 2008	300.212	241.313	9.472.820	20.121	(426.400)	(127.088)	9.480.978
Fair value profit/(loss) on available-for-sale financial assets	-	-	-	-	-	(5.710.718)	-5.710.718
Exchange differences	-	-	-	-	-	118.345	118.345
Transfers between reserves	58.218	-	45.085	-	-28.942	12.783	87.144
Share options	-	-	-	-	179.887	-	179.887
Balance at 31 December 2008	358.430	241.313	9.517.905	20.121	-275.455	-5.706.679	4.155.636

Company

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Other reserves	Fair value reserves	Total
Balance at 1 January 2007	31.202	103	8.653.925	20.121	-	-	8.705.350
Balance at 31 December 2007	31.202	103	8.653.925	20.121	0	0	8.705.350
Balance at 1 January 2008	31.202	103	8.653.925	20.121	0	0	8.705.350
Fair value profit/(loss) on available-for-sale financial assets	-	-	-	-	-	(6.922.408)	(6.922.408)
Exchange differences	-	-	-	-	-	3.907	3.907
Balance at 31 December 2008	31.202	103	8.653.925	20.121	0	(6.918.501)	1.786.849

(a) Statutory reserve

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

(b) Extraordinary reserves

Extraordinary reserves include amounts that were created following resolutions of the Annual General Meetings, have no specific purpose and can therefore be used for any reason following approval from the Annual General Meeting, as well as amounts, which were created under the provisions of Greek law. These reserves have been created from post tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

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(c) Tax free reserve

Tax-free reserves under special laws

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

Reserves created under the provisions of tax law from tax free income or from income taxed under special provisions

This reserve includes the portion of the net income carried forward every year that comes from tax-free profits and profits taxed under special provisions by using up the tax liability.

The above-mentioned reserves can be capitalised or distributed, following the approval of the Annual General Meeting, after taking into consideration the restrictions that may apply. In case of capitalisation or distribution, tax is calculated at the current tax rate.

19. Borrowings

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Non-current borrowings				
Finance lease liabilities	265.984	379.879	-	-
Total non-current borrowings	265.984	379.879	0	0
Current borrowings				
Bank loans	57.927.916	46.227.809	39.622.032	32.321.905
Finance lease liabilities	114.498	106.759	-	-
Total current borrowings	58.042.413	46.334.569	39.622.032	32.321.905
Total borrowings	58.308.398	46.714.448	39.622.032	32.321.905

The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Euro	57.668.724	46.714.448	39.622.032	32.321.905
Denmark Crown (DKK)	639.674	-	-	-
	58.308.398	46.714.448	39.622.032	32.321.905

The weighted average interest rate for the other borrowings for the Group and the Company for 2008 was around 6,53% and 6,23% respectively (2007 : 5%).

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Finance leases

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Finance lease liabilities – minimum lease payments				
Not later than 1 year	244.380	220.653	-	-
Between 2 and 5 years	152.003	284.564	-	-
More than 5 years	-	12.482	-	-
Total	396.382	517.700	0	0
Less: Future finance charges on finance leases	-15.900	-31.062	-	-
	380.482	486.638	0	0

Present value of finance lease liabilities:

Not later than 1 year	117.380	118.555	-	-
Between 2 and 5 years	263.103	360.218	-	-
More than 5 years	0	7.865	-	-
Total	380.483	486.638	0	0

20. Retirement benefit obligations

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance sheet obligations for:				
Pension benefits	1.654.799	1.772.460	901.458	1.122.685
Income statement charge				
Pension benefits (note 24)	974.871	792.474	821.585	676.673

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

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Present value of unfunded obligations	1.666.141	2.054.495	865.529	1.496.592
Unrecognised actuarial gains/(losses)	(11.342)	(282.035)	35.929	(373.907)
Liability on the balance sheet	1.654.799	1.772.460	901.458	1.122.685

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The amounts recognised in the income statement are as follows:

	Group		Company	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Current service cost	322.611	315.760	183.322	182.528
Interest cost	102.067	90.220	72.026	65.623
Net actuarial losses recognised during the year	21.358	(30.946)	27.001	-
Past service cost	-	48.966	-	48.966
(Gains)/losses on curtailment	528.835	368.474	539.237	379.556
Total, included in staff costs	974.871	792.474	821.585	676.673

Total charge is allocated as follows:

	Group		Company	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Cost of goods sold	719.462	465.895	575.110	358.637
Selling costs	126.316	322.062	123.238	318.036
Administrative expenses	129.093	4.517	123.238	-
	974.871	792.474	821.585	676.673

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

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the beginning of the year	1.772.460	1.446.624	1.122.685	962.369
Exchange differences	(392)	-	-	-
Total expense charged/(credited) in the income statement (not 29)	974.871	792.474	821.585	676.673
Contributions paid	(1.042.812)	(516.357)	(1.042.812)	(516.357)
Transfer from assets held-for-sale	-	49.719	-	-
Transfer to assets held-for-sale	(49.327)	-	-	-
Balance at the end of the year	1.654.799	1.772.460	901.458	1.122.685

The principal actuarial assumptions used are as follows:

	Group		Company	
	2008	2007	2008	2007
Discount rate	5,60% - 6,00%	4,70% - 5,00%	5,60%	3,70%
Future salary increases	3,00% - 4,50%	4,50% - 4,85%	2,00%	2,00%

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21. Provisions

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Current liabilities	6.363.005	5.040.516	3.959.453	2.709.693
Non-current liabilities	1.701.157	516.223	72.621	122.276
Total	8.064.162	5.556.739	4.032.074	2.831.969

Group

	Warranties	Unused compensated absences	Other	Total
Balance at 1 January 2007	700.621	62.487	4.970.718	5.733.826
Exchange differences			241	241
Additional provisions	-	-	2.950.606	2.950.606
Unused amounts reserved		(62.487)	-	-62.487
Provisions used during the year			(3.065.447)	-3.065.447
Balance at 31 December 2007	700.621	0	4.856.118	5.556.739
Balance at 1 January 2008	700.621	0	4.856.118	5.556.739
Additional provisions	1.250.000	-	3.977.773	5.227.773
Unused amounts reserved	-	-	(757.555)	-757.555
Provisions used during the year		-	(1.962.796)	-1.962.796
Balance at 31 December 2008	1.950.621	0	6.113.541	8.064.162

The amount of € 6.113.541 included in other provisions as at 31/12/2008 includes an amount of 2.022 that relates to the recognition of losses of loss making contracts, an amount of € 1.280.000 for un-audited fiscal years of subsidiaries.

22. Trade and other payables

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Trade payables	17.409.387	21.467.639	7.232.340	9.230.680
Repayments from customers	11.711.707	13.242.645	8.015.293	8.439.525
Deferred income	3.175.857	2.779.510	-	-
Amounts due to related parties (note 33)	4.580.058	14.609.013	7.660.393	15.301.304
Accrued expenses	6.008.866	2.828.169	2.993.296	205.108
Social security and other taxes	2.757.481	3.232.384	937.366	1.072.300
Other liabilities	2.590.724	8.115.308	1.898.214	7.424.290
Total	48.234.080	66.274.669	28.736.902	41.673.207
Current liabilities	48.234.080	66.274.669	28.736.902	41.673.207
	48.234.080	66.274.669	28.736.902	41.673.207

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The credit payment terms enjoyed by the Group are determined on a case by case basis, and are set out in the contracts signed with each supplier.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Euro (EUR)	42.890.194	59.694.125	27.982.809	41.203.028
US Dollar (USD)	2.099.047	1.313.338	754.093	436.170
Bulgarian Leva (BGN)	1.527.377	3.953.178	-	-
Other	1.717.463	1.314.028	-	34.009
	48.234.080	66.274.669	28.736.902	41.673.207

23. Expenses by nature

	Note	Group		Company	
		1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Employee benefit expense	24	61.544.860	54.482.800	23.492.386	22.739.953
Inventory cost recognised in cost of goods sold		27.052.009	32.146.543	4.780.007	4.669.314
Depreciation of PPE	6	1.267.582	1.358.372	448.264	453.305
Amortisation of intangible assets	8	1.175.955	1.490.832	688.555	807.761
Impairment of intangible assets		65.147	-	-	-
Impairment of inventories		-	100.000	-	100.000
Operating lease payments		4.250.124	4.150.121	1.125.233	946.177
Subcontractors' fees		46.932.769	46.611.376	19.032.015	19.280.920
Impairment of receivables	13	2.173.471	1.162.575	1.897.664	1.141.325
Telecommunications cost		1.051.224	957.121	503.221	427.861
Transportation expenses		2.835.229	2.791.603	322.584	295.789
Third party fees		5.403.288	5.361.890	1.385.224	1.241.122
Advertisement		395.427	371.186	-	-
Other		1.311.228	1.051.125	720.588	620.195
Total		155.458.312	152.035.544	54.395.741	52.723.722
Split by function:					
Cost of goods sold		129.966.207	123.609.673	44.118.363	40.942.457
Selling costs		11.456.608	11.239.319	4.671.528	4.435.251
Administrative expenses		14.035.497	17.186.552	5.605.851	7.346.015
		155.458.312	152.035.544	54.395.742	52.723.722
Split of deprecation by function:					
Cost of goods sold		1.975.521	2.158.533	954.929	945.800
Selling costs		210.355	290.474	102.314	126.107
Administrative expenses		257.660	400.196	79.577	189.160
		2.443.536	2.849.204	1.136.820	1.261.066

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24. Employee benefits

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Wages and salaries	49.709.910	44.634.423	18.650.842	18.182.814
Social security costs	9.519.729	8.764.533	4.014.756	3.880.466
Other employers' contributions and expenses	264.415	222.079	1.095	-
Share options granted to employees	599.883	-	-	-
Pension costs - defined contribution plans	184.671	58.168	-	-
Pension costs - defined benefit plans (Note 20)	974.871	792.474	821.585	676.673
Other employee retirement benefits	291.382	11.123	4.107	-
Total	61.544.860	54.482.800	23.492.386	22.739.953

25. Other operating income - net

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Dividend income	-	51.221	176.369	420.666
Rental income	34.122	32.195	218.236	197.465
Income from grants	51.315	16.181	11.904	10.588
Other	230.350	856.070	-	460.674
Total	315.787	955.667	406.509	1.089.393

26. Other gains/(losses) - net

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Gains/(Losses) from sale of PPE	(787)	(10.759)	(787)	(10.759)
Losses from sales of financial assets through profit or loss (Note 15)	(12.692)	10.036	-	-
Gains from sale of financial assets available-for-sale	8.392.971	-	9.520.353	-
Gains from sale of associates	-	427.783	-	427.783
Provisions for impairment of receivables	-	-	-	-
Net foreign exchange gains/(losses)	270.328	-	255.280	(84.921)
Other	18.862	(95.144)	-	24.155
Total	8.668.682	331.916	9.774.846	356.257

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27. Finance expenses/(income) - net

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Finance expenses				
Interest and related expense				
- Bank borrowings	3.506.113	2.381.111	2.428.678	1.819.873
- Finance leases	6	-	-	-
- Letters of Guarantee	372.883	313.414	371.969	313.226
- Net foreign exchange gains/(losses)	62.477	-	-	-
- Interest on prepayments of projects	5.062.800	201.376	5.047.758	-
	<u>9.004.280</u>	<u>2.895.900</u>	<u>7.848.404</u>	<u>2.133.099</u>
Finance income				
Interest income	(99.643)	(152.315)	(580)	(27.675)
Other	(47.947)	(4.825)	-	-
	<u>(147.590)</u>	<u>(157.140)</u>	<u>(580)</u>	<u>(27.675)</u>
Finance expenses/(income) - net	<u>8.856.690</u>	<u>2.738.761</u>	<u>7.847.824</u>	<u>2.105.424</u>

28. Income tax expense

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Current tax	2.044.427	1.762.935	3.669	-
Deferred tax (note 12)	(1.420.070)	500.632	(1.312.805)	685.687
Total	<u>624.357</u>	<u>2.263.567</u>	<u>(1.309.136)</u>	<u>685.687</u>

The tax on the Group's and the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the group companies. The difference is as follows:

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
(Loss)/ Profit before tax from continuing operations	<u>6.551.322</u>	<u>540.870</u>	<u>3.050.299</u>	<u>(2.709.403)</u>
Tax calculated at tax rates applicable to Greece	2.119.633	479.874	762.575	(677.351)
Income not subject to tax	(90.011)	(68.867)	-	-
Expenses not deductible for tax purposes	834.123	1.577.684	560.505	1.363.037
Differences in tax rates	(171.842)	28.324	(195.795)	-
Utilisation of previously unrecognised tax losses	(125.712)	(250.267)	-	-
Current year's tax losses for which no deferred tax asset was created	(2.434.710)	(18.696)	(2.436.421)	-
Other	492.877	515.515	-	-
Tax charge	<u>624.357</u>	<u>2.263.567</u>	<u>-1.309.136</u>	<u>685.686</u>

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29. Earnings per share

Basic earnings / (losses) per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group	
	1/1 - 31/12/2008	1/1 - 31/12/2007
Profit / (loss) attributable to equity holders of the Company	5.664.771	-1.914.315
Weighted average number of ordinary shares in issue	12.280.000	12.232.900
Basic earnings per share (€ per share)	<u>0,46</u>	<u>-0,16</u>
- From continuing operations	0,46	-0,16
- From discontinued operations	0,00	0,00

30. Cash generated from operations

	Note	Group		Company	
		1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Profit/ (loss) for the year		5.926.965	-1.722.697	4.359.436	(3.395.090)
Adjustments for:					
Tax		624.357	2.263.567	(1.309.136)	685.687
Depreciation of PPE	6	1.267.582	1.358.372	448.264	453.305
Amortisation of intangible assets	8	1.175.955	1.490.832	688.555	807.761
Write - offs		65.147	1.308	-	-
Loss / (Profit) on sale of PPE		-14.820	13.198	787	10.759
Loss / (Profit) on sale of intangible assets		12.692	-15.881	-	-
Gains from sale of available - for – sale financial assets	26	(8.392.971)	-	(9.520.353)	-
(Gains) /Loss on disposal of associates	26		(427.783)	-	(427.783)
Interest income		(129.338)	-157.140	(580)	(27.675)
Interest expense		9.015.452	2.904.687	7.848.404	2.133.099
Dividend income		-	-51.226	(176.369)	(420.666)
Exchange loss / (gain)		-3.376	15	-	-
Employee benefits		3.034.919	2.209.185	-	-
		<u>12.582.563</u>	<u>7.866.437</u>	<u>2.339.008</u>	<u>(180.603)</u>
Changes in working capital					
Inventories		-580.289	465.465	-380.937	221.771
Trade and other receivables		-3.826.749	-14.541.890	3.624.564	(12.544.577)
Trade and other payables		-11.646.809	9.675.312	(7.223.544)	13.224.187
Provisions for other liabilities and charges		-1.058.672	-325.821	1.200.104	459.612
Retirement benefit obligations		-198.856	188.333	-221.227	160.316
		<u>(17.311.375)</u>	<u>(4.538.600)</u>	<u>(3.001.040)</u>	<u>1.521.308</u>
Cash generated from operations		<u>-4.728.812</u>	<u>3.327.837</u>	<u>-662.032</u>	<u>1.340.705</u>

31. Commitments

Capital commitments

As at the balance sheet date there were no capital commitments for the Group and the Company.

Operating lease commitments

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Up to 1 year	659.211	1.421.823	360.000	1.214.000
From 2 to 5 years	1.067.664	780.242	320.000	971.000
More than 5 years	925.317	894.720	275.461	324.000
	2.652.192	3.096.785	955.461	2.509.000

32. Contingencies / Outstanding legal cases

The Group and the Company have contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business as follows:

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Guarantees for advance payments	32.809.083	39.094.887	26.844.135	33.030.156
Guarantees for good performance	19.547.185	15.367.868	15.445.927	11.994.330
Guarantees for participation in contests	4.575.219	7.030.118	4.556.469	7.030.118
Other	511.871	430.995	-	-
	57.443.358	61.923.868	46.846.530	52.054.604

There is an outstanding legal case against the company from the Ministry of Merchant Marine (MMM) concerning violations during the execution of a project completed and delivered to the MMM in an prior period. The penalties and rebates that were initially claimed amounted to € 29 mil., amount which has been reduced to € 9 mil., following a settlement, while it is assessed that this amount will be reduced further. The lawyers of the Company in their letter set out that the information on the basis of which the penalties were imposed show serious inadequacies and that the final outcome will be favourable to the Company.

33. Related party transactions

The following transactions are carried out with related parties:

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Sales of goods / services:				
To subsidiaries	-	-	436.300	2.933.166
To associates	1.748.349	-	1.748.349	-
To other related parties	2.200.965	469.825	2.200.965	469.825
	3.949.314	469.825	4.385.614	3.402.991
Purchases of goods / services:				
From subsidiaries	-	-	5.019.379	3.720.062
From associates	3.001.279	-	3.001.279	-
From other related parties	16.330	1.581.121	16.330	1.581.121
	3.017.609	1.581.121	8.036.988	5.301.183
Rental income:				
From subsidiaries	-	-	184.684	175.321
From associates	33.552	31.150	33.552	31.150
From other related parties	-	-	-	-
	33.552	31.150	218.236	206.471
Purchases of fixed assets:				
From subsidiaries	-	-	-	-
From associates	219.583	-	219.583	-
From other related parties	893.585	-	893.585	-
	1.113.168	-	1.113.168	-

Services from/to related parties as well as sales of purchases of goods take place on the basis of the price lists in force for transactions with non-related parties. Other related parties are mainly associates and companies in which the major shareholder of the Company holds an interest share.

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

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Receivables from related parties:				
From subsidiaries	0	0	1.195.234	2.133.493
From associates	3.374.165	1.751.221	1.820.342	1.751.221
From other related parties (note 13)	3.960.952	8.626.530	3.960.952	6.630.412
	7.335.117	10.377.751	6.976.528	10.515.126
Payable to related parties:				
To subsidiaries	0	0	3.834.756	3.011.598
To associates	4.567.729	14.609.013	3.813.308	12.289.706
To other related parties (note 22)	12.329	0	12.329	0
	4.580.058	14.609.013	7.660.393	15.301.304

iii) Key management compensation

	31/12/2008	31/12/2007
Salaries and fees to members of the B. of D.	163.125	128.572

34. Subsidiaries

The companies included in the consolidated financial statements and the related direct percentage interests held are as follows.

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Name	Country of incorporation	Direct % interest held	Indirect % interest held	Consolidation method	Un-audited fiscal years
Intracom IT Services	Greece	100,00%	100,00%	Full	2005-2008
- Global Net Solutions Ltd	Bulgaria	100,00%	100,00%	Full	From inception to 2008
- Dialogos S.A.	Greece	39,00%	39,50%	Full	2004-2008
- Data Bank S.A.	Greece	90,00%	90,00%	Full	2004-2008
- Intracom Jordan Ltd	Jordan	80,00%	80,00%	Full	2008
- Intracom IT Services Denmark AS	Denmark	100,00%	100,00%	Full	Founded in 2008
- Intracom Exports Ltd	Cyprus	100,00%	100,00%	Full	From inception to 2008
- Intracom Cyprus Ltd	Cyprus	100,00%	100,00%	Full	From inception to 2008
- Intrasoft International SA	Luxemburg	96,56%	96,56%	Full	2007,2008
- PEBE SA	Belgium	100,00%	100,00%	Full	From inception to 2008
- Intrasoft SA	Greece	99,00%	99,00%	Full	2006-2008
- Intrasoft International Belgium	Belgium	100,00%	100,00%	Full	2004-2008
- Switchlink NV	Belgium	65,16%	65,16%	Full	From inception to 2008

35. Business combinations

IT Services Denmark A/S

On 26 July 2007 the newly established subsidiary company IT Services Denmark A/S acquired a business unit from a company in Denmark engaging in the provision of services, for a consideration of € 4.600. In the annual financial statements at 31 December 2007, the whole consideration was disclosed as goodwill. At completion of the allocation of the cost of acquisition in the current year goodwill decreased by € 2.390, liabilities decreased by € 428 while were recognised customer relationships of € 229 trade name of € 661, computer software of € 951 and tangible assets of € 121.

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36. Discontinued Operations

On 21 April 2008 was approved by the General Meetings of Shareholders the merger of the companies Hellas on Line and Unibrain by absorption of the first by the latter. The merger was approved by the competent government authorities on 7 May 2008.

After the approval of the merger the absorbing Unibrain changed its name in Hellas on Line. Prior to the merger the Group held percentage 24,48% in Unibrain. The Group accounted for and the company Unibrain in the consolidated financial statements by the full consolidation method. After the merger the percentage of the holding decreased to 3,6% and the Group lost its control in this subsidiary.

The assets and liabilities were derecognised on 21/04/2008 from the financial statements of the Group, namely on the date the Management of the group ceased to have control in the company Unibrain.

The results from the operations of Unibrain for the year ended on 31/12/2007 and 31/12/2008 are presented in the consolidated income statement under “Discontinued Operations”. In detail these are as follows:

	Note	1/1 - 31/12/2008	1/1 - 31/12/2007
Sales		1.858.844	5.764.556
Cost of goods sold	23	(1.103.597)	(4.013.700)
Gross profit		755.246	1.750.856
Other operating income	25	(153.583)	(98.742)
Other gains/losses – net	26	0	0
Selling and research costs	23	(171.172)	(649.233)
Administrative expenses	23	(227.789)	(777.656)
Gains from disposal of subsidiaries	26	8.392.971	-
Operating profit		8.595.673	225.225
Finance expenses	27	18.252	(10.579)
Finance income	27	(2.760)	63.236
Finance costs – Net		15.492	52.656
Profit before income tax		8.611.165	277.881
Income tax expense	28	(44.087)	(125.378)
Profit/(loss) for the year		8.567.078	152.503

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The assets and liabilities of UNIBRAIN as assets of discontinued operations are presented at 31 December 2007, date on which were consolidated for last time in the financial statements and are as follows:

ASSETS

Non-current assets

Property, plant and equipment	1.533.397
Deferred income tax assets	327.454
Other non-current assets	120.189
	<u>1.981.040</u>

Current assets

Inventories	974.932
Trade and other receivables	903.991
Other receivables	387.091
Cash and cash equivalents	3.279.546
	<u>5.545.560</u>

Total assets 7.526.600

Liabilities

Non-current liabilities	-
Other non-current liabilities	-
Provision for employee retirement	49.718
	<u>49.718</u>

Current liabilities

Trade payables	759.156
Other current liabilities	43.399
	<u>802.555</u>

Total liabilities 852.273