



**INTRASOFT INTERNATIONAL S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS  
(I.F.R.S.) AS ENDORSED BY THE EUROPEAN  
UNION**



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The attached annual financial statements have been approved for issue by the Board of Directors on 28 of June 2019.

**THE CHAIRMAN OF THE BOARD OF  
DIRECTORS**

**A.D. KOTSIS**  
Passport No AI0956414/11.11.2011

**THE CHIEF EXECUTIVE OFFICER**

**A.N. MANOS**  
ID No. AB340384/2.10.2006

**THE CHIEF FINANCIAL OFFICER**

**E.V. TERROVITIS**  
ID No. AE 012763/05.02.2007

**THE GROUP CHIEF  
ACCOUNTANT**

**N.V. TZANOGLOU**  
ID No AE 578851/20.06.2007

## **A) Directors' Statements**

The members of the Board of Directors, of INTRASOFT INTERNATIONAL SA

1. Athanasios D. Kotsis, Chairman
2. Konstantinos S. Kokkalis, Vice Chairman
3. Alexandros-Stergios N. Manos, Member of the Board of Directors & Chief Executive Officer
4. Klonis C. Dimitrios, Member
5. Kontellis I.Christos, Member

In our above mentioned capacity we declare that:

As far as we know:

- a. the consolidated annual financial statements for the year 01/01/2018 to 31/12/2018 which were drawn up in accordance with applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of "**INTRASOFT INTERNATIONAL**" Group and
- b. the annual report of the Board of Directors is a true representation of the progress, the performance and the financial position of "**INTRASOFT INTERNATIONAL**" Group, including a description of the major risks and uncertainties they confront.

**THE CHAIRMAN  
OF THE BOARD OF DIRECTORS**

**A.D. KOTSIS**  
Passport No AI0956414/11.11.2011

**THE CHIEF EXECUTIVE OFFICER  
OF THE BOARD OF DIRECTORS**

**A.N. MANOS**  
ID No. AB340384/2.10.2006

## **B) Message of the CEO**

2018 was a remarkable year. INTRASOFT International grew not just in numbers but as importantly in talent and in the power of our brand.

We expanded through major new projects across the Business Units, and our new endeavours in the fields of analytics and credit risk management are already paying off. Our continuous investment in innovation the past years is paying dividends, as we are witnessing the growing customer base of our start-up, WeMetrix, and the technological advancement of our product line. At the same time, we continue our Research & Development in various areas, including Blockchain, Artificial Intelligence and the Internet of Things. It is these advances that will shape our future and that of our sector, as a whole.

2018 was another successful year for us, a year in which we continued improving our performance on all levels: EBITDA year-on-year growth of 5,02% to €12m, revenue at €169,9m, a stable backlog of €355m and very satisfied customers in all our market segments.

Our leadership position in the European Union Institutions was reinforced in 2018; significant new wins and continuation of major projects for European Commission Directorates-General (DGs) and Agencies, including DG Environment and DG Informatics, underlined our European pedigree and steadfast commitment. At the same time, our Enterprise Solutions Business Unit exhibited strong growth for a third year, running securing Digital Transformation projects with major Telecommunication, Banking and Utilities clients. Our Public Sector projects are steadily expanding across the globe, spearheading our brand's development in new markets with new contracts in the Middle East and Africa. INTRASOFT East Africa grew further with new wins in the region's banking sector, based on our iProfits banking software.

Over the past year, our people continued to form our highest priority. A brand-new Learning Management System was made available to each INTRASOFT employee globally, setting new standards across our industry. In 2018, we conducted our multi-annual engagement survey, giving our people an additional forum through which to provide their feedback. The exceptionally high response rates underlined the importance of the process, as we execute our strategy for the years ahead.

We named 2018 the Year of Coding for the INTRASOFT family; coding is what we do best, and it is through coding that we aim to improve our client's digital reality. The Year of Coding initiative included a series of Corporate Social Responsibility activities aimed at reinforcing developer communities, strengthening STEM education in schools, providing access to coding skills and much more. It was a truly satisfying experience for all involved, and it paved the way for new volunteer activities across the Group.

During 2018, we cut the ribbon at our new Development Centre in Patras, Greece. A vibrant hub for software developers, Patras boasts one of the finest engineering schools in Greece and our Development Centre is already attracting the finest talent in the locality.

Alexandros-Stergios Manos  
Chief Executive Officer

## **C) Board of Directors' Report**

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF INTRASOFT INTERNATIONAL S.A. TO THE GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR THE YEAR 2018 (1<sup>st</sup> JANUARY – 31<sup>st</sup> DECEMBER 2018)

Dear Shareholders,

We have the pleasure to inform you about our Group's activities over the past financial year and to submit the Consolidated accounts as closed on 31 December 2018 for your approval.

### **General information**

With headquarters in Luxembourg, INTRASOFT International operates through its operational branches in Greece, Romania and Jordan, subsidiaries in Belgium, Bulgaria, Cyprus, Denmark, Greece, Jordan, UAE, United Kingdom (UK), United States of America (USA), Kenya, South Africa and offices in Moldova, Morocco, Palestine, Philippines, Saudi Arabia and Yemen.

### **Financial Performance**

The year 2018 was an important milestone for the Group. Having enhanced its organizational and financial structures, pursued the implementation of a targeted investment plan and maintained a strong extrovert orientation, the Group achieved positive economic performance for yet another year. It built the foundation for further robust growth in the coming year.

We are optimistic about the growing impact of our strategic initiatives towards stronger financial performance of our Group and enhancement of our leadership position as a reliable partner in our industry across all areas of activity.

For the fiscal year 2018 INTRASOFT International annual revenues stood at EUR 169,9 million a figure lower compared to 2017 (EUR 171,6 million), in a very difficult financial environment, reflecting a 0,99% decrease and EUR 1,7 million.<sup>1</sup>

Cost of sales - as a percentage of sales - has been decreased in comparison to 2017, amounting EUR 139,61 million (82,2% of revenue) against EUR 142,33 million (82,9% of revenue) in 2017 and combined with the strong revenue eventually increased the gross profit in both absolute value and percentage of revenue, amounting EUR 30,3 million (17,8% of revenue) against EUR 29,3 million in 2017 (17,1% of revenue).

Marketing & selling costs decreased to EUR 8,21 million in 2018 against EUR 7,83 million in 2017. Administrative expenses reached to EUR 12,09 million in 2018 against EUR 11,40 million in 2017.

Other gains/(losses) was increased by EUR 403,04 thousand in comparison to 2017 amounting EUR 129,20 thousand gains against EUR 273,84 thousand losses in 2017

Group's EBITDA amounted to € 12,0 million, compared to € 11,4 million in 2017.

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<sup>1</sup> The decrease of the revenue due to IFRS 15 adoption stood at EUR 13,345 million (SOCI impact 31.12.2018 page 40)

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As a matter of consequence, Earnings before interest and tax (EBIT) reached EUR 10,00 million against 10,01 million in 2017.

Earnings before tax (EBT) ended at EUR 5,6 million in 2018 against EUR 5,3 million in 2017.

Net Equity has ended positive stood at EUR 14,8 million in 2018 against EUR 14,3 million in 2017.

Total assets on 31.12.2018 stood at EUR 156,97 million compared to EUR 159,29 million on 31.12.2017.

Total Borrowings in 2018 stood at € 54,0 ml. increased by € 2,6 ml. compared to 2017 (€51,5 ml.)

(€mil.)	2018	2017	Diff.
<b>Financial structure ratios</b>			
Net Debt	30,7	24,2	+27,0%
Net debt / equity	2,1x	1,7x	+22,6%

On 31.12.2018 and following a year of great success in terms of bookings, projects backlog amount EUR 355 million, more than 2 years of consolidated revenues, an amazing figure.

INTRASOFT International added yet another year of growth to its 21-year history by gaining new customers and successfully retaining key contracts, which were re-tendered during the year.

The Key financial ratios which reflect the Group's financial position and operating profitability are presented in diagram form below:

(€mil.)	2018	2017	Diff.
<b>Profitability ratios</b>			
Revenue	169,91	171,6	-0,99%
EBIDTA	12,01	11,43	5,10%
EBITDA/Sales	7,07%	6,66%	6,15%
EBIT	10,00	10,01	-0,09%
<b>Financial structure ratios</b>			
Current assets/Total assets	0,83	0,84	-1,81%

Current assets/Short-term liabilities	1,40	0,95	47,21%
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## **Future Outlook**

INTRASOFT International understands better than most the impact of Digital Disruption in all aspects of both business and everyone's daily life. Our technological advancement, combined with our ability to plan, set goals and attain them, translate into a unique vision for our future.

The innovative mix of subject matter expertise, talent, methodology, innovation and continuity is turning INTRASOFT into the digital transformation partner of choice for organisations around the world. It is through Configurable and Bespoke Applications that we intend to improve multi-device user experience, while offering the best in security. Our vision for the future is based on solid ground. Our spotless reputation is our strongest calling card. Our decision to adopt an Agile Project Delivery model means that over the next three years, INTRASOFT International will not only transform the way projects are delivered, but also the way we perceive ourselves. This will be the final step towards our complete transformation into a flexible, global organisation catering to the needs of the public and private sectors.

The challenges ahead will be successfully met through the hard work and commitment of our most important asset: INTRASOFT people. Our diverse and multicultural blend of employees has made this Group what it is, and this amazing team is coming together to take on the vision of the future. We will continue to develop our teams through brand-new learning and growth opportunities; at the same time, we aim to enhance our global character by offering new mobility options to our employees – thus building a unique INTRASOFT experience.

Over the past few years, we have witnessed unprecedented growth in our Corporate Social Responsibility (CSR) programme. This trend will continue in the next few years, and we are already planning our 2020 initiatives, which will be broader than ever before. These activities have been embraced by our employees and civil society, and we are keen to intensify our CSR programme to match our global growth.

The future lies ahead of us – and we intend to make the most of it.

Strategically, INTRASOFT International will focus in three domains:

- EU Institutions:
  - reinforcing its presence in the EU Institutions and Agencies
  - enhancing its offering and sales teams to expand in new technological areas (Cloud, Big Data, etc).



- Public Sector (e-government):
  - building Solution-focused teams in Tax, Social Security, Public Financials, Customs and Justice that will improve, or further develop the Group's portfolio in priority areas
  - focusing Sales activity in EEMEA
  - forming new synergies and enhancing existing partnerships with renowned vendors in an effort to promote a complete, top-class Solutions portfolio.
- Enterprise Solutions:
  - Banking:
    - focusing Sales activity in Eastern Africa, establishing a subsidiary in Kenya in order to better serve the needs of the local customers, as well as to build up competence in software development and new services portfolio
    - investing in R&D for our Banking products to remain in line with the most up-to-date technologies (Cloud, Big Data).
  - Telecommunications:
    - focusing on Telco operators in the Balkans
    - introducing partner solutions for OSS/BSS
    - investigating opportunities for investment in product development and/or acquisition of relevant startups.
  - SAP Solutions:
    - investing in the vertical market of integrated IT systems for Higher Education Institutions as a specialized partner of SAP solutions for Education and building on the successful go live of 2 major projects.
  - New Activities:
    - evaluating projects and investment in the areas of Internet of Things (IoT), Smart Energy Grid, Big Data & Analytics.

## **Risks and Uncertainties**

### **2.1. Financial risk factors**

INTRASOFT INTERNATIONAL S.A., being a Luxembourg multinational company, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, cash flow and fair value risk from changes in interest rates and market prices), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The financial liabilities of the Group include short-term bank loans, long-term bank 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 arising from operating activities.

In summary, the financial risks that arise are analyzed below.

## **1. Market risk**

### **Cash flow risk**

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial

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instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Group assesses that during the current year, interest rate risk is limited since interest rates remained stable or slightly decreased in the short-term. Also, the mergers that took place in the Greek banking system provided opportunities to decrease the average interest rate.

### **Foreign exchange risk**

The Group provides services and sells goods with contractual amounts denominated to a large extent in euro. Therefore, it is not exposed to large movements in foreign currency exchange rates against its reporting currency, the euro. The Group did not use derivative financial instruments in the years ended 31 December 2017 and 2016 in order to reduce its exposure to foreign currency exchange risk.

### **Fair Value risk**

The carrying amounts of cash and cash equivalents, short-term receivables and short-term liabilities in the balance sheet approximate their fair values due to their short-term nature.

### **(b) Credit risk**

The Group is not exposed to credit risk concentration, including risk of default, because of the fact that it effectively deals with various agencies of the European Union and, to a lesser extent, institutions of various European governments. As a result of this, the credit risk that the Group faces is not significant.

### **(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group through the Group Treasury has access to funding through the committed credit lines available at the Group level.

### **(d) 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.

Also, the parent Group Intracom Holdings continues to support its subsidiaries presenting excess cash liquidity against any risk.

## **2018: A Year of Coding in a lifetime of Innovation**

### **Group Overview**

For INTRASOFT'S Business Units, 2018 Year of Coding was a period of expansion and growth. Following our three-year transformation, bold steps were taken towards expanding the scope of our services and the geographical positioning of our client base, while exploring new markets and technological fields. At the same time, we have succeeded in retaining existing contracts as well as achieving new significant victories.

In 2018, we also expanded the Group's physical presence. As part of our strategic plan to attract the best talent on a local level, we inaugurated our new Development Center in the Greek city of Patras – a vibrant city in terms of software development. Other recent additions to the Group, including Nairobi and Thessaloniki, are already thriving.

#Intrasoft People are consistently at the core of our success. It is their skills, experience and innovative ideas that help the Group continually grow and evolve. Our team is a diverse pool of professionals, a multicultural hub of talents that blend together to provide customized solutions and meet specific client needs. We consider our people our human capital, and we continuously invest in their professional and personal growth, development and well-being. We aim to develop and sustain a working environment that will help people flourish, evolve and continuously re-invent themselves.

Having said that, in 2018 we launched our brand-new Learning Management System through which each employee has access to over 3,000 online videos and tutorials. Furthermore, we kicked off INTRASOFT Wellness Days, a recurring event that takes place at our premises to initiate our people into the fundamentals of well-being. Our CSR overarching action, 2018 Year of Coding, underlined our commitment to STEM education, support for computer literacy and celebrated the code that has transformed human lives in recent years.

The year's key accomplishments also included:

- **Solid presence maintained across the European Institutions with significant wins, reinforcing our presence in the market and expanding our scope**
- **New client base established in East Africa, mostly through our very own PROFITS® Core Banking System**
- **New Ventures and Innovation emphasised by investing in WeMetrix, a start-up that develops data analytics solutions focused on credit risk management**
- **Physical presence expanded with a new Development Centre in Patras, Greece**
- **Breaking new ground in terms of technological fields, like Blockchain, Artificial Intelligence, Blockchain, Data Analytics and Machine Learning**
- **Investing in #Intrasoft People with the implementation of the new Learning Management System (more than 3,000 online courses available for every employee), the internal Employee Engagement Survey, and the recurring Wellness Days events**

Below is a brief overview what we have achieved throughout 2018.

## **EUROPEAN INSTITUTIONS**

2018 was a successful year for INTRASOFT International's **EU BU**, which managed to break new ground. The Group won the General Software Development project for the European **GNSS** (Global Navigation Satellite Systems) Agency. INTRASOFT also won tenders related to former clients, like the Outsourced IT Service Desk" for **European Medicines Agency UK - EMA** and the "Provision of External Staff and Services in Support of IT Infrastructure and Operations Services at the EIB Group Lot 1" for **European Investment Bank Luxembourg - EIB**.

The main success was the continuation of the **DESI** (**DE**velopment, **S**tudies and support for **I**nformation **S**ystems) project for European Commission's framework contract DIGIT TM, covering development, consultancy and support in the field of Information Systems. INTRASOFT managed to remain well positioned and secure revenues for the next 4 years, while reaffirming its position in the market. In addition, INTRASOFT successfully continued its collaboration with the **ITUSS** project on User Support in Information Technologies for the European Parliament, Directorate-General for Innovation and Technological Support. Also, worth noting is the **Publications Office of the European Union** success following the "Help desk for users of Publications Office electronic services and other products" tender award, signifying INTRASOFT's long-term relationship with the client.

Throughout 2018, INTRASOFT's **Application Development** Department continued to develop innovative solutions, aimed at having a significant impact on European Research & Development initiatives.

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Consequently, INTRASOFT International has successfully completed the implementation of the Customs Declaration management system:

- For **CARM** (Customs Administration of the Republic of North Macedonia), aligned with the EU directive. The new system will be launched in production in June 2019
- For **HMRC** (HM Revenue & Customs UK), the new system has been launched in production
- For **ANAF** (National Agency for Fiscal Administration in Romania), the new EMCS system has been aligned with the national and EU legislation

Moreover, INTRASOFT continued the provision of services to its customers within the EU Institutions; **Taxation and Customs Union** (DG TAXUD), **Maritime Affairs and Fisheries** (DG MARE), **Research and Innovation** (DG RTD), **European Maritime Safety Agency** (EMSA), **Mobility and Transport** (DG Move). In addition to that, the Group has been working on pilot projects in the Taxation and Customs Union in order to evaluate Blockchain, a technology that can bring business and financial benefits to all stakeholders.

In 2018, INTRASOFT's Managed Services Department continued its successful run by winning or renewing several key contracts:

- renewed **Publications Office of the European Union (Luxembourg)** contract regarding the external helpdesk for its services and related products. The new contract includes additional tooling and hosting services. It has been implemented as of August 2018
- awarded **European Investment Bank** contract for IT user support services (in collaboration with Fujitsu, CTG and Axians). The take-over phase was successfully completed in December 2018
- awarded **European Medicine Agency** contract for IT user support services (in collaboration with Axians and Infeurope). The take-over was completed in December 2018, and culminated with the transfer of the agency from London to Amsterdam beginning in January 2019
- awarded IT User Support Services contract by the **European Parliament** (in collaboration with CTG, Everis and Sogeti)

In 2018, INTRASOFT's **Professional Services** Department demonstrated its outstanding showing in several European Institution award rankings:

- **DIGIT TM LOT 2 (DG Informatics)** – Delivery of external experts in the domain of IT development, management and architecture within Luxembourg for the European Commission. INTRASOFT was first in the cascade for this LOT
- **DIGIT TM LOT 4 (DG Informatics)** – Delivery of external experts in the domain of IT Support, IT System Administration and Web Operation management covering all of Europe for the European Commission. INTRASOFT was second in the cascade for this LOT
- **CASIS LOT 1 (DG Employment, Social Affairs and Inclusion)** – Delivery of external experts in the domain of IT (Development, Management, Architecture) within the area of Employment, Social affairs and Inclusion of the European Commission. INTRASOFT was second the cascade for this LOT
- **ITGM LOT 1 (DG Research and Innovation)** – Delivery of external experts in the domain of IT (Development, Analysis and Management) for the research-related DGs of the European Commission. INTRASOFT was second in the cascade for this LOT

In 2018, INTRASOFT's **Solutions Development** Department achieved exciting technological milestones. Below are some highlights.

## European Union Agency for Railways OSS

In 2018, INTRASOFT designed and developed the first version of the **One-Stop Shop (OSS)** information system for the **European Union Agency for Railways (ERA)**. OSS is the single-entry point through which all application files for Single Safety Certificates, Vehicle Authorizations and ERTMS Trackside Approvals are submitted as defined in the 4th Railway Package (4RP) set of legislative texts. The system also allows ERA and the **National Safety Authorities (NSAs)** of the EU Member States to process the applications. The system has been built using the IBM Case Manager. The first version of the system was successfully put in production in early 2019.

## Trilogue Table Editor

The first delivery of the **Trilogue Table Editor (TTE)** has been in pilot production since September 2018. Trilogue is an interinstitutional project aimed at delivering a structured XML content editor with enhanced features to support European Institution negotiations for the Ordinary Legislative Procedure (aka Trilogue negotiations).

It is the first ever joint software development collaboration between the **European Parliament** (leading the development effort), the **General Secretariat of the Council** (contributing to this effort with resources) and the **European Commission**. INTRASOFT International, as the main contracting party for the European Parliament, is coordinating the project's analysis, development and delivery efforts. The next delivery is scheduled for September 2019.

2018 proved to be a very fruitful year for INTRASOFT's **Research and Innovation Development (RID) Department**. It built on the successful track record of its activities in numerous **Horizon 2020** projects. INTRASOFT was awarded the coordination of a project that will act as a pilot case for the new research funding scheme (Innovation Action Lump Sum) to be applied during the next research and innovation framework programme (Horizon Europe). Moreover, the RID Department's successful outcomes are reflected in the Group's strategy and innovation development in important areas such as Big Data, Data Analytics and Blockchain.

Below are some key RID project achievements.

**Big Data** technologies remained a strategic focus for 2018. INTRASOFT launched a series of key research activities in this area:

- was the main technical integrator of the **Track and Know** project aimed at increasing the efficiency of Big Data applications in the transport, mobility, motor insurance and health sectors
- was leading the Big Data Reference Architecture for Manufacturing within the framework of the project **Boost4.0** – a Horizon 2020 Big Data Value Lighthouse project with 49 partners from 15 countries. The main goal is to address the need for developing large-scale experimentation and demonstration of data-driven “connected smart” Factories 4.0 to retain European manufacturing competitiveness
- was the technical coordinator and communication leader in **Many Laws**, a Connecting Europe Facility (CEF) project. The overall objective is to enable access to legal information across the European Union and improve the efficacy of decision making in legislative procedures operated by public bodies using Big Data analytics

As **Industry 4.0** is an emerging trend of automation and data exchange, Digital Automation in Manufacturing is captured as an area of interest. INTRASOFT International:

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- won a series of projects, opening opportunities to explore new solutions in Industry 4.0, such as the coordination of **MARKET4.0**, the new pilot funding project (Innovation Action Lump Sum) whose main goal is to define, develop and validate an open multi-sided marketplace for Industry 4.0
- participated as the main technical integrator in **SHAREWORK** and **SHERLOCK**, two projects related to the adoption of robotic technologies in manufacturing processes

Further to the goal of exploring new markets like Agriculture, Aquaculture and Environment, INTRASOFT International:

- participated as the main technical integrator in **IMPAQT** - Intelligent management system for integrated multi-trophic aquaculture, also by disseminating the project results, aimed at promoting and supporting the eco-intensification of aquaculture production systems.
- was the main technical integrator in the **AFarCloud** project, aiming to provide a distributed platform for autonomous farming that will allow the integration and cooperation of agriculture Cyber Physical Systems in real-time

In the areas of **health** and **well-being**, INTRASOFT:

- participated as the main technical integrator in the **NUTRISHIELD** and **PROTEIN** projects. The objective is to create a personalized nutrition platform for the young driven by their preferences, physical and physiological characteristics, and health status
- contributed to **MULTI-ACT** as the main technical integrator. It aims to foster the true engagement of actors and stakeholders in Health Research and Innovation for people with brain diseases

Following up research developments in **transportation** and **logistics**, INTRASOFT is the main technical integrator in the project **COG-LO**. The main goal is to create the framework and tools that will add cognition and collaboration features to future logistics processes.

Furthermore, INTRASOFT contributes to the policy aspects of the project **5G-MOBIX** - 5G for cooperative & connected automated MOBility on X-border corridors. The aim is to propose views for new business opportunities for the 5G enabled cooperative.

**SCOPE**, INTRASOFT International's Communication division ([www.scope-communications.com](http://www.scope-communications.com)) and part of the EU Business Units, celebrated a number of significant wins in 2018.

New projects involving **Directorates-General for Environment, Energy** and **Regional Policy**, to name but a few, were added to a rich portfolio of communication activities that SCOPE continues to provide to its European Institution clients.

Concerned mainly with digital communication and dissemination, SCOPE has undergone a significant transformation in recent years. It remains focused on its European Institution clientele but offers a **wider-than-ever spectrum of digital services**, including campaigns, design, UI/UX, SEO optimization, consulting and performance. In addition, SCOPE successfully turned towards new regional markets, and is pursuing the development of a proprietary social-media-and-web-listening product that is already available for selected clients.

## **PUBLIC SECTOR**

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During 2018, INTRASOFT International continued its successful strategy plan on building configurable products of high quality focused on European, Middle Eastern and African markets.

INTRASOFT has been putting emphasis on further developing its products through selective organization restructuring and added features and functionality, to offer more value to its customers.

INTRASOFT's focused on the following key areas:

1. Revenue and Collection Management
2. Customs and Trader Single Window
3. Social Security
4. Healthcare Insurance
5. Risk Management, Audit and Compliance

In terms of technological developments, INTRASOFT International invested in Cloud-based Offerings, Open Source Software integration and the use of Artificial Intelligence/Machine Learning techniques and toolsets to primarily address predictive and prescriptive Analytics. More specifically:

- cloud enablement is provided within INTRASOFT's **Open Development Framework (ODF)** that embraces all primary features of today's cloud industry: scalability, availability and vendor agnostic operation
- use of **Open Source software components** as building elements of INTRASOFT products, combined with the architectural and structural platform-agnostic feature of **ODF**, which makes the inclusion of any third-party commercial software subject to the end Customer Policy or investment
- inclusion of **Analytics techniques** and tools for **Descriptive Analytics** have been significantly empowered on a corporate level with the knowledge and expertise on Predictive and Prescriptive aspects of Artificial Intelligence and Machine Learning domains

In parallel, the Group expanded its channel network through local and regional partnerships in select geographical and domain areas within the **EMEA region**. This has allowed INTRASOFT to increase its market penetration and presence, while further building on brand awareness. INTRASOFT is now considered as a leading provider of products, service and system integration to selected markets.

INTRASOFT International's brand name was further enhanced through own efforts and partners' channels, creating numerous opportunities for additional sales in existing accounts. The Group's commercial wins in **Africa** have led to further enhancement through new technical talent and resources hires in Kenya, Uganda and North Africa, apart from the addition of its new South African offices.



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INTRASOFT's product implementation teams have successfully continued the delivery of ongoing projects for several complex implementations.

- **ICARUS:** Revenue and Collection Management implementations in Mozambique, Croatia & Denmark
- **PERSEUS:** Social Security and Healthcare in Kenya, Bahrain, Morocco

2018 has also been a milestone year with reference to the completion of critical projects in the domain of **e-Justice** and **e-Health** in Greece, such as the Integrated Judicial Case Management System for Civil and Criminal Courts and the Integrated Hospital Information System.

Furthermore, INTRASOFT has achieved significant success in the following areas:

### **Revenue Management Compliance and Collection**

#### VAT and Excise Tax system - United Arab Emirates

INTRASOFT International, as a world leading Oracle PSRM integrator, has acted as the strategic subcontractor to HPE and delivered enhanced functionality in the areas of VAT and Excise Tax. The project's scope was to provide Oracle PSRM implementation services for the required VAT and Excise Tax Administration functionality in a single, integrated Tax Administration environment.

#### Centralized Collections System - Greece

The purpose of this system is to optimally customize and automate the processes performed by the Greek Tax Administration regarding management and collection of debts, while continually conforming to the institutional framework for debt recovery. The new system will operate within the TAXIS/TAXIS Net IIS environment but will also be fully integrated with all Contracting Authority systems related to debt data and debtors.

#### Pension Administration System - Uganda

Following an international procurement process, NSSF has chosen INTRASOFT's Social Security and Pensions Administration Suite as the platform to support and automate their business processes and transformation exercise. The goal is to come up with a solution for the structure gaps of the system's core business processes.

#### Virtualization Project – Port of Piraeus Authority

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The main scope of this project is to migrate the existing central computing infrastructure of PPA into a new IT environment that hosts all the organization's applications and services. As part of the project, the current infrastructure, which is mainly installed natively in physical IT equipment, will undergo a major transformation with three main objectives:

- physical-to-Virtual migration
- upgrade to newer versions of IT equipment and software
- elevation of high-availability and performance features

## **ENTERPRISE SOLUTIONS**

INTRASOFT International has grown into one of the **key Banking players** in **Eastern Africa**, where the Group has made several banking deals (Kenya, Zambia, Tanzania, Uganda, Rwanda and Ethiopia), in close cooperation with its subsidiary in **Nairobi, Kenya**.

Furthermore, INTRASOFT intensified its sales approach in **Greece**, with 2 new contracts regarding the **PROFITS® Integrated Core Banking System**: Service Management for Loans/Credit receivables of Non-Performing-Loans (**NPLs**) and **Electronic Money** (payments through non-banking organizations) via its integration with the Cortex ATM Switch & Card Management System of FIS Global.

INTRASOFT's **Customer Contact Solutions Department** continued to cooperate with Collab, Aspect, Avaya and Omilia, offering on-premise and **Cloud Omni-channel** Contact Centres / Voice Self Service Phone Banking Solutions in Greece and abroad. These are based on innovations featuring **Artificial Intelligence (AI)** and emphasizing on **Customer Experience (CX)** and **Digital Transformation**. Furthermore, several new developments further enhanced the PROFITS® Core Banking System capabilities in the context of the **PROFITS® Road Map**. The new PROFITS® Road Map is concentrated on PROFITS® Digitalization and Omni-Channel Architecture adoption, and Core Functionality Enhancements.

There were numerous highlights in 2018:

- **Cepal Hellas, Greece:** PROFITS® Core Banking System, on the provision of servicing management for loan and credit receivables, thus establishing PROFITS® in the area of NPLs
- **Tora Wallet, a subsidiary of OPAP Group, Greece:** PROFITS® Core Banking System, ATM Switch and Card Management System Cortex of FIS Global with Tora Wallet, a subsidiary of OPAP Group

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- **Zambia National Building Society (ZNBS) Zambia:** PROFITS® Core Banking System implementation at Zambia National Building Society (ZNBS) Zambia, the largest building Society in Zambia
- **Housing Finance Corporation (HFC), Cyprus:** PROFITS® Core Banking System implementation at Housing Finance Corporation (HFC), Cyprus that specializes in housing loans
- **Kenya Police Sacco (KPS), Kenya:** PROFITS® Core Banking System implementation at Kenya Police Sacco (KPS), Kenya, one of the largest Savings and Credit Cooperatives in Kenya
- **Electronic Clearing House Limited (ZECHL), Zambia:** Implementation of National Payments Switch of Zambia based on the IST Switch of FIS Global, along with support and maintenance services
- **Mwalimu National Sacco, Kenya:** Joint Venture (JV) agreement between INTRASOFT and Mwalimu National Sacco, Kenya, for the launching and operation of PROFITS® for MFIs and SACCOs SaaS Centre
- **Centenary Bank, Uganda:** Provision of maintenance and support services for PROFITS® Core Banking System and implementation of new functionalities
- **HF Group in Kenya:** Provision of maintenance and support services for PROFITS® Core Banking System and implementation of new functionalities
- **Mwalimu Bank, Tanzania:** Provision of maintenance and support services for PROFITS® Core Banking System and implementation of new functionalities
- **Eurobank, Greece:** Provision of maintenance and support services to Eurobank Greece upon Cortex ATM Switch and Card Management System of FIS Global
- **Eurobank, Serbia:** Implementation and live operation of instant payment feature upon the Cortex ATM Switch and Card Management System of FIS Global
- **Hellenic Electricity Distribution Network Operator (HEDNO), Greece:** New deal for the Session Border Controller (SBC) Subsystem & Expansion of IVR with Faults Announcements System
- **Omni-touch, Cyprus:** Deployment of Customer Care as a Service (CCaaS) installation, based on Collab technology
- **Intralot Hellenic Lotteries:** Aspect Upgrade to version 7.3
- **Vodafone Greece:** Development of new services based on One IVR voice portal
- **Vodafone, Cosmote, SEPE, FirstCall, Intralot, HEDNO:** Provision of maintenance and support services based on installed contact center solutions, while delivering additional functionality
- **New developments that further enhance the capabilities of the PROFITS® Core Banking System**
- A series of new developments in the context of the new Road Map have been planned out, including:
  - Design and launch of **Leasing Subsystem** development (expected to be concluded within 2019)
  - Web Banking UI/UX redesign and start of **Web Frontend** development (expected to be concluded within 2019)
  - **Omni-channel layer** featuring uniform services and user experience to external channels & systems
  - Development of specialised tool for **straight-through automatic generation of web pages** from core banking services

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- **Over 450 Core Banking Web APIs** have been exposed via PROFITS® Gateway & o-PROFITS® Omnichannel Layer
- **Customer Onboarding Automation**
- PROFITS® has been integrated with **Siron Embargo AML System** and enabled for **MS SQL Server database**
- **r-PROFITS® Report Framework** has been delivered and is in production, providing reporting automation for new and old customers
- **Maintenance and Support services to Banking clients:** Continuation of provision of maintenance and support services to all Banking clients in Greece and abroad
- **Business Development:** A significant number of Core Banking and Digital Channels proposals, both in Europe and Africa, are currently under evaluation

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INTRASOFT International is an **SAP certified Partner** and a **leading SAP Integrator** in the **EMEA** region. It services a variety of industries and specializes in the implementation and support of SAP ERP installations for large private and public sector companies.

INTRASOFT has won a 6.5-year contract for the implementation and maintenance of the **SAP Utilities Solution (ISU)** to the Electricity Distribution Company (EDCO) in Jordan, as part of its strategic investment in the **MENA** region.

In 2018, INTRASOFT has:

- expanded business volume, increased revenue in existing customer contracts and strengthened services portfolio
- received certification and currently operates as an **SAP Centre of Expertise (PCoE)**
- **completed EDCO** project for 3 major districts, with rollout of remaining country districts scheduled for 2019
- successfully extended and executed several **maintenance contracts** and **Service Level Agreements** for customer base in Greece and abroad (Hellenic Petroleum Group (IS-Oil), National Bank of Greece (ERP), INTRALOT S.A. (ERP), University of Patras (SLcM), KENYA HOUSING FINANCE (ERP, CRM), THESSALONIKI PORT AUTHORITY (ERP))
- completed **Attica Gas Supply (ISU) deregulation** project

In addition, INTRASOFT has been awarded several significant **new projects**, such as:

- **Cosmote – One ERP**: Support of COSMOTE GROUP's "One ERP" project
- **Cosmote Group – POS**: Implementation of COSMOTE GROUP's on-line Retail POS in SAP S/4 Hana on premise ERP
- **NBG – SAP HCM**: Implementation of National Bank of Greece's SAP HCM Talent management and Recruitment
- **PAEGAE – SAP ERP**: Implementation of PAEGAE's SAP ERP
- **NBG – Secession**: Implementation of National Bank of Greece's secession project
- **Intralot, Intrakat, Intracom Defense – Travel Management**: Implementation of travel management functionality

Building on the successful results of 2017, capitalizing on its momentum and investing in both people and relationships, INTRASOFT's **Telecommunications Department** has managed to expand its **customer base, solution portfolio, partnerships** and **reach**, while strengthening its position in the **Greek Market** and **Cyprus**.

In 2018, INTRASOFT International has:

**expanded** the volume of its business, thus increasing **revenue** in existing customer contracts

- **strengthened portfolio** by adding new solutions in the Customer Experience area and adding SaaS in its offering

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- enhanced delivery capabilities through completion of critical certifications and specializations, such as **Oracle Order and Service Management Essentials Specialization 2018** and **Oracle Monetization Cloud Accreditation 2018**
- expanded software development capabilities by adapting **Agile** methodology and focusing on **cloud-based** technologies, such as microservices

INTRASOFT has been **awarded** several significant new projects, such as:

- **MR Health Tech – Product development services:** Provisioning of software development services for the revamping of specific products using Agile methodology
- **Intralot – Orion Sportsbook:** Provisioning of software development services using modern cloud technologies
- **Intralot – Magnum Lottery:** Development of Magnum Lottery's mobile application, on both iOS and Android platforms
- **Cyta Cyprus – RODOD Implementation:** Major transformation project, implementation of Oracle's RODOD framework for Siebel/AIA/BRM infrastructure
- **Cyta Cyprus – SOA Implementation Services:** Provision of implementation services on the Oracle SOA infrastructure
- **Elpedison – Intranet:** Implementation of Elpedison's Intranet portal
- **NBG – IFRS16:** Implementation of the IFRS16 requirements in NBG's Hyperion platform
- **Vodafone – Cyta Hellas Migration:** Cyta Hellas' implementation in Vodafone's Fixed systems
- **Vodafone – Siebel Upgrade:** Siebel platform's upgrade
- **Cosmote – Solvatio Services:** Upgrade of Solvatio and implementation of additional functionality

INTRASOFT International has successfully completed numerous major projects, such as:

- **EPA – Deployment of a Business Infrastructure:** Full business infrastructure of Physikon Aerio SA (EPA)
- **Vodafone Greece – Application Delivery:** Development and consulting services for the Vodafone Fixed BSS/OSS systems
- **Vodafone Greece – Fiber to The Home (FTTH):** Completion of the implementation of the FTTH (High Speed Next Generation Network) related services on the Vodafone Fixed BSS/OSS systems
- **Vodafone Greece – Field Service Management:** Completion of the implementation of the workforce management for field engineers, technicians and subcontractors of Vodafone Greece
- **Vodafone Greece – VTV:** Completion of the implementation of the IT project on the new Vodafone TV (media services across all devices) relevant processes on the Vodafone Fixed BSS/OSS systems
- **National Bank of Greece – Group IFRS9 projects:** Completion of the implementation of NBG Group's IFRS9 consolidation solution

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- **Piraeus Bank – Middleware implementation of Digital Channels:** Completion of the implementation of the middleware services to support the Digital Channels of Piraeus Bank
- **OTE/Cosmote – MyNet, Mobile MyNet:** Completion of OTE/Cosmote's Intranet development (web & mobile)

In 2018, INTRASOFT's **New Ventures Business Department** continued to pursue its intrapreneurship activities initiated over the previous years by focusing on using innovation as the strategic enabler for business growth. Considerable effort was invested in exploring applicability of **Advanced Data Analytics, Blockchain, IoT and Artificial Intelligence** in the strategic business sectors of the Company, with practical results already carried out within the year:

- **New Entity creation: WeMetrix SA (INTRASOFT International Group)**  
A start-up that provides state-of-the-art SaaS Econometrical analytics for the on-demand calculation of the exposure to credit risk, IFRS9 compliance reporting and Credit-to-Cash forecast. WeMetrix was founded during 2018 and already counts 40+ customers in the Greek market
- **Successful completion of innovative project for Waste Water Pollution Monitoring** based on a disruptive Internet of Things and predictive analytics platform partnership delivered to EYDAP
- **Award of a pioneering project for Credit Risk management at a leading Middle Eastern Telco Group**

The solution, presented together with INTRASOFT's subsidiary WeMetrix, outpaced strong international competition by uniquely combining the structured econometrical approach with Machine learning and Artificial Intelligence capabilities. The proposed functionality targets the customer's Financial Department and business users, looking to explore its existing and potential customer base

New ventures continued the successful practice of exploring the Greek and international **start-up** ecosystem, leveraging partnerships and co-investments in the Jeremie and Equifund VCs of the group. In 2018, the focus was on the Fintech, e-Government and Artificial Intelligence domains that led to full-fledged partnerships.

Finally, New Ventures continued its successful track record by implementing an ambitious Greek Government project to provide broadband connectivity to the most remote and underserved regions of Greece. By the end of 2018, the project had achieved more than 90% coverage and will be concluded in early 2019.

Luxembourg, 28 of June 2019

*Athanasios Kotsis*  
Chairman

*Alexandros Manos*  
CEO

## **D) Independent Auditor's Report**

**To the Shareholders of INTRASOFT International S.A.**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of INTRASOFT International S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of INTRASOFT International S.A. and its subsidiaries (the Group), as at 31 December 2018, and their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the use of the Group's members as a body and should not be used for any other purposes. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report and to any other information the Group has optionally incorporated, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Athens, 10 July 2019

**Ioannis V. Chaikalis**

Certified Public Accountant Auditor  
Institute of CPA (SOEL) Reg. No. 24331

SOL S.A.

Member of Crowe Global  
3, Fok. Negri Str., 112 57 Athens, Greece  
Institute of CPA (SOEL) Reg. No. 125

## **E) Annual Financial Statements**

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In accordance with International Financial Reporting Standards as adopted by the European Union.

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## Statement of financial position

	Note	31/12/2018	31/12/2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2.894.610,41	2.457.897,06
Goodwill	6	13.572.454,82	13.572.454,82
Other intangible assets	7	5.919.794,91	4.178.206,77
Investment property	8	706.996,05	206.107,42
Investment in associates (accounted for using the equity method)	10	993.567,30	817.797,51
Available-for-sale financial assets		0,00	829.517,86
Deferred income tax assets		65.580,44	88.565,35
Trade and other receivables	13	2.553.206,75	2.526.650,33
Financial assets at fair value through other comprehensive income	11	694.675,70	0,00
Contract assets			0,00
		<b>27.400.886,38</b>	<b>24.677.197,12</b>
<b>Current assets</b>			
Inventories	14	2.378.148,96	1.042.098,27
Trade and other receivables	13	101.551.144,46	104.793.313,49
Current income tax receivables		2.336.876,32	789.306,27
Cash and cash equivalents	15	23.298.576,66	27.279.793,00
		<b>129.564.746,39</b>	<b>133.904.511,02</b>
Non-current assets classified as held for sale	36	0,00	708.083,98
<b>Total assets</b>		<b>156.965.632,77</b>	<b>159.289.792,12</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	16	1.552.600,00	1.552.600,00
Fair value reserves	18	(510.322,45)	537.404,83
Other reserves	17	4.260.163,56	4.844.709,31
Retained earnings		8.064.299,33	6.069.948,82
		<b>13.366.740,44</b>	<b>13.004.662,96</b>
<b>Minority interest</b>		<b>1.468.506,70</b>	<b>1.318.146,86</b>
<b>Total equity</b>		<b>14.835.247,14</b>	<b>14.322.809,82</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	43.212.338,81	0,00
Retirement benefit obligations	20	3.919.972,15	3.555.396,00
Long-term provisions for other liabilities and charges	21	2.246.037,67	654.037,67
Trade and other payables	22	104.157,67	20.000,00
		<b>49.482.506,30</b>	<b>4.229.433,67</b>
<b>Current Liabilities</b>			
Trade and other payables	22	75.948.628,00	81.733.852,77
Current income tax liabilities		1.038.895,27	2.214.293,50
Borrowings	19	10.802.297,69	51.461.274,12
Government grants		0,00	0
Short-term provisions for other liabilities and charges	21	4.858.058,37	4.808.578,92
		<b>92.647.879,34</b>	<b>140.217.999,31</b>
Liabilities directly associated with non-current assets classified as held for sale	36		519.549,31
<b>Total liabilities</b>		<b>142.130.385,64</b>	<b>144.966.982,29</b>
<b>Total equity and liabilities</b>		<b>156.965.632,78</b>	<b>159.289.792,11</b>

The notes are an integral part of these financial statements.

## Statement of comprehensive income

	Note	2018	2017
<b>Continuing operations:</b>			
Sales		169.907.018,78	171.600.023,63
Cost of sales	23	(139.606.315,29)	(142.333.584,91)
<b>Gross profit</b>		<b>27.763.304,68</b>	<b>29.266.438,73</b>
Selling and marketing costs	23	(8.210.397,58)	(7.828.882,43 )
Administrative expenses	23	(12.086.509,86)	(11.400.427,38 )
Net impairment gains/ (losses) of financial assets and contract assets	24	(441.020,37)	
Other income	26	309.084,41	250.438,26
Other gains / (losses) - net	27	129.200,56	(273.841,82 )
<b>Operating profit</b>		<b>10.001.060,65</b>	<b>10.013.725,36</b>
Finance income	28	234.764,07	168.633,56
Finance cost	28	(4.524.332,34)	(4.929.072,49 )
<b>Finance costs - net</b>		<b>(4.289.568,27)</b>	<b>(4.760.438,93 )</b>
Share of profit / (loss) of associates (after tax and minority interest)	10	(80.250,31)	15.815,47
<b>Profit before income tax</b>		<b>5.631.242,07</b>	<b>5.269.101,90</b>
Income tax expense	29	(4.194.440,53)	(1.526.386,00 )
<b>Profit after tax for the period from continuing operations</b>		<b>1.436.801,54</b>	<b>3.742.715,90</b>
<b>Discontinued operations:</b>			
<b>Profit / (loss) after tax for the period from discontinued operations</b>	36	<b>10.869,16</b>	<b>(1.129.074,59)</b>
<b>Profit / (loss) after tax for the year (from continuing and discontinued operations)</b>		<b>1.447.670,70</b>	<b>2.613.641,31</b>
<b>Profit / (loss) after tax attributable to:</b>			
Equity holders of the Company		1.313.443,71	2.501.889,93
Minority interest		134.226,99	111.751,37
		<b>1.447.670,70</b>	<b>2.613.641,31</b>
<b>Other comprehensive income:</b>			
Currency translation differences	18	279.223,77	(830.587,94 )
<b>FVOCI financial assets - Fair value gains/losses</b>		<b>(413.475,62)</b>	<b>0,00</b>
Available-for-sale financial assets - Fair value gains		0,00	23.333,33
Actuarial gains / (losses)	17	(178.460,95)	0,00
<b>Other comprehensive income, net of tax:</b>		<b>(312.712,80)</b>	<b>(807.254,61)</b>
<b>Total comprehensive income for the period</b>		<b>1.134.957,90</b>	<b>1.806.386,70</b>
<b>Other comprehensive income attributable to:</b>			
Owners of the parent		(358.596,86)	(661.315,45)
Minority interest		45.884,06	(145.939,16)
		<b>(312.712,80)</b>	<b>(807.254,61 )</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		954.846,85	1.837.941,43
Minority interest		180.111,05	(31.554,73)
		<b>1.134.957,90</b>	<b>1.806.386,70</b>
Earnings /(loss) per share attributable to owners of the parent for the year (in € per share)			
<b>Basic</b>		<b>21,15</b>	<b>40,29</b>

The notes are an integral part of these financial statements.

## Statement of changes in equity

Note	Share capital	Other reserves	Fair value reserves	Retained earnings	Minority interest	Total equity
<b>Balance at 1 January 2017</b>	<b>1.552.600,00</b>	<b>5.270.803,14</b>	<b>1.198.720,28</b>	<b>3.572.076,64</b>	<b>1.321.646,15</b>	<b>12.915.846,21</b>
Available-for-sale financial assets – Fair value gain / (loss)	0,00	0,00	23.333,33	0,00	0,00	<b>23.333,33</b>
Transfer of available-for-sale to the income statement	0,00	0,00		0,00	0,00	<b>0,00</b>
Currency translation differences	0,00	0,00	(684.648,78)	0,00	(145.939,16)	<b>(830.587,94)</b>
Actuarial gains / (losses)	0,00	0,00	0,00	0,00	0,00	<b>0,00</b>
Tax effect related to the transfer of available-for-sale to the income statement	0,00	0,00	0,00	0,00	0,00	<b>0,00</b>
Net income / (expense) recognized directly in equity						
<b>Other comprehensive income</b>	<b>0,00</b>	<b>0,00</b>	<b>(661.315,45)</b>	<b>0,00</b>	<b>(145.939,16)</b>	<b>(807.254,61)</b>
Net profit / (Loss)	0,00	0,00	0,00	2.501.889,94	111.751,37	<b>2.613.641,32</b>
<b>Total comprehensive income for the year</b>	<b>0,00</b>	<b>0,00</b>	<b>(661.315,45)</b>	<b>2.501.889,94</b>	<b>(34.187,79)</b>	<b>1.806.386,71</b>
Transfer from other reserves to retained earnings	0,00	(426.093,83)	0,00	426.093,83	0,00	<b>0,00</b>
Other movements in other reserves	0,00	0,00	0,00	(430.503,93)	0,00	<b>(430.503,93)</b>
Dividends	0,00	0,00	0,00	(2,47)	0,00	<b>(2,47)</b>
Issue of share capital on acquisition of subsidiary	0,00	0,00	0,00	0,00	30.688,50	<b>30.688,50</b>
Other	0,00	0,00	0,00	394,80	0,00	<b>394,80</b>
	<b>0,00</b>	<b>(426.093,83)</b>	<b>0,00</b>	<b>(4.017,77)</b>	<b>30.688,50</b>	<b>(399.423,10)</b>
<b>Balance at 31 December 2017</b>	<b>1.552.600,00</b>	<b>4.844.709,31</b>	<b>537.404,83</b>	<b>6.069.948,82</b>	<b>1.318.146,86</b>	<b>14.322.809,82</b>

Note	Share capital	Other reserves	Fair value reserves	Retained earnings	Minority interest	Total equity
<b>Balance at 1 January 2018</b>	<b>1.552.600,00</b>	<b>4.844.709,31</b>	<b>537.404,83</b>	<b>6.069.948,82</b>	<b>1.318.146,86</b>	<b>14.322.809,82</b>
Change in accounting policies due to the adoption of IFRS 9 and IFRS 15			(903.333,26)	276.981,28		(626.351,98)
<b>Balance at 1 January 2018 restated</b>	<b>1.552.600,00</b>	<b>4.844.709,31</b>	<b>(365.928,43)</b>	<b>6.346.930,10</b>	<b>1.318.146,86</b>	<b>13.696.457,84</b>
FVOCI financial assets - Fair value gains/losses			(413.475,62)			(413.475,62)
Currency translation differences	0,00	0,00	269.081,60	0,00	16.132,85	<b>279.223,77</b>
Actuarial gain/losses	0,00	(178.460,95)	0,00	0,00	0,00	<b>(178.460,95)</b>
<b>Other comprehensive income</b>	<b>0,00</b>	<b>(178.460,95)</b>	<b>(144.394,02)</b>	<b>0,00</b>	<b>16.132,85</b>	<b>(312.712,80)</b>
Net profit / (loss)	0,00	0,00	0,00	1.313.443,71	134.226,99	<b>1.447.670,70</b>
<b>Total comprehensive income for the year</b>	<b>0,00</b>	<b>(178.460,95)</b>	<b>(144.394,02)</b>	<b>1.313.443,71</b>	<b>150.359,84</b>	<b>1.134.957,90</b>
Issue of share capital	0,00	0,00	0,00	0,00	0,00	<b>0,00</b>
Change in minority due to business combination	0,00	0,00	0,00	0,00	0,00	<b>0,00</b>
Other	0,00	0,00	0,00	(2.159,28)	0,00	<b>(2.159,28)</b>
Transfer from other reserves to retained earnings	0,00	32.515,20	0,00	(32.515,20)	0,00	<b>0,00</b>
Other movements in other reserves	0,00	(438.600,00)	0,00	438.600,00	0,00	<b>0,00</b>
	<b>0,00</b>	<b>(406.084,80)</b>	<b>0,00</b>	<b>403.925,52</b>	<b>0,00</b>	<b>(2.159,28)</b>
<b>Balance at 31 December 2018</b>	<b>1.552.600,00</b>	<b>4.260.163,56</b>	<b>(510.322,45)</b>	<b>8.064.299,33</b>	<b>1.468.506,70</b>	<b>14.835.247,14</b>

The notes are an integral part of these financial statements.

## Cash flow statement

	Note	01/01-31/12/2018	01/01-31/12/2017
<b>Profit after tax for the period from continuing operations</b>		<b>1.436.801,54</b>	<b>3.742.715,90</b>
<b>Profit after tax for the period from discontinued operations</b>		<b>10.869,16</b>	<b>(1.129.074,59)</b>
Adjustments for:			
Tax	29	4.194.440,53	1.526.386,00
Depreciation of property, plant & equipment	5	1.020.533,85	730.606,79
Depreciation of investment property	8	13.798,47	0,00
Amortization of intangible assets	7	980.310,76	687.929,03
(Profit) / loss on disposal of property, plant & equipment		6.336,31	0,00
(Profit)/loss on disposal of available-for-sale financial assets		0,00	986,29
(Profit)/ loss on disposal of subsidiaries		9.089,15	0,00
Impairment charges on available-for-sale financial assets		0,00	0,00
Dividend income		0,00	0,00
Interest income	28	(234.764,07)	(168.633,56)
Interest expense	28	4.524.332,34	4.929.072,49
Exchange gains / (losses)		80.250,31	375.619,82
Share of result of associates		67.281,17	(15.815,47)
Other (specify)		0,00	
		<b>12.109.279,53</b>	<b>10.679.792,70</b>
(Increase) / decrease in inventories	14	(1.336.050,69)	1.135.250,30
(Increase) / decrease in trade and other receivables		2.616.365,81	(6.107.096,99)
Increase / (decrease) in payables		(6.651.067,10)	(3.236.702,38)
Increase / (decrease) in provisions		(458.520,55)	265.250,83
Increase / (decrease) in pension & other benefits		364.576,15	(376.040,75)
<b>Changes in working capital</b>		<b>(5.464.696,38)</b>	<b>(8.319.338,99)</b>
<b>Net cash generated from / (used in) operating activities</b>		<b>6.644.583,15</b>	<b>2.360.453,71</b>
<b>Cash flows from operating activities</b>			
Interest paid		(4.524.332,34)	(5.141.281,58)
Income tax paid		(3.844.453,51)	(1.657.334,69)
<b>Net cash from operating activities</b>		<b>(1.724.202,71)</b>	<b>(4.438.162,57)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(1.981.278,42)	(1.322.983,68)
Purchase of intangible assets	7	(2.712.232,28)	(1.979.138,14)
Proceeds from sale of property, plant & equipment		9.344,13	48.578,80
Proceeds from sale of intangible assets		0,00	547,20
Purchase of available-for-sale financial assets		0,00	(2.005,90)
Acquisition of subsidiary, net of cash acquired		0,00	(24.661,50)
Proceeds from disposal of available-for-sale financial assets		(278.633,46)	0,00
Proceeds from disposal of subsidiaries		190.910,85	0,00
Acquisition of associates and joint ventures		(256.020,10)	(242.700,00)
Dividends received		0,00	0,00
Interest received		234.764,07	168.633,56
Loans granted		0,00	0,00
<b>Net cash used in investing activities</b>		<b>(4.793.145,22)</b>	<b>(3.353.729,66)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	19	2.553.362,38	1.552.890,77
Repayments of borrowings			
Government grants received		0,00	0,00
Finance lease payments		0,00	0,00
<b>Net cash used in financing activities</b>		<b>2.553.362,38</b>	<b>1.552.890,77</b>
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>		<b>(3.963.985,54)</b>	<b>(6.239.001,47)</b>
Cash and cash equivalents at beginning of the period	15	27.279.793,00	33.523.721,99
Effects of exchange rate changes on cash and cash equivalents		(17.230,80)	(4.927,53)
<b>Cash and cash equivalents at end of the period</b>	<b>15</b>	<b>23.298.576,65</b>	<b>27.279.793,00</b>

The notes are an integral part of these financial statements.



## **Notes to the financial statements in accordance with International Financial Reporting Standard**

### **1. General information**

INTRASOFT INTERNATIONAL S.A. (referred to as the Parent Company or the Company), is a Luxembourg "Société Anonyme" incorporated on 2 October 1996. The accompanying consolidated financial statements present INTRASOFT INTERNATIONAL S.A and its subsidiaries (hereinafter "the Group").

The focus of the Group's activities is on the public sector market, assisting national and international governmental organisations to design and implement their policies, ICT application infrastructure and support services. The particular service lines are as follows:

- application development,
- content management and information networks,
- professional services,
- outsourcing and managed services and,
- Innovation and solutions development.

The registered office of the Parent Company is in No. 2, rue Nicolas Bové, L – 1253, Luxembourg. The Parent Company established a registered Branch Office in Belgium. This Branch Office operates under the name of Intrasoft International S.A. Belgium Branch. During the fiscal year 2000, the Parent Company set up a new wholly owned subsidiary in Belgium, which is based in Brussels. This new company has taken over the activities of the Belgian branch which has been dissolved. The Board of Directors on 25 August 1999, decided to establish a registered Branch Office in Athens, Greece. During 2002, the Parent Company established a 99% held subsidiary in Greece with the name of Intrasoft SA. During the 2004 financial year, the Company established a registered Branch Office in Bucharest, Romania.

During the year 2011, the Company established two fully-owned subsidiaries, one in Bulgaria under the name Intrasoft International Bulgaria Ltd and one in United Kingdom under the name Intrasoft Information Technology UK Ltd.

On 2 January 2012, the Company absorbed its Parent Company INTRACOM S.A. INFORMATION TECHNOLOGY & COMMUNICATION SERVICES with the distinctive title "INTRACOM IT SERVICES", with registered office in Paiania Attica Greece. The cross-border merger was implemented in application of the provisions of the Directive 2005/56/EC of the European Parliament and the Council of 26/10/2005.

As a result, as of 2 January 2012, date of publication in the National Gazette of Luxembourg of the resolution approving the cross-border merger, the absorbing Company "INTRASOFT INTERNATIONAL SA", substitutes without further formalities in all rights, obligations, claims and legal relationships the absorbed Company "INTRACOM IT SERVICES" which is deemed as ipso jure wound up, while its legal entity disappears without the need to be subject to liquidation, such transfer being equivalent to a full succession.

The Board of Directors on 2 March 2012, decided to establish a 100% held subsidiary in United States of America with the name of Intrasoft International USA, Inc.

During the year 2013, the Company established a 80% held subsidiary in the free zone area of "RAK" in United Arab Emirates with the name of Intrasoft Middle East FZC while disposed its subsidiary Databank S.A, owned by 92,08%.

During the year 2014, the Company established a 50% held subsidiary Company with the name of Advanced Transport Telematics SA in Greece.

During the year 2015, the Company acquired a 88, 00% held subsidiary Company with the name of Intrasoft International East Africa in Kenya.

On January 12th, 2017 the company established the VALEU Consulting S.A. the company paid the amount of 24.661,50 for the 40,10% of total capital. VALEU Consulting S.A is the result of joint efforts between INTRASOFT International and management consulting firm Planet S.A.; the company complements the current service offerings of INTRASOFT and PLANET while benefiting from INTRASOFT's leading position in the European Institutions market and PLANET's extensive consulting experience across Europe. Value's focus is on strategy, policy and implementation services related to policy-making in the EU. This includes strategic studies, impact assessments, evaluations and much more. These services will be provided to all the EU institutions and bodies across all topics

On March 30th, 2017 the Company paid the amount of 241.500,00 euros, for the acquisition of 24.150 (10% of total capital) ordinary registered shares (with a nominal value of 10 euros each) of the company under the name RURAL CONNECT BROADBAND NETWORKS SPV. RURAL CONNECT BROADBAND NETWORKS SPECIAL PURPOSE COMPANY (RC), has been established in 2014 in order to execute the Private-Public-Partnership (PPP) project, named "Development of Broadband Infrastructure in Rural "White" Areas of the Greek Territory and Services for the Exploitation-Development of the Infrastructure via PPP – Geographical Area 2" (the "Project"). The Project is funded by EU structural funds, and is executed under a "PPP process contract", signed on 29/12/2014, governed by the Greek State Laws, with the company "Information Society SA" acting as contracting authority.

On May 5th, 2017 the company participate by 5% to the company "THESSALONIKI's CONTROLLED PARKING SYSTEM S.A." with the distinctive title "STELSTATH", with the amount of EUR 1.200,00.

On November 22nd, 2017 the Company acquired the 100,00% held subsidiary Company with the name of INTRACOM (CYPRUS) LTD in Cyprus.

In December 2017 the Company decided to liquidate its 100% subsidiary company INTRACOM EXPORTS LTD in Cyprus.

During the year 2018, the Company established a 40% held subsidiary in Greece with the name of WEMETRIX. The Company paid the amount of 299.000,00 euros, for the acquisition of 10.000 (40% of total capital) ordinary registered shares (with a nominal value of 10 euros each)

During the year 2018 the Company decided to liquidate its 100% subsidiary company GLOBAL NET SOLUTIONS in Bulgaria.

In March 2018 the Company acquired the 100,00% held subsidiary Company with the name of MARDICODE PROPRIETARY LIMITED in South Africa. On March 16 the company name changed to INTRASOFT INTERNATIONAL SOUTH AFRICA (PTY) Limited. This is the latest in a growing number of subsidiaries and representations for the company. The team of experts in the Cape Town office will focus on public sector projects, primarily in the field of taxation and revenue management solutions, which along with e-customs have become INTRASOFT's calling card across the global public sector.

The Group's holding company Intracom S.A. Holdings, which is listed on the Athens Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 28<sup>th</sup> of June 2019 and are subject to approval by the General Meeting of the Shareholders.

## **2. Summary of significant accounting policies**

### **a) Basis of Preparation**

The Group's consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU), and all the amounts are depicted in Euro ("EUR"), the functional currency of the Group. The financial statements have been prepared under the historical cost convention as modified by the available-for-sale financial assets, financial assets at fair value through profit or loss, which are carried at fair value. There are no IFRSs that have been applied before their respective dates of application.

The financial statements have been prepared on a going concern basis.

Particular circumstances which could adversely affect the continuation of the Group or the presentation of a true and fair view of the Group's net assets, financial position and results of operations do not exist.

The banks renewed their credit facilities, including guarantee limits, in favor of the Group, and that there is no indication that they intend to withdraw their support over the next twelve months. Following the signing of the Mandate Letter on 23/03/2017 by Intrasoftware International SA and the Mandated Lead Arranger (National Bank), the three participating banks (Alpha Bank, Piraeus Bank, Eurobank) have proceeded with the approval procedures of a syndicated loan, the amount of which amounts to EUR 46.250.000. On 25<sup>th</sup> January 2018 the syndicated loan agreement was signed by Intrasoftware International SA, Intracom Holdings, NBG London Branch (acting as Arranger), Alpha London Branch, Piraeus Frankfurt Branch and Eurobank Private Bank Lux. The proceeds of the loan will fully repay the short-term loans of the four systemic Greek banks. The substitution of a long-term facility for short-term loans will improve financial soundness, give a favorable impression to the market, and reduce the burden of administrative tasks by unifying the terms of transactions with financial institutions.

### **b) Regulatory Financial Statements**

The accompanying financial statements have been based on the financial statements prepared in accordance with the local Commercial and Tax Law (of the respective countries), appropriately adjusted and reclassified by certain out-of-book memorandum adjustments for purposes of conformity with the IFRSs.

### **c) Significant accounting judgments estimates and assumptions**

Estimates and judgments 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 preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities

at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

Judgments made by management in applying the accounting policies, other than those dealt with below, that could have a significant effect on the amounts recognised in the financial statements are:

- classifying leases as operating / finance leases and,
- capitalization of software development costs and,
- revenue recognition
- going concern

The key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

- **Income taxes:** The Group is subject to income taxes in 4 jurisdictions. Significant judgment is required in determining the aggregate provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.
- The Group has been applying the new IFRS 15 Standard as of 1 January 2018. The adoption of the Standard took place without revision of the comparative figures and therefore the cumulative effect from the retrospective application of the new accounting policies is presented in equity as at 1 January 2018. The impact of adopting the new policy as well as a brief description of past accounting policies is described below: IFRS 15 "Revenue from contracts with customers" The sectors in which the Group operates are presented in note 4. Until 31 December 2017, the Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver certain services. The Group uses the percentage of completion method of IAS 11 to recognise revenue from services 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. Under IFRS 15 the Group examined the contracts and found that IFRS 15 mainly affects two types of income as follows:

(a) where the customer may be able to separately purchase a warranty for a product for a period of time at the point of sale or where the guarantee can be expressly stated in the contract. Consideration was also given to the ability of the Group to provide maintenance services, such as bug fixes for a software license, which can be considered as a guarantee and

b) the cases in which the Group sells maintenance services that are accompanied by the sale of software licenses.

Revenue related to guarantees that provide a service to the customer, in addition to ensuring that the delivered product is as defined in the contract (service type guarantees) are recognized during the warranty period. Revenue associated with

collateral guarantees does not provide additional good or service to the client (i.e. they do not constitute separate performance obligations). These guarantees will continue to be accounted for in accordance with IAS 37.

For revenue associated with the provision of maintenance services associated with the sale of software licenses, where the use of a software license is directly related to the provision of maintenance services, it has been redefined to recognize the relevant revenue in the years of service provision. From the above exercise, an impact on the Group 's equity amounted to EUR 626K, while customers and other receivables, suppliers and other payables and provisions with EUR 2,600K, EUR 3,431K and EUR - 204K respectively were affected.

- The Group has been applying the new IFRS 9 "Financial Instruments" Standard as of 1 January 2018. The adoption of the Standard took place without revision of the comparative figures and therefore the cumulative effect from the retrospective application of the new accounting policies is presented in equity as at 1 January 2018. The new accounting policy applied for the first time in the year 2018 is described in note 9. The impact of adopting the new policy as well as a brief description of past accounting policies is described below:

Reclassification effect

Until 31 December 2017, the Group classified financial assets into the following categories for measurement purposes:

- a) Investments in subsidiaries and in associates
- b) Financial assets at fair value through profit or loss
- c) Loans and receivables
- d) Held-to-maturity investments
- e) Available-for-sale financial assets

#### Financial assets at fair value through other comprehensive income

At 31 December 2017 the Group 's available-for-sale assets related to equity investments, that the Group had chosen on the 1<sup>st</sup> January 2018 to classify amounts of EUR 830K as financial assets at fair value through other comprehensive income. The classification had no impact on the Group 's equity. Due to the implementation of the Standard, amounts of EUR 903K were transferred from the Group retained earnings with a corresponding decrease in other reserves.

#### Investments in subsidiaries and in associates

Investments in subsidiaries are accounted for at cost less impairment in the Group's financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Regarding the investment to Intrasoft International Scandinavia AS, the Group includes judgment and fundamental principles of Free Cash Flow method as requested from IAS 36. An impairment test was performed and produced no evidence of impairment of the investment value. There was no impact on the specific class of financial assets from the application of IFRS 9.

#### Loans and receivables

Loans and receivables were recognized at amortized cost using the effective interest rate method. On December 31, 2017 the Group Loans and Receivables mainly concerned commercial receivables and loans. These items, which are included in the lines "Long-term loans" and "Clients and other receivables" in the balance sheet at 31 December

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2017 and 31 December 2018, were classified as Financial assets at amortized cost and therefore had no impact on the Group's equity and the Group due to the reclassification. Due to the application of IFRS 9, the Group has had to re-approach the methodology for determining the impairment of all receivables as, based on IFRS 9, the Group now determines the impairment loss against expected credit losses.

The following tables present the effect of both Standards on the Statement of Financial Position (SOFP) and the Statement of Comprehensive Income (SOCi) on 1 January 2018 and 31 December 2018.

**SOFP impact 1.1.2018**

<i>In EUR</i>	31/12/2017 published	Impact due to IFRS 15 adoption	Impact due to IFRS 9 adoption	1.1.2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2.457.897,06	0,00	0,00	2.457.897,06
Goodwill	13.572.454,82	0,00	0,00	13.572.454,82
Other intangible assets	4.178.206,77	0,00	0,00	4.178.206,77
Investment property	206.107,42	0,00	0,00	206.107,42
Investment in subsidiaries	0,00	0,00	0,00	0,00
Investment in associates (accounted for using the equity method)	817.797,51	0,00	0,00	817.797,51
Available for sale financial assets	829.517,86	0,00	(829.517,86)	0,00
Finance lease receivables	0,00	0,00	0,00	0,00
Long-term loans	0,00	0,00	0,00	0,00
Derivatives	0,00	0,00	0,00	0,00
Deferred income tax assets	88.565,35	0,00	0,00	88.565,35
Trade and other receivables	2.526.650,33	0,00	0,00	2.526.650,33
Financial assets at fair value through other comprehensive income	0,00	0,00	829.517,86	829.517,86
	<b>24.677.197,12</b>	<b>0,00</b>	<b>0,00</b>	<b>24.677.197,12</b>
<b>Current assets</b>				
Inventories	1.042.098,27	0,00	0,00	1.042.098,27
Trade and other receivables	104.793.313,49	2.600.467,58	0,00	107.393.781,07
Current income tax receivables	789.306,27	0,00	0,00	789.306,27
Cash and cash equivalents	27.279.793,00	0,00	0,00	27.279.793,00
	<b>133.904.511,02</b>	<b>2.600.467,58</b>	<b>0,00</b>	<b>136.504.978,60</b>
Non-current assets classified as held for sale	<b>708.083,98</b>	<b>0,00</b>	<b>0,00</b>	<b>708.083,98</b>
<b>Total assets</b>	<b>159.289.792,12</b>	<b>2.600.467,58</b>	<b>0,00</b>	<b>161.890.259,70</b>

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<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	1.552.600,00	0,00	0,00	1.552.600,00
Fair value reserves	537.404,83	0,00	(903.333,26)	(365.928,43)
Other reserves	4.844.709,31	0,00	0,00	4.844.709,31
Retained earnings	6.069.948,82	(626.351,98)	903.333,26	6.346.930,10
<b>Total equity</b>	<b>13.004.662,96</b>	<b>(626.351,98)</b>	<b>0,00</b>	<b>12.378.310,98</b>
<b>Minority interest *</b>	<b>1.318.146,86</b>	<b>0,00</b>	<b>0,00</b>	<b>1.318.146,86</b>
<b>Total equity</b>	<b>14.322.809,82</b>	<b>(626.351,98)</b>	<b>0,00</b>	<b>13.696.457,84</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities	0,00	0,00	0,00	0,00
Derivatives	0,00	0,00	0,00	0,00
Retirement benefit obligations	3.555.396,00	0,00	0,00	3.555.396,00
Long-term provisions for other liabilities and charges	654.037,67	0,00	0,00	654.037,67
Long-term provisions for other liabilities and charges	20.000,00			20.000,00
	<b>4.229.433,67</b>	<b>0,00</b>	<b>0,00</b>	<b>4.229.433,67</b>
<b>Current Liabilities</b>				
Trade and other payables	81.733.852,77	3.431.248,35	0,00	85.165.101,12
Current income tax liabilities	2.214.293,50	0,00	0,00	2.214.293,50
Borrowings	51.461.274,12	0,00	0,00	51.461.274,12
Government grants	0,00	0,00	0,00	0,00
Derivatives	0,00	0,00	0,00	0,00
Short-term provisions for other liabilities and charges	4.808.578,92	(204.428,79)	0,00	4.604.150,13
	<b>140.217.999,31</b>	<b>3.226.819,56</b>	<b>0,00</b>	<b>143.444.818,87</b>
Liabilities directly associated with non-current assets classified as held for sale	519.549,31	0,00	0,00	519.549,31
<b>Total liabilities</b>	<b>144.966.982,29</b>	<b>3.226.819,56</b>	<b>0,00</b>	<b>148.193.801,85</b>
<b>Total equity and liabilities</b>	<b>159.289.792,11</b>	<b>2.600.467,58</b>	<b>0,00</b>	<b>161.890.259,69</b>

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**SOFP impact 31.12.2018**

<i>In EUR</i>	31.12.2018 under IAS 18, IAS 11 and IAS 39	Impact due to IFRS 15 adoption	Impact due to IFRS 9 adoption	31.12.2018 under IFRS 15 and IFRS 9
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2.894.610,41	0,00	0,00	2.894.610,41
Goodwill	13.572.454,82	0,00	0,00	13.572.454,82
Other intangible assets	5.919.794,91	0,00	0,00	5.919.794,91
Investment property	706.996,05	0,00	0,00	706.996,05
Investment in subsidiaries	0,00	0,00	0,00	0,00
Investment in associates (accounted for using the equity method)	993.567,30	0,00	0,00	993.567,30
Available for sale financial assets	694.675,70	0,00	(694.675,70)	0,00
Finance lease receivables	0,00	0,00	0,00	0,00
Long-term loans	0,00	0,00	0,00	0,00
Derivatives	0,00	0,00	0,00	0,00
Deferred income tax assets	65.580,44	0,00	0,00	65.580,44
Trade and other receivables	2.553.206,75	0,00	0,00	2.553.206,75
Financial assets at fair value through other comprehensive income	0,00	0,00	694.675,70	694.675,70
	<b>27.400.886,38</b>	<b>0,00</b>	<b>0,00</b>	<b>27.400.886,38</b>
<b>Current assets</b>				
Inventories	2.378.148,96	0,00	0,00	2.378.148,96
Trade and other receivables	104.905.257,83	(3.354.113,37)	0,00	101.551.144,46
Current income tax receivables	2.336.876,32	0,00	0,00	2.336.876,32
Cash and cash equivalents	23.298.576,66	0,00	0,00	23.298.576,66
	<b>132.918.859,77</b>	<b>(3.354.113,37)</b>	<b>0,00</b>	<b>129.564.746,40</b>
<b>Total assets</b>	<b>160.319.746,15</b>	<b>(3.354.113,37)</b>	<b>0,00</b>	<b>156.965.632,78</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	1.552.600,00	0,00	0,00	1.552.600,00
Fair value reserves	393.010,81	0,00	(903.333,26)	(510.322,45)
Other reserves	4.260.163,56	0,00	0,00	4.260.163,56
Retained earnings	7.428.674,64	(267.708,57)	903.333,26	8.064.299,33
<b>Total equity</b>	<b>13.634.449,01</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>13.366.740,44</b>
<b>Minority interest *</b>	<b>1.468.506,70</b>	<b>0,00</b>	<b>0,00</b>	<b>1.468.506,70</b>
<b>Total equity</b>	<b>15.102.955,71</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>14.835.247,14</b>



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<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current liabilities	43.212.338,81	0,00	0,00	43.212.338,81
Retirement benefit obligations	3.919.972,15	0,00	0,00	3.919.972,15
Long-term provisions for other liabilities and charges	2.246.037,67	0,00	0,00	2.246.037,67
Trade and other payables	104.157,67	0,00	0,00	104.157,67
	<b>49.482.506,31</b>	<b>0,00</b>	<b>0,00</b>	<b>49.482.506,31</b>
<b>Current Liabilities</b>				
Trade and other payables	79.035.032,80	(3.086.404,80)	0,00	75.948.628,00
Current income tax liabilities	1.038.895,27	0,00	0,00	1.038.895,27
Borrowings	10.802.297,69	0,00	0,00	10.802.297,69
Short-term provisions for other liabilities and charges	4.858.058,37	0,00	0,00	4.858.058,37
	<b>95.734.284,13</b>	<b>(3.086.404,80)</b>	<b>0,00</b>	<b>92.647.879,33</b>
<b>Total liabilities</b>	<b>145.216.790,44</b>	<b>(3.086.404,80)</b>	<b>0,00</b>	<b>142.130.385,64</b>
<b>Total equity and liabilities</b>	<b>160.319.746,15</b>	<b>(3.354.113,37)</b>	<b>0,00</b>	<b>156.965.632,78</b>

**SOCI impact 31.12.2018**

<i>In EUR</i>	1/1-31/12/2018 under IAS 18, IAS 11 and IAS 39	Impact due to IFRS 15 adoption	Impact due to IFRS 9 adoption	1/1-31/12/2018 under IFRS 15 and IFRS 9
<b>Continuing operations:</b>				
Sales	183.252.035,63	(13.345.016,85)	0,00	169.907.018,78
Cost of sales	(152.683.623,57)	13.077.308,28	0,00	(139.606.315,29)
<b>Gross profit</b>	<b>30.568.412,06</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>30.300.703,49</b>
Selling and marketing costs	(8.210.397,58)	0,00	0,00	(8.210.397,58)
Administrative expenses	(12.527.530,23)	0,00	441.020,37	(12.086.509,86)
Net impairment gains/ (losses) of financial assets and contract assets	0,00	0,00	(441.020,37)	(441.020,37)
Gains/ (losses) from derecognition of financial assets at amortised cost	0,00	0,00	0,00	0,00
Other income	309.084,41	0,00	0,00	309.084,41
Other gains / (losses) - net	129.200,56	0,00	0,00	129.200,56
<b>Operating profit</b>	<b>10.268.769,22</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>10.001.060,65</b>
Finance income	234.764,07	0,00	0,00	234.764,07
Finance cost	(4.524.332,34)	0,00	0,00	(4.524.332,34)
<b>Finance costs - net</b>	<b>(4.289.568,27)</b>	<b>0,00</b>	<b>0,00</b>	<b>(4.289.568,27)</b>
<b>Share of profit / (loss) of associates (after tax and minority interest)</b>	<b>(80.250,31)</b>	<b>0,00</b>	<b>0,00</b>	<b>(80.250,31)</b>
<b>Profit before income tax</b>	<b>5.898.950,64</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>5.631.242,08</b>

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Income tax expense	(4.194.440,53)	0,00	0,00	(4.194.440,53)
<b>Profit / (loss) after tax for the period from operations</b>	<b>1.704.510,11</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>1.436.801,54</b>
Profit/ (loss) after tax for the period from discontinued operations	10.869,16	0,00	0,00	10.869,16
<b>Profit/ (loss) after tax for the year (from continuing and discontinued operations)</b>				<b>1.447.670,70</b>
<b>Profit/ (loss) after tax attributable to:</b>				
<b>Equity holders of the Company</b>	<b>1.581.152,28</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>1.313.443,71</b>
Minority interest	134.226,99	0,00	0,00	134.226,99
	<b>1.715.379,27</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>1.447.670,70</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Available-for-sale financial assets - Fair value gains	(413.475,62)	0,00	0,00	(413.475,62 )
Transfer of available-for-sale to the income statement				
Currency translation differences	279.223,77	0,00	0,00	279.223,77
Actuarial gain/losses	(178.460,95)	0,00	0,00	(178.460,95)
<b>Other comprehensive income for the year, net of tax:</b>	<b>(312.712,80)</b>	<b>0,00</b>	<b>0,00</b>	<b>(312.712,80)</b>
<b>Total comprehensive income for the Year</b>	<b>1.402.666,47</b>	<b>(267.708,57)</b>	<b>0,00</b>	<b>1.134.957,90</b>
<b>Total comprehensive income attributable to:</b>				
Total comprehensive income attributable to: Equity holders	<b>1.222.555,42</b>	<b>(267.708,57 )</b>	<b>0,00</b>	<b>954.846,85</b>
<b>Total comprehensive income attributable to: Minority interest</b>	<b>180.111,05</b>	<b>0,00</b>	<b>0,00</b>	<b>180.111,05</b>

#### **d) New standards, amendments to existing standards and interpretations**

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

##### **Standards and Interpretations effective for the current financial year**

##### **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7**

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is in the process of finalizing their assessment regarding the effect of IFRS 9 on their financial statements. Based on Management's initial assessment, the adoption of IFRS 9 is not expected to have a significant impact. More specifically, trade and other receivables which represent the largest portion of

financial assets held by the Group will continue to be measured at amortized cost, while available-for-sale financial assets will be measured at fair value through other comprehensive income (including financial assets measured at cost according to IAS 39).

#### **IFRS 15 "Revenue from Contracts with Customers"**

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is currently in the process of finalizing their assessment regarding the effect of IFRS 15 on its financial statements. The impact on the Group's equity is expected to arise mainly from the integrated information technology solutions for the public sector and banks. The impact on this segment is expected to reach €0.6 mil. The cumulative effect of the adoption of IFRS 15 will impact Group's equity on 1 January 2018, without restating comparatives.

#### **IAS 40 "Investment property"**

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

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. In December 2016 the IASB issued amendments in IAS 40 "Investment Property", clarifying that an entity shall transfer a property to, or from, investment property when, and only when, there is change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments do not affect Group financial statements.

#### ***IFRIC 22 "Foreign Currency Transactions and Advance Consideration"***

This applies to annual accounting periods starting on or after 1st January 2018. In December 2016 the IASB issued the Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" providing guidance on how to determine the date of the transaction when applying IAS 21 about foreign currency transactions. This Interpretation applies to foreign currency transactions when an entity recognizes a payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Group will assess the impact of the new standard on its financial statements.

#### ***Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions"***

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not affect the Group financial statements.

#### ***Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"***

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The amendments do not affect the Group financial statements.

***Annual Improvements to IFRSs 2014-2016 Cycle***

(COMMISSION REGULATION (EU) No. 2018/182 of 7th February 2018, L 34/1 - 8/2/2018)

IASB in its annual improvement program, published in December 2016 a Cycle of minor amendments to existing Standards. The Group will assess the impact of the new standard on its financial statements.

***IFRS 1 "First-time Adoption of International Financial Reporting Standards"***

The amendment applies to the annual fiscal periods beginning on or after the 1st of January 2018. The amendment deletes short-term exemptions for first-time adopters.

***IAS 28 "Investments in Associates and Joint Ventures"***

The amendment applies to the annual fiscal periods beginning on or after the 1st of January 2018.

The amendment clarifies that when an investment in an associate or a joint venture is held by an entity that is a venture capital organization, or a mutual fund, and similar entities apply the election to measure that investment at fair value through profit or loss in accordance to IFRS 9, this election shall be made separately for each associate or joint venture, at initial recognition.

**Standards and Interpretations effective for subsequent periods**

New standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning after 1 January 2018 and have not been applied in the preparation of these statutory financial statements. None of the above is expected to have a significant impact on the statutory financial statements except for the following:

**IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The Standard was adopted by the European Union and is effective on 01/01/2019. The Management has examined the expected effect of IFRS 16 application on 01/01/2019 as well as its estimated effect on the financial statements. Under the transition, liabilities arising from the effective operating leases will be discounted through applying the relevant discount rate. The arising present value will be recognized as a lease liability. The rights to use the assets will be measured in the same way as the lease obligation, adjusted by the amount of any prepaid or accrued rentals. The Group will apply the new standard using the cumulative effect method, under which comparative sizes for the previous year will not be restated. At the same time, explanations regarding the reasoning behind changes in the financial statements will be provided because of first time IFRS 16 application. The final effect arising from IFRS 16 application will depend on the discount rate effective as at 01/01/2019, determination of the lease agreements, falling within the scope of the new Standard as at that date, the final evaluation of the lease term, with respect to the exercise of any renewal and termination rights, and incorporation of new acquisitions into consolidation. In general, based on the current

estimates made by the Management, the effect of first time IFRS 16 application is expected to be as follows:

The Statement of Financial Position as at 01/01/2019 is expected to record an increase in total assets due to capitalization of assets with rights to use and a corresponding increase in the lease liabilities fluctuating between EUR 6,5 million and EUR 7,5 million. In respect of the Income Statement for FY 2019, amortizations are expected to increase from EUR 1.7 million to € EUR 2.4 million and the amounts recorded in the item "Interest and related expenses" are expected to increase from EUR 0.2 million to EUR 0.3 million. Decrease in rental expenses is expected to lead to an improvement in "Operating profits before financial and investing activities, depreciation and amortization" from EUR 1,7 million to EUR 2.0 million.

### **IFRIC 23 "Uncertainty over Income Tax Treatments"**

This applies to annual accounting periods starting on or after 1st January 2019. In June 2017 the IASB issued the Interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" to specify how to reflect uncertainty in accounting for income taxes. The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

### **IFRS 17 "Insurance Contracts"**

This applies to annual accounting periods starting on or after 1st January 2021. Earlier application is permitted. In May 2017, the IASB issued a new accounting Standard, called IFRS 17 "Insurance Contracts" that replaces IFRS 4 "Insurance Contracts", which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. Therefore, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. This new standard does not affect Group's financial statements and has not yet been endorsed by the European Union.

### **Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures"**

(effective for annual periods starting on or after 01/01/2019) In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

**Annual Improvements to IFRSs – 2015-2017 Cycle** (effective for annual periods starting on or after 01/01/2019) In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: IFRS 3 - IFRS 11: Previously held interest in a joint operation, IAS 12: Income tax consequences of payments on financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

There are no other standards or interpretations not yet effective that are expected to have a significant impact on the financial statements of the Group.

## **2.1. Consolidation**

### **(a) Business combinations and subsidiaries**

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operational policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Investments in subsidiaries are accounted for at cost less impairment in the Company's standalone financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

### **(b) Joint ventures**

Joint ventures or jointly controlled entities are accounted for by proportional consolidation. The Group combines its share in the joint venture on a line-by-line basis in the financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognised immediately.

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

The Group accounts for investments in joint ventures in its stand-alone financial statements at cost less impairment.

### **(c) Associates**

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its 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 the Group has incurred obligations or made payments on behalf of the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

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

The Group accounts for investments in associates in its stand-alone financial statements at cost less impairment.

## **2.2. Segment reporting**

The segments are determined on the basis of the internal reporting received by the Group's Management and presented in the financial statements on the same basis as that used for internal reporting purposes.

## **2.3. Foreign currency translation**

### **Functional and presentation currency**

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

### **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.

### **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 date are translated at the closing rate at the date of the 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 through other comprehensive income.

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 other comprehensive income. 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. Exchange differences arising are recognized in other comprehensive income.

## **2.4. Property, plant and equipment**

The property, plant and equipment, 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 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	5-12,5 years
Machinery, installations & equipment	5-10 years
Motor vehicles	5-7 years
Telecommunication equipment	3-5 years
Other equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in profit or loss.

In case of sale of property, plant and equipment, the difference between the sale proceeds and the carrying amount is recognized as profit or loss in the income statement.

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.

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

## **2.5. Investment property**

Investment property, principally comprising land is held by the Group for long-term rental yields. Investment property is measured at cost less impairment losses. When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly in profit or loss.

The land classified as investment property is not depreciated.

## **2.6. 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 longer of the useful life of the asset or the lease term.

### **(b) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## **2.7. Goodwill**

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill acquired on a business combination is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating units, which are related to goodwill.

If the carrying amount of the cash-generating unit, including goodwill that has been allocated, exceeds the recoverable amount of the unit, impairment is recognized. The impairment loss is recognized in profit or loss and cannot be reversed.

Gains and losses on the disposal of a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill relating to the part sold. The amount of goodwill attributable to the part sold is determined by the relative values of the part sold and the part of the cash-generating unit retained.

Goodwill on business combinations has been allocated and is monitored by the Group on the basis of the cash-generating units which have been identified according to the provisions of IAS 36 "Impairment of Assets".

## **2.8. Intangible assets**

The caption 'intangible assets' includes:

a) Computer software: Purchased computer software is stated at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method over the useful economic lives, not exceeding a period of 3-8 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group (internally-generated software), are recognised as part of intangible assets. Direct costs include materials, staff costs of the software development team and an appropriate portion of relevant overheads. Internally-generated software is amortised using the straight-line method over its useful life.

b) Customer relationships: concern assets recognised on the acquisition of the customer list SAP of LAVISOFT SA in the year 2009 (amortised using the straight-line method over a period of 5 years).

## **2.9. Impairment of 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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, 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). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

## **2.10. Research and Development Expenses**

Research and Development expenditures are recognized as expenses when they are realized. The expenses which arise from the developing programs (related to the design and the test of new or improved products) are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realized. Previous years' development expenditures recognized as expenses, cannot be capitalized in the future fiscal years. The capitalized development expenses are depreciated from the beginning of the product's economic life using the straight-line method during the period of the product's future economic benefits. The Group recognizes the Research expenditures in expenses, and the Development expenditures are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realized.

## **2.11. Financial assets**

### **Classification**

The Group classifies its financial assets 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) Investments in subsidiaries and in associates

This category includes long-term investments in subsidiaries and associates. Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operational policies by virtue of de-facto control.

Investments in associates which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control.

(b) Loans and receivables

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

(c) Financial assets at fair value through other comprehensive income

The Group has a number of investments in listed and unlisted entities, which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets.

Recognition and measurement

Investments in subsidiaries and associates are accounted at cost less accumulated impairment losses. Impairment losses and reversal of impairment losses are charged in profit or loss.

Loans and receivables are carried at cost less potential impairment losses. Impairment losses and reversal of impairment losses are charged in profit or loss.

Financial assets at fair value through other comprehensive income are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The fair values of quoted investments are based on year-end bid prices. If the market for a financial asset is not active (and for unlisted securities), the 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, and option pricing models refined to reflect the issuer's specific circumstances. In cases where the fair value cannot be measured reliably, investments are measured at cost less impairment.

## **2.12. Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## **2.13. Impairment of financial assets**

Financial instruments include primary financial instruments such as trade receivables and payables, financial receivables and payables and derivative financial instruments.

The portfolio of primary and derivative financial instruments is described in the relevant disclosure in the Notes to the financial statements.

Financial instruments are classified with the first-time application of IFRS 9 in the categories "at amortized cost", "at fair value through profit or loss" or "at fair value through other comprehensive income".

Financial assets and debts, with the exception of trade receivables, are initially recognized at fair value when initially valued. Unless there is a significant financing component, trade receivables are valued at their transaction price in accordance with IFRS 15. For financial instruments measured at amortized cost or at fair value through profit or loss, the direct transaction costs are included in the carrying amount. The subsequent valuation depends on the classification of the financial assets into the following categories:

Financial assets are carried at amortized cost if they are held as part of a business model whose objective is to hold the assets and collect the contractual cash flows consisting solely of principal and interest payments. For long term assets for which the effect of compounding is significant the effective interest method is applied.

Financial assets held as part of a business model whose objective is both the collection of contractual cash flows and the sale of assets are valued at fair-value through other comprehensive income. Changes in the fair value are recorded in Other Comprehensive Income.

Financial assets that cannot be allocated to either of the two categories above are measured at fair value through profit or loss. This category applies in particular to equity instruments and derivatives.

According to the impairment model of IFRS 9, the expected losses for a 12-month period after the balance sheet date are determined for all assets. If there has been a significant increase in the risk of default since the first-time recognition or an objective indication of impairment, the expected credit losses are to be recognized over the term. In the case of trade receivables, the expected credit losses over the term must always be determined.

Subsequent measurement of financial liabilities, with the exception of derivatives, is carried out at amortized cost.

The adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets as it replaced the treatment of IAS 39 for recognizing realized losses by recognizing the expected credit losses. Conventional assets and receivables from customers: The Group applies the simplified approach of IFRS 9 for the calculation of expected credit

losses, according to which the provision for impairment is always measured in an amount equal to the expected credit losses over the lifetime for customer receivables and contractual assets. To determine the expected credit losses in relation to customer receivables, the Group uses a credit loss projection table based on the historical data of the Group for credit losses, adjusted for future factors in relation to the debtors and the financial environment. In particular, to determine the expected credit losses in respect of contractual assets, account shall be taken of the estimated rate of early termination of contracts, the amount of the clauses in the case of early termination and the relative rate of collectability. The provision for impairment for the Group as at 01/01/2018 was not changed.

#### **2.14. 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.

#### **2.15. Trade receivables**

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.

#### **2.16. Factoring**

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

#### **2.17. 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.

#### **2.18. 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 profit or loss. Any subsequent increase in fair value will be recognised in profit or loss, 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.

## **2.19. 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 shown in reduction to the product of issue.

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.

## **2.20. 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 profit or loss over the period of the borrowings using the effective interest method.

## **2.21. Borrowing costs**

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use

or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## **2.22. Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

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 or loss.

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

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability 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 assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

## **2.23. Trade payables**

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

## **2.24. 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. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

#### **(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.

### **2.25. 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 profit or loss 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 profit or loss on a straight-line basis over the expected lives of the related assets.

### **2.26. Provisions**

Provisions are recognized when:

1. There is present legal or constructive obligation as a result of past events
2. It is probable that an outflow of resources will be required to settle the obligation
3. The amount can be reliably estimated.

#### **(a) Warranties**

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

#### **(b) Compensated absences**

The claims over compensated absences are recognized as incurred. The Group recognizes 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 profit or loss 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.

**2.27. Revenue recognition**

a) Sales of Services - Construction contracts

The Group recognizes revenue from a contract when (or as) it fulfils an execution engagement by passing a promised asset or service to a client. An asset is transferred when (or as) the customer acquires control of that asset. The customer acquires control of a good or a service when it can direct its use and receive virtually all the remaining benefits from it. Revenue is defined as the amount that the Group expects to be entitled to in exchange for the goods or services it has transferred to a customer, except for amounts received on behalf of third parties. Variable amounts are included in the consideration and are calculated using either the "expected value" method or the "most probable amount" method. The commitment to performance of the contract can be fulfilled either at a specific time or over time.

The fulfilment of a commitment to sell a good or provide a service takes place over a long period when:

a) the client receives and at the same time uses the benefits resulting from the execution by the Group during the execution by the Group,

(b) the execution by the Group creates or strengthens an asset the control of which belongs to the client as the asset is created or enhanced; or

(c) the Group's execution does not entail the creation of an alternative asset for the Group and the Group has an enforceable payment right over the execution that has been completed by the given date.

When the Group performs its contractual obligations by transferring goods or services to a client before the customer pays the consideration or before the payment becomes due, the Group represents the contract as a contractual asset. A conventional asset is the entity's right in exchange for goods or services which it has transferred to a customer such as when the construction services are transferred to the customer before the Group has the right to issue an invoice.

When the customer pays a consideration, or the Group retains a right to a price that is unconditional prior to performing the obligations of the service contract, then the Group represents the contract as a contractual obligation. The contractual obligation is derecognized when the contract obligations are executed, and the revenue is recorded in the statement of comprehensive income.

In the field of integrated IT solutions, revenue from customer contracts mainly concerns the following categories:

- development and implementation services of an integrated software system

- self-rendering software
- cloud services (equipment provision and implementation)
- provision of network interference services
- hardware sales
- sale of software licenses (license)

The revenue from the sale of hardware and software licenses are recognized when the asset is transferred to the customer, when the goods are delivered to and accepted by the customer.

For revenue from the sale of software licenses (licenses) that are accompanied by support services, where the use of software licenses is directly linked to the provision of support services, the recognition of the relevant revenues occurs in the years of service provision.

Revenue from provision of services is recognized over time either through the straight-line method during the period in which customers receive and at the same time reap the benefits accruing from the provision of the service on the part of the Group or on the consideration the Group must invoice on the basis of the hours worked.

b) 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.

c) Dividends

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

## **2.28. Dividend distribution**

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

## **2.29. Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group 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 holder so the Group (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).

## **2.30. Roundings**

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

## **3. Financial risk management**

### **3.1 Financial risk factors**

INTRASOFT INTERNATIONAL Group, is exposed to a variety of financial risks, including market risk (the effects of changes in foreign currency exchange rates, cash flow and fair value risk from changes in interest rates and market prices), credit risk and liquidity risk. The Group'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 include short-term loans, long-term 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 arising from operating activities.

Derivative financial 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 are analyzed below.

#### **(a) Market risk**

##### **Foreign exchange risk**

The Group provides services and sells goods with contractual amounts denominated to a large extent in euro. Therefore, it is not exposed to large movements in foreign currency exchange rates against its reporting currency, the euro. The Group did not use derivative financial instruments in the years ended 31 December 2018 and 2017 in order to reduce its exposure to foreign currency exchange risk.

Increase in EURO/USD rate by	Effect on net results 2018	Effect on net results 2017
3%	-389.841	-259.787
6%	-779.682	-519.573
9%	-1.169.523	-779.360
12%	-1.559.363	-1.039.147

### **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.

### **Cash flow and fair value interest rate risk**

The interest-rate risk has been partly mitigated through the conversion of a significant part of borrowings into fixed rate, while it is estimated that during the current financial year the specific risk will be limited since it is considered highly probable that interest rates will remain stable in the medium-term or that will be slightly decreased after the first semester.

The following tables present the sensitivity of the Group's net results in possible fluctuations of the interest rates for the years 2017 and 2016. The analysis takes into consideration borrowings and cash and cash equivalents of the Group as at 31st December 2018 and 2017 respectively.

#### **Financial instruments in Euro**

Increase in interest rates (base units) by	Effect on net results 2018	Effect on net results 2017
25	(76.790)	(60.454)
50	(153.580)	(120.907)
75	(230.370)	(181.361)
100	(307.161)	(241.815)

### **(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.

Regarding credit risk related to cash deposits, the Group collaborates only with financial institutions of high credit rating.

The Group is not exposed to credit risk concentration, including risk of default, because it effectively deals with various agencies of the European Union and, to a lesser extent, institutions of various European governments. Because of this, the credit risk that the Group faces is not significant.

### **(c) Liquidity risk**

Prudent liquidity management is achieved by an appropriate combination of cash and cash equivalents and approved bank facilities. Due to the dynamic nature of the underlying businesses, the Group through the Group Treasury has access to funding through the committed credit lines available at the Group level.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2018 and 31 December 2017 based on contractual undiscounted payments.

### **3.2 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 Group's equity holders' as shown in the consolidated balance sheet plus net debt.

	01/01-31/12/2018	01/01-31/12/2017
Total borrowings (note 18)	54.014.636,50	51.461.274,12
Less: Cash & cash equivalents (note 15)	(23.298.576,66)	(27.279.793,00)
<b>Net borrowings</b>	<b>30.716.059,84</b>	<b>24.181.481,12</b>
Equity	14.835.247,14	14.322.809,81
<b>Total Capital Employed</b>	<b>45.551.306,98</b>	<b>38.504.290,93</b>
Gearing ratio	<b>67,4%</b>	<b>62,8%</b>

### **3.3 Fair value estimation**

The Group provides the required disclosures relating to fair value measurement through the hierarchy into three levels.

On 31 December 2018 the Group had:

- Financial assets at fair value through other comprehensive income out of which EUR 131.170,18 are classified in Level 1 (1.175.360 Shares of ATTIKA Bank listed in Athens Stock Exchange) and EUR 361.462,63 are classified in Level 3.

On 31 December 2017 the Group had:

- Available-for-sale financial assets out of which EUR 119.999,97 are classified in Level 1 (3.333.333 Shares of ATTIKA Bank listed in Athens Stock Exchange) and EUR 504.022,06 are classified in Level 3.

The fair value of financial instruments traded in active markets is based on quoted market rates at the balance sheet date ('Level 1').

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques and assumptions that are based on observable market data at the balance sheet date ('Level 2').

If the fair values of financial instruments that are not traded in an active market are based on valuation methods and assumptions that are not mainly based on observable market data, the instruments are classified in ('Level 3'). Investments in shares, which are not publicly traded and for which the fair value cannot be reliably estimated, are presented at cost less impairment.

### **3.4 Offsetting financial assets and financial liabilities**

On 31 December 2018 and 2017 the Group does not have any financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

## **4. Segment information**

### **Primary reporting format – business segments**

At 31 December 2018, the Group is organised into one main business segments:

- Integrated information technology solutions for government and banking sector

The segment results from continuing operations for the year 2018 and 2017 respectively are as follows:

	1/1-31/12/2018	1/1-31/12/2017
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Total gross segment sales	169.907.018,78	171.600.023,63
<b>Total sales</b>	<b>169.907.018,78</b>	<b>171.600.023,63</b>
Operating profit / Segment result	10.001.060,65	10.013.725,36
<b>EBITDA</b>	<b>12.015.703,73</b>	<b>11.432.261,17</b>
Finance income	234.764,07	168.633,56
Finance cost	(4.524.332,34)	(4.929.072,49)
Finance costs net (note 28)	(4.289.568,27 )	(4.760.438,93)
<b>Profit before income tax</b>	<b>5.631.242,07</b>	<b>5.269.101,90</b>

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

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	1/1-31/12/2018	1/1-31/12/2017
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Depreciation of property, plant and equipment (note 5)	1.020.533,85	730.606,79
Amortization of intangible assets (Note 7)	980.310,76	687.929,02
Depreciation of investment property	13.798,47	0,00
Impairment of trade receivables (Note 24)	441.020,37	(39.743,51)

The segment assets and liabilities at 31 December 2018 and 31 December 2017 as well as the capital expenditure for each year are as follows:

	1/1-31/12/2018	1/1-31/12/2017
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Assets	156.965.632,78	159.289.792,11
Associates	0,00	0,00
<b>Total assets</b>	<b>156.965.632,78</b>	<b>159.289.792,11</b>
<b>Liabilities</b>	<b>142.130.385,64</b>	<b>144.966.982,29</b>
<b>Capital expenditure</b>	<b>4.693.510,70</b>	<b>3.437.830,89</b>

### Secondary reporting format – geographical segments

The main business segments of the Group operate in three geographical areas. The home-country of the Group -which is also the main operating country-is Luxembourg.

### Information per geographical area:

	Sales		Total assets		Capital expenditure	
	1/1-31/12/2018	1/1-31/12/2017	1/1-31/12/2017	1/1-31/12/2017	1/1-31/12/2017	1/1-31/12/2017
Greece	45.848.313,16	36.605.643,10	45.436.426,97	72.312.477,54	3.248.083,31	2.209.575,29
EU countries	100.852.688,98	101.403.937,19	94.428.358,33	72.629.439,56	1,289,742	671.259,80



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Other countries	23.206.016,65	33.590.443,34	17.100.847,48	14.347.875,00	155.685,12	556.995,80
<b>Total</b>	<b>169.907.018,78</b>	<b>171.600.023,63</b>	<b>156.965.632,78</b>	<b>159.289.792,11</b>	<b>4.693.510,70</b>	<b>3.437.830,89</b>

Sales are allocated based on the country in which the customer is located. Assets are allocated based on their geographical location. Capital expenditure is allocated based on where the assets are located.

An analysis of the Group's revenues is as follows:

	<b>2018</b>	<b>2017</b>
Sales of goods	7.682.960,46	5.523.256,25
Sales of merchandise	4.329.876,23	4.831.554,28
Sales of services	157.894.182,09	161.245.213,10
<b>Total</b>	<b>169.907.018,78</b>	<b>171.600.023,63</b>

## 5. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Assets Under Construction	Total
<b>ACQUISITION COST</b>								
Balance at 1 January 2017	2.556,46	2.546.574,12	4.692.631,77	1.061.770,96	303.593,03	3.270.275,21	1.014,91	11.878.416,47
Exchange differences	0,00	0,00	0,00	(108.019,01)	(10.966,46)	(33.778,52)		(152.763,99)
Additions	0,00	216.934,78	503.843,90	427.953,94	0,00	197.255,18		1.345.987,80
Disposals	0,00	(42.692,89)	(7.352,21)	(542.476,30)	0,00	0,00		(592.521,40)
Transfer to assets held for sale	(2.556,46)	(273.183,92)	(113.678,38)	0,00	(182.203,92)	(246.498,64)	(1.014,91)	(819.136,23)
<b>Balance at 31 December 2017</b>	<b>0,00</b>	<b>2.447.632,09</b>	<b>5.075.445,08</b>	<b>839.229,60</b>	<b>110.422,65</b>	<b>3.187.253,23</b>	<b>0,00</b>	<b>11.659.982,65</b>
<b>ACCUMULATED DEPRECIATION</b>								
Balance at 1 January 2017	0,00	1.309.929,42	4.376.549,56	914.590,16	179.760,79	2.751.586,00	0,00	9.532.415,92
Exchange differences	0,00	0,00	(8.043,12)	(92.069,65)	(5.114,62)	(24.532,48)	0,00	(129.759,87)
Depreciation charge	0,00	163.488,26	387.846,46	92.673,79	11.526,79	75.071,49	0,00	730.606,79
Disposals	0,00	0,00	(4.519,11)	(539.423,49)	0,00	0,00	0,00	(543.942,60)
Reclassifications	0,00	0,00	0,00	(292,61)	0,00	1.507,18	0,00	1.215,39
Transfer to assets held for sale	0,00	(30.257,68)	(78.411,27)	0,00	(108.407,87)	(171.373,22)	0,00	(388.450,04)
<b>Balance at 31 December 2017</b>	<b>0,00</b>	<b>1.443.160,00</b>	<b>4.673.422,52</b>	<b>375.478,19</b>	<b>77.765,91</b>	<b>2.632.258,97</b>	<b>0,00</b>	<b>9.202.085,59</b>
<b>NET BOOK VALUE at 31 December 2017</b>	<b>0,00</b>	<b>1.004.472,09</b>	<b>402.022,56</b>	<b>463.751,41</b>	<b>32.656,74</b>	<b>554.994,26</b>	<b>0,00</b>	<b>2.457.897,06</b>

Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Assets Under Construction	Total
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<b>ACQUISITION COST</b>								
Balance at 1 January 2018	0,00	2.447.632,09	5.075.445,08	839.229,60	110.422,65	3.187.253,23	0,00	11.659.982,65
Exchange differences	0,00	0,00	0,00	19.194,95	3.789,70	17.731,85		40.716,50
Additions	0,00	371.211,91	720.806,83	75.516,32	3.322,58	282.220,60	0,00	1.453.078,24
Disposals	0,00	(11.689,00)	(11.942,53)	(471,62)	(4.380,00)	0,00		(28.483,15)
Reclassifications	0,00	(65.224,92)	(3.771,16)	(20.654,32)	0,00	(91.635,00)	0,00	(181.285,40)
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>2.741.930,08</b>	<b>5.780.538,22</b>	<b>912.814,93</b>	<b>113.154,93</b>	<b>3.395.570,68</b>	<b>0,00</b>	<b>12.944.008,85</b>
<b>ACCUMULATED DEPRECIATION</b>								
Balance at 1 January 2018	0,00	1.443.160,00	4.673.422,52	375.478,19	77.765,91	2.632.258,97	0,00	9.202.085,59
Exchange differences	0,00	0	0,00	15.735,96	2.276,35	9.191,11		27.203,42
Depreciation charge	0,00	203.702,16	493.514,90	122.762,28	11.487,91	189.066,60		1.020.533,85
Disposals	0,00	(5.065,23)	(10.466,78)	0,00	(3.607,01)	0,00		(19.139,02)
Reclassifications		(65.224,92)	(1.362,16)	(20.654,32)		(94.044,00)		(181.285,40)
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>1.576.572,01</b>	<b>5.155.108,48</b>	<b>493.322,11</b>	<b>87.923,16</b>	<b>2.736.472,68</b>		<b>10.049.398,44</b>
<b>NET BOOK VALUE at 31 December 2018</b>	<b>0,00</b>	<b>1.165.358,07</b>	<b>625.429,74</b>	<b>419.492,82</b>	<b>25.231,77</b>	<b>659.098,00</b>	<b>0,00</b>	<b>2.894.610,41</b>

There are no assets held under finance lease.

## 6. Goodwill

<i>Amounts in Euro</i>	
Balance at 1 January 2017	13.572.454,82
Exchange differences	0,00
Balance at 31 December 2017	13.572.454,82
Exchange differences	0,00
Balance at 31 December 2018	13.572.454,82
Net book amount at 31 December 2018	13.572.454,82

Goodwill resulted from the acquisition of the companies listed below and is allocated to cash generating units (CGUs) as follows:

<i>Amounts in Euro</i>	
<b>Goodwill analysis</b>	
Previous entity of INTRASOFT International before merger	11.362.824,00
INTRASOFT International Scandinavia A.S.	2.209.590,82
<b>TOTAL</b>	<b>13.572.454,82</b>

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In order to assess whether there is goodwill impairment as at 31 December 2018, the Group performed the relevant impairment tests, at Group level, on cash generating units (CGUs) to which goodwill has been allocated.

The recoverable amount of goodwill from the above companies has been determined based on value-in-use calculations. The value-in-use reflects the present value of future expected cash flows of the CGU discounted at a rate that reflects the time value of money and the risks associated with the CGU. Cash flow projections reflect the business plans covering the five-year period 2019-2023 which were approved by the Group's Board of Directors. These business plans are based on financial results of 2018 whereas cash flows beyond the five-year period are extrapolated using the perpetuity growth rate as presented below.

The key assumptions used for the most significant CGUs for the period 2019 - 2023 are as follows:

	Intrasoft International SA	Intrasoft International Scandinavia
Revenue growth	1,6-3%	1,5-2%
Gross margin	9,50%	77%
EBITDA margin	5,75%	14,7%
Perpetuity growth rate	1%	1%
Discount rate	6,50%	6,90%

The key assumptions used for value-in-use calculation are based on past performance as well as on expectations of the future development of operation and are consistent with external factors.

Based on the tests performed, the goodwill recoverable amount exceeds its carrying value and there is no impairment loss.

## 7. Intangible assets

	Development costs	Trademarks & licenses	Software	Internally- generated software	Customer relationship	Other	Total
<b>ACQUISITION COST</b>							
Balance at 1 January 2017	184.827,63	663.983,18	10.267.704,28	29.810.687,16	1.707.484,00	0,00	42.634.686,23
Exchange differences	0,00	0,00	200.960,54	(406.020,51)	0,00	0,00	(205.059,97)
Additions	0,00	0,00	735.628,40	1.356.214,69	0,00	0,00	2.091.843,09
Disposals	0,00	0,00	(204.613,21)	0,00	0,00	0,00	(204.613,21)
Reclassifications	(181.827,63)	0,00	0,00	0,00	0,00	0,00	(181.827,63)
Transfer to assets held for sale	(3.000,00)	(2.842,78)	(21.291,46)	0,00	0,00	0,00	(27.134,24)
Balance at 31 December 2017	0,00	661.140,40	10.978.388,55	30.760.881,34	1.707.484,00	0,00	44.107.894,28

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<b>ACCUMULATED DEPRECIATION</b>							
<b>Balance at 1 January 2017</b>	<b>0,00</b>	<b>1.167,75</b>	<b>9.437.397,30</b>	<b>28.413.549,36</b>	<b>1.707.483,98</b>	<b>0,00</b>	<b>39.559.598,40</b>
Exchange differences	0,00	0,00	209.501,75	(301.856,77)	0,00	0,00	(92.355,02)
Depreciation charge	0,00	0,00	198.447,71	489.481,31	0,00	0,00	687.929,02
Disposals	0,00	0,00	(204.066,01)	0,00	0,00	0,00	(204.066,01)
Transfer to assets held for sale	0,00	(1.167,75)	(20.251,13)	0,00	0,00		(21.418,88)
<b>Balance at 31 December 2017</b>	<b>0,00</b>	<b>0,00</b>	<b>9.621.029,62</b>	<b>28.601.173,91</b>	<b>1.707.483,98</b>	<b>0,00</b>	<b>39.929.687,51</b>
<b>NET BOOK VALUE at 31 December 2017</b>	<b>0,00</b>	<b>661.140,40</b>	<b>1.357.358,93</b>	<b>2.159.707,43</b>	<b>0,02</b>	<b>0,00</b>	<b>4.178.206,77</b>

	<b>Development costs</b>	<b>Trademarks &amp; licenses</b>	<b>Software</b>	<b>Internally-generated software</b>	<b>Customer relationship</b>	<b>Other</b>	<b>Total</b>
<b>ACQUISITION COST</b>							
<b>Balance at 1 January 2018</b>	<b>0,00</b>	<b>661.140,40</b>	<b>10.978.388,55</b>	<b>30.760.881,34</b>	<b>1.707.484,00</b>	<b>0,00</b>	<b>44.107.894,28</b>
Exchange differences	0,00	0,00	4.491,48	57.864,33	0,00	0,00	62.355,81
Additions	0,00	0,00	587.099,00	2.094.153,44	0,00	0,00	2.681.252,44
Reclassifications	0,00	0,00	(462.880,59)	462.880,59	0,00	0,00	0,00
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>661.140,40</b>	<b>11.107.098,44</b>	<b>33.375.779,70</b>	<b>1.707.484,00</b>	<b>0,00</b>	<b>46.851.502,53</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>Balance at 1 January 2018</b>	<b>0,00</b>	<b>0,00</b>	<b>9.621.029,62</b>	<b>28.601.173,91</b>	<b>1.707.483,98</b>	<b>0,00</b>	<b>39.929.687,51</b>
Exchange differences	0,00	0,00	1.885,92	29.490,05	0,00	0,00	31.375,97
Depreciation charge	0,00	0,00	407.682,94	562.961,20	0,00	0,00	970.644,14
Disposals	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Reclassifications	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>0,00</b>	<b>10.030.598,48</b>	<b>29.193.625,16</b>	<b>1.707.483,98</b>	<b>0,00</b>	<b>40.931.707,62</b>
<b>NET BOOK VALUE at 31 December 2018</b>	<b>0,00</b>	<b>661.140,40</b>	<b>1.076.499,96</b>	<b>4.182.154,54</b>	<b>0,02</b>	<b>0,00</b>	<b>5.919.794,91</b>

## 8. Investment property

<i>Amounts in Euro</i>	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Cost</b>		
<b>Balance at the beginning of period</b>	<b>206.107,42</b>	<b>206.107,42</b>
Additions	<b>514.687,10</b>	

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Balance at the end of period	720.794,52	206.107,42
<b>Accumulated Depreciation</b>		
Balance at the beginning of period	0,00	0,00
Depreciation charge	13.798,47	0,00
Balance at the end of period	13.798,47	0,00
Net book amount at the end of period	706.996,05	206.107,42

The investment property relates to:

- land rented to INTRACOM TELECOM SA. Rental income from investment properties for 2018 amounted to €36.790,35 (2017: €36.480,89). The operating expenses related to the land amounted to €660,54 (2017: €1.178,81). The Group estimated the fair value of its property as at 31 August 2011. Impairment losses were recorded in the 2011 year's profit or loss amounting to €250.000,00.
- In January 2018 the Group proceeded to purchase a property in Bulgaria and more specifically the office No.5, with a built-up area of 433,55 sq. occupying the entire 4<sup>th</sup> floor of the "OFFICE BUILDING" built in zoned land of Sofia city. The determined Market Value of the real estate as estimated on 24<sup>th</sup> January 2018 is BGN 983.800,00 equivalent to EUR 503.000,00. Rental income from investment properties for 2018 amounted to €7.796,42. The operating expenses related to the land amounted to €5.594,36.

## 9. Investment in subsidiaries

The interest held in subsidiaries as at 31 December is as follows:

Entity Name	Country of incorporation	31/12/2018 Net Book Value	31/12/2018 Net Equity	31/12/2018 Profit / (Loss)	31/12/2018 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	3.381.691,20	479.354,32	99,99%
Intrasoft SA	Greece	90.000,00	4.900,28	(3.401,10)	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	24.893,06	(2.301,82)	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	0,00	0,00	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	6.985.205,78	652.334,75	80,00%
Intrasoft International Scandinavia AS	Denmark	5.002.000,00	3.748.848,46	449.325,17	100,00%
Intrasoft International USA, Inc.	USA	817,59	50.110,78	24.005,16	100,00%
Intracom Cyprus	Cyprus	23.000,00	107.992,52	(7.052,31)	100,00%

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Intrasoft Information East Africa Ltd	Kenya	0,00	25.602,85	1.743,30	88,00%
VALEU CONSULTING	Belgium	24.661,50	65.533,42	7.115,92	40,10%
Intrasoft South Africa	South Africa	0,00	1.942,07	2.064,79	100%
<b>Total</b>			<b>9.446.511,08</b>		

Entity Name	Country of incorporation	31/12/2017 Net Book Value	31/12/2017 Net Equity	31/12/2017 Profit / (Loss)	31/12/2017 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	2.902.336,88	454.464,33	99,99%
Intrasoft SA	Greece	90.000,00	8.301,38	(3.556,71)	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	27.194,88	(4.032,35)	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	0,00	16.530,21	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	6.103.692,72	569.898,73	80,00%
Global Net Solutions SA	Bulgaria	200.000,00	188.534,67	(1.129.074,59)	100,00%
Intrasoft International Scandinavia AS	Denmark	4.083.000,00	3.249.162,02	280.605,77	100,00%
Intrasoft International USA, Inc.	USA	817,59	24.219,80	2.884,67	100,00%
Intracom Cyprus	Cyprus	23.000,00	115.044,83	(30.437,41)	100,00%
VALEU CONSULTING	Belgium	24.661,50	58.417,50	(3.082,50)	40,10%
Intrasoft Information East Africa Ltd	Kenya	0,00	23.456,21	(12.336,70)	88,00%
<b>Total</b>			<b>8.727.511,08</b>		

The movement on Investments account is as follows:

Amounts in Euro	31/12/2018	31/12/2017
<b>Balance at the beginning of period</b>	<b>8.727.511,08</b>	<b>8.673.220,11</b>
Acquisition of subsidiaries	0,00	47.661,50
Impairment Reversal	919.000,00	0,00
Additions	0,00	780.000,00
Disposals / write offs	(200.000,00)	(773.370,53)
<b>Balance at the end of period</b>	<b>9,446,511.08</b>	<b>8.727.511,08</b>

In 2014, the company proceeded to a disposal of EUR 314.117,86 of its subsidiary Intrasoft Jordan S.A.

During the year 2015, the Group converted part of the loan had been granted to its subsidiary Intrasoft International Scandinavia in share capital amounted EUR 520.000,00

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In the last quarter of 2015, Intrasoft International SA acquired 88 % of the company Intrasoft International East Africa. The effect on the Financial Statement of the acquisition was not significant.

In order to assess whether there is an impairment of investments in subsidiaries as at 31 December 2016, the Company performed the relevant impairment tests.

During the year 2017, the Company converted part of the loan had been granted to its subsidiary Intrasoft International Scandinavia in share capital amounted EUR 780.000,00

On January 12th the company established the VALEU Consulting S.A. the company paid the amount of 24.661,50 for the 40,10% of total capital.

On November 22<sup>nd</sup>, 2017 the Company acquired the 100,00% held subsidiary Company with the name of INTRACOM (CYPRUS) LTD in Cyprus with the amount of EUR 23.000,00.

In December 2017 the Company decided to liquidate its 100% subsidiary company INTRACOM EXPORTS LTD in Cyprus.

During the year 2018 the Company decided to liquidate its 100% subsidiary company GLOBAL NET SOLUTIONS in Bulgaria. The result of the liquidation dividend amounted to EUR 190k compared to acquisition Cost EUR 200k

In March 2018 the Company acquired the 100,00% held subsidiary Company with the name of MARDICODE PROPRIETARY LIMITED in South Africa. On March 16 the company name changed to INTRASOFT INTERNATIONAL SOUTH AFRICA (PTY) Limited. This is the latest in a growing number of subsidiaries and representations for the company. The team of experts in the Cape Town office will focus on public sector projects, primarily in the field of taxation and revenue management solutions, which along with e-customs have become INTRASOFT's calling card across the global public sector.

In order to assess whether there is an impairment of investments in subsidiaries as at 31 December 2018, the Company performed the relevant impairment tests.

Entity Name	Country of incorporation	31/12/2018 Cost Book Value	31/12/2018 Impaired amount	31/12/2018 Net Book Value
Intrasoft International Scandinavia AS	Denmark	7.468.582,19	2.466.582,19	5.002.000,00

The Management of the Group considers that there is no need to proceed to any impairment test regarding the rest subsidiaries.

## 10. Investments in associates

Entity Name	Country of incorporation	31/12/2017 Net Book Value	31/12/2017 Net Equity	31/12/2017 Profit / (Loss)	31/12/2017 Interest held (%)
Advanced Transport Telematics SA	Greece	576.890,03	1.153.780,05	35.215,97	50,00%

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STELSTATH	Greece	3.858,01	67.885,44	43.885,44	5,00%
RURAL CONNECT BROADBAN	Greece	237.049,47	2.286.662,21	(44.505,25)	10,00%
<b>Total</b>		<b>817.797,51</b>			

Entity Name	Country of incorporation	31/12/2018 Net Book Value	31/12/2018 Net Equity	31/12/2018 Profit / (Loss)	31/12/2018 Interest held (%)
Advanced Transport Telematics SA	Greece	540.563,65	1.081.127,31	(72.652,74)	50,00%
STELSTATH	Greece	3.207,25	90.175,64	(13.015,36)	5%
RURAL CONNECT BROADBAN	Greece	174.088,10	1.657.048,55	(629.613,66)	10%
WEMETRIX SA	Greece	275.708,30	406.020,10	(42.979,90)	40%
<b>Total</b>		<b>993.567,30</b>			

During the year 2014, the Company established a 50% held subsidiary Company with the name of Advanced Transport Telematics SA in Greece.

During the year 2015, the Company proceeded to payments of EUR 26.000 of its subsidiary Advanced Transport Telematics SA which will be used to increase the share capital.

During the year 2016, the Company contributed EUR 50.000 to its subsidiary Advanced Transport Telematics SA.

On March 30th, the Company paid the amount of 241.500,00 euros, for the acquisition of 24.150 (10% of total capital) ordinary registered shares (with a nominal value of 10 euros each) of the company under the name RURAL CONNECT BROADBAND NETWORKS SPV.

On May 5th.2017 the company participate by 5% to the company "THESSALONIKI'S CONTROLLED PARKING SYSTEM S.A." with the distinctive title "STELSTATH", with the amount of EUR 1.200,00.

During the year 2018, the Company established a 40% held subsidiary in Greece with the name of WEMETRIX. The Company paid the amount of 299.000,00 euros, for the acquisition of 10.000 (40% of total capital) ordinary registered shares (with a nominal value of 10 euros each)

Amounts in Euro	2018	2017
<b>Balance at the beginning of period</b>	<b>817.797,51</b>	<b>559.282,04</b>
Acquisition of associates	299.000,00	242.700,00
Share of results (after tax & minority interests)	(123.230,21)	15.815,47
<b>Balance at the end of period</b>	<b>993.567,30</b>	<b>817.797,51</b>



## 11. Financial assets

Following the adoption of the new IFRS 9 which replaced the IAS 39, the Group decided to classify amounts of EUR 829.517,86 as financial assets at fair value through other comprehensive income.

Financial assets are categorized in the tables below:

### 11.1. Financial Assets available for sale

<i>Amounts in Euro</i>	2018	2017
<b>Opening Balance 1st January 2017</b>	<b>829.517,86</b>	<b>804.178,63</b>
Impairment		0,00
Fair value adjustments (note 15ii)	0,00	23.333,33
Adjustment, according to IFRS 9 (Notes 2c, 9.2)	(829.517,86)	205.495,83
Disposals/write-offs	0,00	(203.489,93)
<b>Closing Balance at 31 December 2017</b>	<b>0,00</b>	<b>829.517,86</b>
<b>Non-current portion</b>	<b>0,00</b>	<b>829.517,86</b>
<b>- <u>Equity securities</u></b>		
<u>Listed securities</u>		
1.175.360 Shares of Attika Bank SA	0,00	119.999,97
	<b>0,00</b>	<b>119.999,97</b>
<u>Unlisted securities</u>		
Intranet	0,00	249.778,80
Edap-Etep Kritis	0,00	11.738,82
Akropolis Park	0,00	242.504,44
Odyssey Partners		205.495,83
	<b>0,00</b>	<b>709.517,89</b>
	<b>0,00</b>	<b>829.517,86</b>
<b>Available-for-sale FA are denominated in the following currency:</b>		
<b>Euro</b>	<b>0,00</b>	<b>829.517,86</b>

The investments in listed companies relate to companies listed in the Athens Stock Exchange and are measured at their quoted stock prices at the balance sheet date.

During 2015, additions to the Group concerning the participation in ATTIKA BANK 0,14% common registered shares which they were introduced for trading to Athens Stock Exchange on January 18th, 2016.

During 2017, the Fair value adjustments of EUR 23.333,33 was recorded in the Group's Fair value reserves (note 18).

### 11.2. Financial assets at fair value through OCI

<i>Amounts in Euro</i>	2018
<b>Opening Balance 1st January 2018</b>	<b>0,00</b>
Adjustment, according to IFRS 9 (Note 2c)	829.517,86

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<b>Opening Balance 1st January 2018, according to IFRS 9</b>	<b>829.517,86</b>
Fair value adjustments (note 18)	(413.475,62)
Additions	293.134,82
Other	(14.501,36)
<b>Balance at the end of period</b>	<b>694.675,70</b>
<b>Non-current portion</b>	<b>694.675,70</b>
<b>- Equity securities</b>	
<u>Listed securities</u>	
1.175.360 Shares of Attika Bank SA	131.170,18
	<b>131.170,18</b>
<u>Unlisted securities</u>	
Intranet	134.537,86
Edap-Etep Kritis	10.570,86
Akropolis Park	216.353,91
Odyssey Partners S.C.A. SICAR	202.042,89
	<b>563.505,52</b>
	<b>694.675,70</b>
<b>Financial assets at fair value through OCI are denominated in the following currency:</b>	
<b>Euro</b>	<b>694.675,70</b>

The Group during the year had chosen to classify amounts of € 624K as financial assets at fair value through other comprehensive income, the Fair value adjustments of € 413 thousand was recorded in the Group's Fair value reserves (note 15ii).

Fair value of listed and unlisted securities represents a Level 1, respectively a Level 3 measure. Investments in unlisted shares are shown at cost less impairment.

Entity Name	Country of incorporation	31/12/2018 Cost Book Value	31/12/2018 Impaired amount	31/12/2018 Net Book Value
Intranet	Greece	270.000,00	135.462,14	134.537,86
Edap-Etep Kritis	Greece	11.738,82	1.167,96	10.570,86
Akropolis Park	Greece	313.991,38	97.637,47	216.353,91
Attika Bank SA	Greece	1.282.086,30	1.150.916,12	131.170,18
Odyssey Partners S.C.A. SICAR	Luxembourg	202.042,89	0,00	202.042,89
<b>Total</b>		<b>2.068.372,45</b>	<b>1.373.696,75</b>	<b>694.675,70</b>

## 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:

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
<b>Deferred tax assets:</b>		
Deferred tax assets to be recovered after more than 12 months	(5.113,59)	(316.461,72)
Deferred tax assets to be recovered within 12 months	0,00	0,00
	<b>(5.113,59)</b>	<b>(316.461,72)</b>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled after more than 12 months	(60.466,86)	227.896,38
Deferred tax liabilities to be settled within 12 months	0,00	0,00
	<b>(60.466,86)</b>	<b>227.896,38</b>
	<b>(65.580,44)</b>	<b>(88.565,35)</b>

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

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
<b>Balance at beginning of period:</b>	<b>(88.565,34)</b>	<b>(113.665,24)</b>
Exchange differences	0,00	0,00
Charged to equity	0,00	0,00
Income statement charge	22.955,29	25.099,90
<b>Balance at the end of period</b>	<b>(65.580,44)</b>	<b>(88.565,34)</b>

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

	Provisions – Impairment losses	Tax losses	Other	Total
<b>Deferred tax asset</b>				
<b>Balance at 1 January 2017</b>	<b>(15.252,18)</b>	<b>(296.558,96)</b>	<b>(-28.860,90)</b>	<b>(343.672,03)</b>
Charged / (credited) to the income statement	18.252,18		8.958,13	27.210,31
Charged to equity	0,00		0,00	0,00
Exchange differences	0,00		0,00	0,00
<b>Balance at 31 December 2017</b>	<b>0,00</b>	<b>(296.558,96)</b>	<b>(19.902,77)</b>	<b>(316.461,72)</b>
Charged / (credited) to the income statement	0,00	311.318,53	0,00	311.318,53
Charged to equity	0,00	0,00	0,00	0,00

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Exchange differences	0,00	0,00	0,00	0,00
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>14.789,18</b>	<b>(19.902,77)</b>	<b>(5.113,59)</b>

	Accelerated tax depreciation	Accrued income	Other	Total
<b>Deferred tax liability</b>				
<b>Balance at 1 January 2017</b>	<b>211.483,88</b>	<b>0,00</b>	<b>18.522,91</b>	<b>230.006,79</b>
Charged / (credited) to the income statement	(2.110,41)	0,00	0,00	(2.110,41)
Disposal of subsidiaries	0,00	0,00	0,00	0,00
<b>Balance at 31 December 2017</b>	<b>209.373,47</b>	<b>0,00</b>	<b>18.522,91</b>	<b>227.896,38</b>
Charged / (credited) to the income statement	(209.373,47)	0,00	(78.989,77)	(288.363,24)
Charged to equity	0,00	0,00	0,00	0,00
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>0,00</b>	<b>(60.466,86)</b>	<b>(60.466,86)</b>

### 13. Trade and other receivables

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
Trade receivables	51.639.867,19	55.054.619,35
Less: provision for impairment of receivables	(9.085.637,16)	(8.644.616,79)
<b>Trade receivables - net</b>	<b>42.554.230,03</b>	<b>46.410.002,56</b>
Receivables from related parties (note 39)	8.752.978,93	7.291.411,13
Loans to related parties	2.308.115,00	2.443.115,00
Advances to suppliers	109.578,32	14.493,84
Prepaid expenses	2.212.105,02	1.898.402,13
Accrued income	47.144.029,74	47.344.193,12
Other receivables	1.023.314,17	1.918.346,04
<b>Total</b>	<b>104.104.351,21</b>	<b>107.319.963,82</b>
Non-current portion	2.553.206,75	2.526.650,33
Current portion	101.551.144,46	104.793.313,49
<b>Total</b>	<b>104.104.351,21</b>	<b>107.319.963,82</b>

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

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
<b>Total</b>	<b>42.554.230,03</b>	<b>46.410.002,56</b>

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Not past due and not impaired at the balance sheet date	21.966.433,88	26.307.685,65
Not impaired at the balance sheet date but past due in the following periods:		
	<b>31/12/2018</b>	<b>31/12/2017</b>
< 90 days	6.039.185,34	3.040.333,10
90-180 days	3.322.084,91	4.998.699,82
180-270 days	10.724.707,69	11.682.544,53
270-365 days	501.818,20	379.757,77
1-2 years	0,00	981,68
> 2 years	0,00	0,00
	<b>20.587.796,14</b>	<b>20.102.316,90</b>
	<b>42.554.230,03</b>	<b>46.410.002,55</b>

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 is set out in the agreed terms in the contract signed with each customer.

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

	Individually impaired	Total impairment
<b>Balance at 1 January 2017</b>	<b>8.684.360,30</b>	<b>8.684.360,30</b>
Additional provision for the period	87.662,71	87.662,71
Unused amounts reversed	(127.406,22)	(127.406,22)
<b>Balance at 31 December 2017</b>	<b>8.644.616,79</b>	<b>8.644.616,79</b>
Adjustment, according to IFRS 9	0,00	<b>0,00</b>
Opening Balance 1st January 2018, according to IFRS 9	<b>8.644.616,79</b>	<b>8.644.616,79</b>
Increase in loss allowance recognized in profit or loss during the period (Note 21)	505.545,89	<b>505.545,89</b>
Unused amounts reversed (Note 21)	(64.525,52)	<b>(64.525,52)</b>
<b>Balance at 31 December 2018</b>	<b>9.085.637,16</b>	<b>9.085.637,16</b>

Trade and other receivables are analyzed in the following currencies:

	31/12/2018	31/12/2017
Euro (EUR)	82.715.336,93	94.248.008,05
US Dollar (USD)	20.292.375,75	12.964.544,43
AUD	37.807,79	0,00

GBP	726.673,60	0,00
Bulgarian Leva (BGN)	123,94	67.555,46
DKK	302.559,85	39.855,89
Jordan Dinar (JOD)	0,00	0,00
Other	29.473,35	0,00
	<b>104.104.351,21</b>	<b>107.319.963,82</b>

## 14. Inventories

	31/12/2018	31/12/2017
Raw materials	0,00	0,00
Merchandise	2.536.243,08	1.092.657,72
Other	142.760,84	250.295,51
<b>Total</b>	<b>2.679.003,92</b>	<b>1.342.953,23</b>
Less: Provision for obsolete , slow-moving and damaged stock:		
Merchandise	300.854,96	300.854,96
Other	0,00	0,00
<b>Total</b>	<b>300.854,96</b>	<b>300.854,96</b>
	<b>2.378.148,96</b>	<b>1.042.098,27</b>

The movement of the provision is as follows:

	31/12/2018	31/12/2017
<b>Analysis of provision</b>		
<b>Opening balance</b>	<b>300.854,96</b>	<b>300.854,96</b>
Additional provision for the period	0,00	0,00
Provision used	(0,00)	(0,00)
<b>Closing balance</b>	<b>300.854,96</b>	<b>300.854,96</b>

## 15. Cash and cash equivalents

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

	31/12/2018	31/12/2017
Cash in bank and in hand	21.790.114,78	25.715.859,84
Cash deposit as collateral	1.450.043,52	1.454.653,18
Short-term bank deposits	58.418,36	109.279,98
<b>Total</b>	<b>23.298.576,66</b>	<b>27.279.793,00</b>

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The effective interest rate on short-term time deposits for the Group fluctuating between 0,00% and 0,06% depending on the amount of the deposit and the time (2017: 1,00%).

Cash and cash equivalents are analysed in the following currencies:

	31/12/2018	31/12/2017
Euro (EUR)	18.456.366,19	24.764.937,12
US Dollar (USD)	2.417.140,15	2.179.210,27
GBP	675.526,85	5.238,35
Romania LEI	1.339.328,53	29.969,54
DKK	278.215,48	54.704,01
Other	131.999,45	245.733,71
<b>Total</b>	<b>23.298.576,66</b>	<b>27.279.793,00</b>

## 16. Share capital

	Number of shares	Ordinary shares	Share premium	Total
Balance at 31 December 2017	62.104	62.104	0,00	1.552.600,00
Balance at 31 December 2018	62.104	62.104	0,00	1.552.600,00

On 31 December 2018 the Group's share capital amounts to €1.552.600,00 divided into 62.104 of which INTRACOM Holdings SA holds 62.103 shares with a nominal value of €25,00 each. All shares are fully paid-in up.

## 17. Other reserves

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
Balance at 1 January 2017	530.418,29	241.210,57	9.714.202,48	26.401,37	(981.997,76)	(4.259.431,81)	5.270.803,14
Transfer from retained earnings	13.431,17	0,00	0,00	0,00	0,00	0,00	13.431,17
Transfer to retained earnings	0,00	0,00	(439.525,00 )	0,00	0,00	0,00	(439.525,00 )
Reclassification	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Actuarial gain / losses	0,00	0,00	0,00	0,00	0,00	0,00	0,00

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Other	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>Balance at 31 December 2017</b>	<b>543.849,46</b>	<b>241.210,57</b>	<b>9.274.677,48</b>	<b>26.401,37</b>	<b>(981.997,76)</b>	<b>(4.259.431,81)</b>	<b>4.844.709,31</b>

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
<b>Balance at 1 January 2018</b>	<b>543.849,46</b>	<b>241.210,57</b>	<b>9.274.677,48</b>	<b>26.401,37</b>	<b>(981.997,76)</b>	<b>(4.259.431,81)</b>	<b>4.844.709,31</b>
Transfer from retained earnings	16.342,95	0,00	0,00	0,00	0,00	16.172,25	<b>32.515,20</b>
Transfer to retained earnings	0,00	0,00	(438.600,00)	0,00	0,00	0,00	(438.600,00)
Actuarial gain / losses	0,00	0,00	0,00	0,00	(178.460,95)	0,00	<b>(178.460,95)</b>
Other	0,00	0,00	0,00	0,00	0,00	0,00	<b>0,00</b>
<b>Balance at 31 December 2018</b>	<b>560.192,41</b>	<b>241.210,57</b>	<b>8.836.077,48</b>	<b>26.401,37</b>	<b>(1.160.458,71)</b>	<b>(4.243.259,56)</b>	<b>4.260.163,56</b>

#### **(a) Statutory reserve**

By Luxembourg law is required the Company to appropriate annually, to a legal reserve, an amount equal to 5% of its statutory net profit until the aggregate reserve reaches 10% of the subscribed share capital. Such a reserve is not available for distribution. The cap of 10% of the subscribed share capital (note 16) has been reached and therefore the Legal Reserve amounts 155.260,00€. Similar legislations are in force for the other companies of the Group.

#### **(b) Special reserve**

The special reserve includes 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 after tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

#### **(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 taxes 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.

#### **(d) Extraordinary reserve**



Extraordinary reserves include amounts of reserves formed following resolutions of Ordinary General Meetings, have no specific purpose and can therefore be used for any purpose upon relevant resolution of the Ordinary General Meeting, as well as amounts of reserves formed based on provisions of the Greek law. The above extraordinary reserves have been formed from taxed profits and are therefore not subject to any additional taxation in case of their distribution or capitalization.

**(e) Other reserves**

The total amount of EUR (4.243.259,56) consist of consequences of the cross-border merger.

**18. Fair value reserve**

Fair value reserve is analyzed as follows:

	Available for sale financial assets	Currency translation	Total
Balance at 1 January 2017	0,00	1.198.720,28	1.198.720,28
Revaluation:	23.333,33	0,00	23.333,33
Currency translation differences	0,00	(684.648,78)	(684.648,78)
Balance at 31 December 2017	23.333,33	514.071,50	537.404,83

	Available for sale financial assets	FVOCI financial assets	Currency Translation	Total
Balance at 1 January 2018	23.333,33	0,00	514.071,50	537.404,83
Change in accounting policy due to adoption of IFRS 9	(23.333,33)	(879.999,93)	0,00	(903.333,26)
Revaluation	0,00	(413.475,62)	0,00	(413.475,62)
Currency translation differences	0,00	0,00	269.081,60	269.081,60
Balance at 31 December 2018	0,00	(1.293.475,55)	783.153,10	(510.322,44)

This reserve in 2018 includes the Currency Translation differences from the translation of foreign subsidiaries financial statements.

**19. Borrowings**

Amounts in Euro	31/12/2018	31/12/2017
<b>Non-current borrowings</b>		
Bank borrowings	257.029,87	0,00

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Debentures	42.955.308,94	0,00
<b>Total non-current borrowings</b>	<b>42.955.308,94</b>	<b>0,00</b>
<b>Current borrowings</b>		
Bank overdrafts	0,00	752.388,65
Bank borrowings	8.816.798,42	50.708.885,47
Debentures	1.985.490,51	0,00
<b>Total current borrowings</b>	<b>10.802.297,69</b>	<b>51.461.274,12</b>
<b>Total borrowings</b>	<b>54.014.636,50</b>	<b>51.461.274,12</b>

On 25/01/2018, an agreement was signed between INTRASOFT INTERNATIONAL SA, INTRACOM HOLDINGS SA (as Guarantor) and a consortium of syndicate banks, consisting of: National Bank of Greece SA (London Branch), Alpha Bank AE (London Branch), Piraeus Bank SA (Frankfurt Branch) and Eurobank Private Bank Luxembourg SA. The purpose of the agreement was to refinance short-term debt of EUR 46.250.000 with a long-term debt which will be gradually repaid within a period of 5 years. A grid is used to determine the applicable margin of the loan based on the Group's leverage ratio. Current margin is 5,25%.

The levels of weighted average interest rate of 2018 (5.32%) are lower than those of 2017 (6,00%) due to the negative Euribor rates and the agreement that was signed between INTRASOFT INTERNATIONAL SA, INTRACOM HOLDINGS SA (as Guarantor) and a consortium of syndicate banks, consisting of: National Bank of Greece SA (London Branch), Alpha Bank AE (London Branch), Piraeus Bank SA (Frankfurt Branch) and Eurobank Private Bank Luxembourg SA.

The refinancing of short-term debt will have favorable effects on the structure of the Group's balance sheet and liquidity ratios.

The Group assesses that during the current year, interest rate risk is limited since it is expected that interest rates will remain stable at the first half of 2019 while for the second half, a slight increase in the interest rate is expected.

The Group has approved credit lines for working capital financing purposes and issuances of letters of guarantees more than EUR 65,8 million. All above lines are reviewed on an annual basis and most of them are guaranteed by INTRACOM SA Holdings.

	2018	2017
Euro (EUR)	50.186.572,71	50.708.894,23
US Dollar (USD)	3.828.063,79	752.379,89
<b>Total</b>	<b>54.014.636,50</b>	<b>51.461.274,12</b>

The contractual undiscounted cash flows of the borrowings are as follows:

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
Not later than 1 year	10.802.327,56	51.461.274,12

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Between 1 and 2 years	2,739,965.83	0,00
Between 2 and 3 years	3,674,789.44	0,00
Between 3 and 5 years	36,797,553.67	0,00
	<b>54.014.636,50</b>	<b>51.461.274,12</b>

## Finance leases

There are no Finance lease liabilities for the year 2018 and 2017.

## 20. Retirement benefit obligations

The movement of the net liability as presented in the balance sheet and the basic assumptions used in the actuarial study as at 31 December 2018 and 2017 are as follows:

	2018	2017
<b>Balance sheet obligations for:</b>		
Pension benefits	3.919.972,15	3.555.396,00
<b>Total</b>	<b>3.919.972,15</b>	<b>3.555.396,00</b>
Income statement charge for (Note 22):		
Pension benefits	316.521,57	387.682,84
<b>Total</b>	<b>316.521,57</b>	<b>387.682,84</b>
<b>Actuarial (gains) / losses (OCI)</b>		
Pension benefits	(48.054,58)	0,00
<b>Total</b>	<b>(48.054,58)</b>	<b>0,00</b>
<b>The amounts recognized in the Balance Sheet are as follows</b>		
Present value of funded obligations	3.919.972,15	3.555.396,00
Present value of unfunded obligations	0,00	0,00
Liability in the Balance Sheet	<b>3.919.972,15</b>	<b>3.555.396,00</b>
<b>The amounts recognized in the income statement are as follows</b>		
Current service cost	258.629,84	387.682,84
Interest cost	57.891,73	0,00
<b>Total included in employee benefit expense (Note 22)</b>	<b>316.521,57</b>	<b>387.682,84</b>
<b>Total Charge allocated as follows</b>		
Cost of sales	316.521,57	387.682,84
<b>Total</b>	<b>316.521,57</b>	<b>387.682,84</b>
<b>Movement in the liability recognized in the balance sheet</b>		
<b>Balance at the beginning of period</b>	<b>3.555.396,00</b>	<b>3.167.713,16</b>
Total expense included in employee benefit expense	316.521,57	387.682,84
<b>Balance at the end of period</b>	<b>3.871.917,57</b>	<b>3.555.396,00</b>
Actuarial (gain) / loss from change in financial assumptions	61.899,50	0,00
Actuarial (gain) / loss from change in experience	(13.844,92)	0,00

	Total	48.054,58	0,00
Balance at the end of period		3.919.972,15	3.555.396,00

### Financial Assumptions

	31/12/2018	31/12/2017
Discount rate	1,60%	1,70%
Future salary increases	2,30%	2,30%
Future pension increases	2,00%	2,00%

### Sensitivity analysis

The use of a discount rate plus 50BP will lead to an actuarial liability lower by 8% and the opposite, a discount rate minus 50BP will lead to an actuarial liability higher by 9%.

The use of a salary rate plus 50BP will lead to an actuarial liability higher by 7% and the opposite, a salary rate minus 50BP will lead to an actuarial liability lower by 7%.

	Projected Benefit Obligation	%
Discount rate plus 50BP	3.472.943	-8%
Discount rate minus 50BP	4.099.759	9%
Salary rate plus 50BP	4.049.58	7%
Salary rate minus 50BP	3.513.399	-7%

## **21. Provisions**

Long-term provisions are analyzed as follows:

	Loss at completion (projects)	Tax liability provision	Total
Balance at 1 January 2017	56.111,12	654.037,67	710.148,79
Charged/(credit) to the income statement	0,00	0,00	0,00
Utilized during the year	(56.111,12)	0,00	(56.111,12)

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<b>Balance at 31 December 2017</b>	<b>0,00</b>	<b>654.037,67</b>	<b>654.037,67</b>
Additional provisions		<b>1.592.000,00</b>	<b>1.592.000,00</b>
Utilized during the year	0,00	0,00	<b>0,00</b>
<b>Balance at 31 December 2018</b>	<b>0,00</b>	<b>2.246.037,67</b>	<b>2.246.037,67</b>

Tax liability relate to future obligations that may result from tax audits.

Short-term Provisions are analyzed as follows:

	<b>Staff related</b>	<b>Project losses</b>	<b>Other</b>	<b>Tax liability provision</b>	<b>Total</b>
<b>Balance at 1 January 2017</b>	<b>4.140.374,04</b>	<b>240.926,51</b>	<b>105.916,43</b>	<b>0,00</b>	<b>4.487.216,98</b>
Additional provision for the period	5.485.723,64	1.088,51	203.306,37	0,00	<b>5.690.118,52</b>
Unused amounts reversed	(1.027.897,54)	943.160,36	(65.302,62)	0,00	<b>(150.039,80)</b>
Utilized during the year	(6.202.927,24)	(793.144,18)	(34.299,66)	0,00	<b>(7.030.371,08)</b>
Disposals/write-offs	0,00	0,00	(9.085,34)	<b>0,00</b>	<b>(9.085,34)</b>
<b>Balance at 31 December 2017</b>	<b>4.216.012,54</b>	<b>392.031,20</b>	<b>200.535,18</b>	<b>0,00</b>	<b>4.808.578,92</b>
Charged/(credit) to the income statement	4.260.597,55	338.518,42	103.331,87	<b>0,00</b>	<b>4.702.447,84</b>
Additional provision for the period	1.337.368,65	107.991,84	0,00	508.000,00	<b>1.953.360,49</b>
Unused amounts reversed	(279.273,33)	0,00	0,00	<b>0,00</b>	<b>(279.273,33)</b>
Utilized during the year	(5.334.075,57)	(788.158,27)	(204.821,71)		<b>(6.327.055,55)</b>
<b>Balance at 31 December 2018</b>	<b>4.200.629,64</b>	<b>50.383,19</b>	<b>99.045,34</b>	<b>508.000,00</b>	<b>4.858.058,17</b>

The staff related provisions comprise short term accrued employee benefit like provisions for leave pay, provision for untaken vacation days and provisions for bonus.

## 22. Trade and other payables

<i>Amounts in Euro</i>	<b>31/12/2018</b>	<b>31/12/2017</b>
Trade payables	19.588.908,00	16.468.356,81
Amounts due to related parties (Note 39)	8.198.249,51	8.266.658,76
Accrued Expenses	10.249.695,79	10.522.617,59
Social security and other taxes	7.033.513,13	6.222.619,87
Advances from customers	24.254.595,32	29.420.213,70
Deferred revenue	6.268.281,88	9.805.639,78
Other payables	459.542,05	1.047.746,26
<b>Total</b>	<b>76.052.785,67</b>	<b>81.753.852,77</b>

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Non-current portion	104.157,67	20.000,00
Current portion	<b>75.948.628,00</b>	81.733.852,77
<b>Total</b>	<b>76.052.785,67</b>	<b>81.753.852,77</b>

Trade and other payables are denominated in the following currencies:

	31/12/2018	31/12/2017
Euro (EUR)	69.850.056,01	75.008.075,05
US Dollar (USD)	5.886.756,86	5.731.817,88
Bulgarian Leva (BGN)	27.730,20	61.145,71
Romanian (RON)	117.365,33	431.321,28
Jordan Dinar (JOD)	64.199,43	503.779,08
GB Pound (GBP)	10.929,97	0,00
Danish Corona (DKK)	95.747,87	17.713,77
<b>Total</b>	<b>76.052.785,67</b>	<b>81.753.852,77</b>

## 23. Expenses by nature

<i>Amounts in Euro</i>	Note	1/1-31/12/2018	1/1-31/12/2017
Employee benefit expense	25	79.802.764,14	71.036.524,24
Costs of inventories recognized as expense		11.627.370,55	9.584.347,40
<u>Depreciation of property, plant and equipment:</u>			
- Owned Assets	6	1.020.533,85	730.606,79
Depreciation of investment property	6	13.798,47	0,00
Amortisation of intangible assets	8	980.310,76	687.929,03
Reversal of write-down of inventories		2,58	(4.250,74)
Impairment charge for bad and doubtful debts	14		(39.743,51)
Subcontractors		53.495.948,51	67.641.711,43
Exchange differences		(29.416,86)	268.393,98
Repair and maintenance expenditure on property, plant and equipment		5.414,65	0,00
<u>Operating lease rentals:</u>			
- Buildings		1.869.087,56	1.769.797,25
- Machinery		2.061.317,12	1.986.639,98
- Office equipment		96.526,94	43.897,85
Transportation / Travel expenses		5.977.581,41	5.176.632,49
Telecommunication cost		858.506,23	681.106,08
Third party fees		875.001,03	651.180,50
Advertising		60.205,15	45.219,24
Other administrative expenses		153.515,44	822.800,82
Other Building expenses		1.034.755,20	480.101,91
<b>Total</b>		<b>159.903.222,73</b>	<b>161.562.894,71</b>

*Allocation of total expenses by function*

1/1-31/12/2018

1/1-31/12/2017

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Cost of sales	139.606.315,29	142.333.584,91
Selling & marketing costs	8.210.397,58	7.828.882,43
Administrative expenses	12.086.509,86	11.400.427,38
<b>Total</b>	<b>159.903.222,73</b>	<b>161.562.894,72</b>

<i>Allocation of depreciation of property, plant &amp; equipment by function</i>	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
Cost of sales	745.936,77	520.210,23
Selling & marketing costs	39.925,21	23.681,12
Administrative expenses	234.671,87	186.715,45
<b>Total</b>	<b>1.020.533,85</b>	<b>730.606,79</b>

<i>Allocation of amortization of intangible assets by function</i>	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
Cost of sales	762.632,19	499.635,11
Selling & marketing costs	30.150,06	12.722,62
Administrative expenses	187.528,51	175.571,29
<b>Total</b>	<b>980.310,76</b>	<b>687.929,03</b>

<i>Allocation of employee benefit expenses by function</i>	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
Cost of sales	66.820.668,80	58.542.286,82
Selling & marketing costs	5.519.737,77	5.077.294,87
Administrative expenses	7.462.357,56	7.416.942,55
<b>Total</b>	<b>79.802.764,13</b>	<b>71.036.524,25</b>

<i>Allocation of exchange differences by function</i>	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
Cost of sales	1.345,54	0,00
Selling & marketing costs	0,00	0,00
Administrative expenses	28.071,32	268.393,98
<b>Total</b>	<b>29.416,86</b>	<b>268.393,98</b>

## 24. Net impairment gains/ (losses)

On December 31, 2017 the Group Loans and Receivables mainly concerned commercial receivables and loans. These items, which are included in the lines "Long-term loans" and "Clients and other receivables" in the balance sheet at 31 December 2017 and 31 December 2018, were classified as Financial assets at amortized cost and therefore had no impact on the Group's equity due to the reclassification.

Impact of a new accounting policy for impairment

Until 31 December 2017, the Group assessed at each reporting date whether there was objective evidence that a financial asset or group of financial assets has been impaired. A

financial asset or group of financial assets has been impaired only if there was objective evidence of impairment because of one or more events that occurred after the asset's initial recognition ("loss event") and that loss event (or events) had an effect on the expected future cash flows of the financial asset or group of financial assets and could be trustworthy.

Due to the application of IFRS 9, the Group has had to re-approach the methodology for determining the impairment of all receivables as, based on IFRS 9, the Group now determines the impairment loss against expected credit losses. The total impact of this change through profit and loss as at 31 December 2018 was a decrease of EUR 505.545,89.

<i>Financial assets measured at amortised cost</i>	<i>1/1-31/12/2018</i>
Impairment gains/ (losses) on other financial assets	505.545,89
Reversal of previous impairment losses	(64.525,52)
<b>Total</b>	<b>441.020,37</b>

## 25. Employee benefits

	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
<b>Number of employees</b>	<b>1.763</b>	<b>1.560</b>
<b>Amounts in Euro</b>		
Wages and salaries	63.808.845,78	57.019.026,21
Social security costs	13.248.947,22	11.729.656,77
Other employer contributions and expenses	99.373,18	113.339,16
Share options granted to directors and employees	0,00	0,00
Pension costs - defined contribution plans	0,00	0,00
Pension costs - defined benefit plans	172.958,21	387.682,84
Other post-employment benefits	2.472.639,75	1.786.819,25
<b>Total</b>	<b>79.802.764,14</b>	<b>71.036.524,24</b>

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

<i>Amounts in Euro</i>	<i>31/12/2018</i>	<i>31/12/2017</i>
Short-term employee benefits	3.329.987,38	3.374.938,21
Long-term employee benefits	109.228,54	99.136,00



<b>Total</b>	<b>3.439.215,92</b>	<b>3.474.074,21</b>
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## 26. Other operating income

<i>Amounts in Euro</i>	<b>1/1-31/12/2018</b>	<b>1/1-31/12/2017</b>
Amortization of grants received (note 21)	0,00	0,00
Dividend Income	0,00	0,00
Other income from grants	0,00	0,00
Rental income	52.629,57	46.685,09
Insurance reimbursement	11.119,16	6.902,26
Subsidies	201.384,77	127.204,41
Other exceptional income from operations	43.950,91	69.646,50
<b>Total</b>	<b>309.084,41</b>	<b>250.438,26</b>

## 27. Other gains / (losses) – net

<i>Amounts in Euro</i>	<b>1/1-31/12/2018</b>	<b>1/1-31/12/2017</b>
Profit on disposal of subsidiaries	(9.089,15)	0,00
Impairment charge of subsidiaries (Note 10)	0,00	0,00
Net foreign exchange gains / (losses)	(95.831,92)	(375.619,82)
Profit / (loss) on disposal of property, plant and equipment	(6.336,31)	0,00
Previous year expenses	202.354,79	229.484,68
Other	38.103,15	(126.720,39)
<b>Total</b>	<b>129.200,56</b>	<b>(273.841,82)</b>

## 28. Finance expenses / (income) – net

<i>Amounts in Euro</i>	<b>1/1-31/12/2018</b>	<b>1/1-31/12/2017</b>
<b>Finance expenses</b>		
Bank borrowings	(3.663.971,61)	(3.792.938,13)
Debentures	(59.163,28)	0,00

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Letters of guarantee fees	(706.403,89)	(809.812,83)
Interest on prepayments of projects	(93.927,45)	(113.126,14)
Net foreign exchange gains / (losses)	(866,11)	(213.195,38)
<b>Total Finance expenses</b>	<b>(4.524.332,34)</b>	<b>(4.929.072,49)</b>
<b>Finance income</b>		
Interest income on short-term bank deposits	2.943,99	5.419,56
Interest income on loans to related parties	208.651,60	160.226,85
Other	23.168,48	2.987,15
<b>Total Finance income</b>	<b>234.764,07</b>	<b>168.633,56</b>
<b>Total Finance result</b>	<b>(4.289.568,27)</b>	<b>(4.760.438,93)</b>

## 29. Income tax

<i>Amounts in Euro</i>	<b>1/1-31/12/2018</b>	<b>1/1-31/12/2017</b>
Current tax	(4.171.485,24)	(1.526.386,00)
Deferred tax (note 12)	(22.955,29)	0,00
<b>Total</b>	<b>(4.194.440,53)</b>	<b>(1.526.386,00)</b>

The Luxembourg law N° 7020 on tax reform and the budget, voted on 14 December 2016, introduce tax measures affecting corporate taxpayers. The corporate income tax rate is reduced. The current effective combined income tax rate, including the corporate income tax, municipal business tax and the contribution to the unemployment fund is decreased to 26.01% in 2018.

On 22 December 2017, the Belgian parliament approved the Corporate Income Tax Reform Act that includes among others a reduction of the corporate income tax rate, a minimum taxable basis, a reform of the holding regime and a tax consolidation regime. The Income Tax Reform Act was published in the Belgian Official Gazette on 29 December 2017. The nominal corporate income tax (CIT) rate is reduced from 33.99% to 29.58% in 2018 and to 25% in 2020.

On 17 July 2015 the new corporate tax law in Greece was set into force, by voting of the relevant Draft Tax Law, according to which the corporate income tax rate of legal entities for undistributed profits is set at 29% for fiscal year 2015 onwards.

On 31 December 2014, the Jordanian government published Law No. 34 of 2014 ("the new tax law") which is effective 1 January 2015. The income tax for companies has change from 14% to 20%.

According to the tax laws in the respective jurisdictions of the Parent Company and its Subsidiaries, the Group income tax rates applicable to Group were as follows:

	<b>2018</b>	<b>2017</b>
Luxembourg	26,01%	27,08%
Greece	29%	29%
Romania	16%	16%
Belgium	29,58%	33,99%
Bulgaria	10%	10%
Denmark	22%	22%
Cyprus	12,5%	12,5%
United Arab Emirates	0,00%	0,00%
Jordan	20%	20%
Kenya	30%	30%

### **Unaudited tax years**

The parent company has not been tax audited for the financial year 2018.

The financial years for which the Company and its subsidiaries have not been audited and, therefore, the tax liabilities for these open years have not been finalized, are presented as follow. The cumulative provision for unaudited tax years amounts to EUR 654.037,67 for the Group.

	<b>Country of in cooperation</b>	<b>Unaudited Tax Years</b>
Intarsoft International S.A. Luxembourg	Luxembourg	2018
Intrasoft International Greek branch	Greece	2010 - 2018
Intrasoft International Romanian branch	Romania	n/a
Intrasoft International Jordanian branch	Jordan	2011 - 2018
Intrasoft International Scandinavia	Denmark	2007 - 2018
Intrasoft International Belgium	Belgium	2012 – 2018
Intrasoft Jordan	Jordan	2010 - 2018
Intrasoft International Middle East	UAE	n/a
Intrasoft International East Africa Ltd	Kenya	2015 – 2018

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Intrasoft International Ltd	Bulgaria	2011 - 2018
Intracom Cyprus	Cyprus	2012 - 2018
VALEU Consulting SA	Belgium	2017-2018
Intrasoft Information Technology Ltd	UK	2011 – 2018
Intrasoft SA	Greece	2013 – 2018
Intrasoft International SA	Boston – USA	2014 – 2018

The amount of tax provision liability of EUR 2.754.037,67 relates to taxes and charges imposed from the audit by the tax authorities. Amount EUR 654.037,67 has been recorded from previous years and EUR 2.100.000 in the year 2018, related to the unaudited years of INTRASOFT SA – Greek branch, at the expense of the statement of comprehensive income.

According to Romanian tax laws, it isn't mandatory that all the companies to be audited. Only the companies that in 2 consecutive financial years exceeds two (2) of the following criteria: i) the turnover is higher than 7.300.000 Euro, ii) the total assets value is higher than 3.650.000 Euro and iii) the medium number of employees is higher than 50. So Intrasoft International Romanian branch wasn't obliged to be audited, the tax calculated by the Company, based on the fiscal rules mentioned by Romanian Fiscal Code, is the final tax and the Company isn't obliged to book tax provisions.

The tax on the Group's financial result before tax differs from the theoretical amount that would have arisen if using the applicable tax rate of the Group as follows:

<i>Amounts in Euro</i>	<i>1/1-31/12/2018</i>	<i>1/1-31/12/2017</i>
<b>Profit before tax</b>	<b>5.631.242,07</b>	<b>5.269.101,90</b>
Tax calculated at Greek tax rate applicable on profits	(1.633.060,20)	(1.528.039,55)
Income not subject to tax	159.360,24	(264.809,57)
Expenses not deductible for tax purposes	(1.143.821,47)	(363.525,79)
Effect from different tax rates	300.278,25	422.017,63
Adjustment for over provision in previous periods	(274,69)	325.485,52
Tax losses of the period	(83.887,99)	(188.802,23)
Other taxes	(1.793.034,65)	71.287,96
<b>Tax Charge</b>	<b>(4.194.440,52)</b>	<b>(1.526.386,02)</b>

**Other taxes:** The financial years for which the company INTRASOFT SA – Greek branch. has filed annually the Tax Returns but the profits or losses declared for tax purposes remain provisional are 2010-2018. In 2018 was completed the tax audit for the year 2012 by the authorities resulting in significant tax charges for the Greek branch of EUR 2.572k. INTRASOFT SA Greek branch didn't record this amount to the tax

liabilities because the results of the tax audit are questionable. The company has appealed to the tax authorities and estimates that a significant part of these charges will be cancelled.

### 30. Cash generated from operations

<i>Amounts in Euro</i>	<i>Note</i>	<i>1/1(31/12/2018</i>	<i>1/1(31/12/2017</i>
<b>Profit after tax for the period from continuing operations</b>		<b>1.436.801,54</b>	<b>3.742.715,90</b>
<b>Profit after tax for the period from discontinued operations</b>		<b>10.869,16</b>	<b>(1.129.074,59)</b>
<b>Adjustments for:</b>			
Tax	29	4.194.440,53	1.526.386,00
Depreciation of property, plant & equipment	6	1.020.533,85	730.606,79
Depreciation of investment property		13.798,47	
Amortisation of intangible assets	8	980.310,76	687.929,03
(Profit)/loss on disposal of available-for-sale financial assets		0,00	986,29
(Profit) / loss on disposal of property, plant & equipment		6.336,31	0,00
(Profit) / loss on disposal of subsidiaries		9.089,15	0,00
Dividend income		0,00	(2.074,35)
Interest income	28	(234.764,07)	(168.633,56)
Interest expense	28	4.524.332,34	4.929.072,49
Exchange gains / (losses)		67.281,17	375.619,82
Share of result of associates		80.250,31	(15.815,47)
		<b>12.109.279,53</b>	<b>10.679.792,69</b>
<b>Changes in working capital</b>			
(Increase) / decrease in inventories	15	(1.336.050,69)	1.135.250,30
(Increase) / decrease in trade and other receivables		2.616.365,81	(6.107.096,99)
Increase / (decrease) in payables		(6.651.067,10)	(3.236.702,38)
Increase / (decrease) in provisions		(458.520,55)	265.250,83
Increase / (decrease) in pension & other benefits		364.576,15	(376.040,75)
<b>Changes in working capital</b>		<b>(5.464.696,38)</b>	<b>(8.319.338,99)</b>
<b>Net cash generated from / (used in) operating activities</b>		<b>6.644.583,15</b>	<b>2.360.453,70</b>

### 31. Commitments

As at the balance sheet date the Group has the following commitments:

<i>Operational Lease Commitments (amounts in Euro)</i>	<i>1/1(31/12/2018</i>	<i>1/1(31/12/2017</i>
Not later than 1 year	3.520.422,80	3.115.180,40
Later than 1 year and not later than 5 years	6.959.908,36	7.757.293,00
Later than 5 years	954.020,86	1.920.557,03
<b>TOTAL</b>	<b>11.434.352,02</b>	<b>12.793.030,43</b>

Additionally, Intrasoft International SA guarantees that Intrasoft International Scandinavia A/S can discharge its obligations as they fall due in case financing is not otherwise procured. Also the Group will support Intrasoft International Scandinavia A/S financially to ensure that the Group can discharge its obligations as they fall due.

In connection with:

(a) a secured bond loan issued on 30 June 2014 by a Greek company under the distinctive title "ADVANCED TRANSPORT TELEMATICS A.E." (the Issuer or the Borrower) in the amount of €2,730,000 (the Senior Bond Loan) to be subscribed for by, amongst others, NATIONAL BANK OF GREECE S.A. (NBG) with NBG as bondholder agent (the Senior Bond Loan Bondholder Agent);

(b) a secured bond loan issued on 30 June 2014 by the Issuer in the amount of €1,460,000 (the VAT Bond Loan) to be subscribed for by, amongst others, NBG with NBG as Bond holder agent (the VAT Bond Loan Bondholder Agent);

(c) a secured fixed term loan in the amount of €3.985.372,43 (the T.A.A. Loan) granted to the Borrower by NBG (the Lender),

the Group:

(i) has granted a pledge over all its shares in the Issuer (representing 50% of the Issuer's share capital) (the Senior Bond Loan Share Pledge) in favour of the Senior Bond Loan Bondholder Agent as security for the Senior Bond Loan pursuant to an agreement dated 30 June 2014 (the Senior Bond Loan Share Pledge Agreement);

(ii) has granted a pledge over all its shares in the Issuer (representing 50% of the Issuer's share capital) (the VAT Bond Loan Share Pledge) in favour of the VAT Bond Loan Bondholder Agent as security for the VAT Bond Loan pursuant to an agreement dated 30 June 2014 (the VAT Bond Loan Share Pledge Agreement);

(iii) has granted a pledge over all its shares in the Borrower (representing 50% of the Borrower's share capital) (the TAA Loan Share Pledge and together with the Senior Bond Loan Share Pledge and the VAT Bond Loan Share Pledge, the Share Pledges and each a Share Pledge) in favour of the Lender as security for the TAA Loan pursuant to an agreement dated 30 June 2014 (the TAA Loan Share Pledge Agreement and together with the Senior Bond Loan Share Pledge Agreement and the VAT Bond Loan Share Pledge Agreement, the Share Pledge Agreements and each a Share Pledge Agreement);

(iv) has entered into a bond loan agreement and a bond subscription agreement in connection with a subordinated bond loan issued by the Issuer on 30 June 2014 in the amount of € 4,886,230 (the Subordinated Bond Loan) subscribed by the Company and the Greek societe anonyme under the distinctive title "INTPAKAT", with General Commercial Registry Number (G.E.M.H.)00408501000 with registered seat in Peania Attikis (19th klm, of Peanias-Markopoulo avenue) ("Intrakat");

(v) has granted a pledge over the subordinated bonds issued to the Group by the Issuer (the Senior Bond Loan Subordinated Bonds Pledge) in favour of the Senior Bond Loan Bondholder Agent as security for the Senior Bond Loan pursuant to an agreement dated 30 June 2014 (the Senior Bond Loan Subordinated Bonds Pledge Agreement);

(vi) has granted a pledge over the subordinated bonds issued to the Group by the Issuer (the VAT Bond Loan Subordinated Bonds Pledge) in favour of the VAT Bond Loan Bondholder Agent as security for the VAT Bond Loan pursuant to an agreement dated 30 June 2014 (the VAT Bond Loan Subordinated Bonds Pledge Agreement);

(vii) has granted a pledge over the subordinated bonds issued to the Group by the Issuer (the TAA Loan Subordinated Bonds Pledge and together with the Senior Bond Loan

Subordinated Bonds Pledge and the VAT Bond Loan Subordinated Bonds Pledge, the Subordinated Bonds Pledges and each a Subordinated Bonds Pledge) in favour of the Lender as security for the TAA Loan pursuant to an agreement dated 30 June 2014 (the TAA Loan Subordinated Bonds Pledge Agreement and together with the Senior Bond Loan Subordinated Bonds Pledge Agreement and the VAT Bond Loan Subordinated Bonds Pledge Agreement, the Subordinated Bonds Pledge Agreements and each a Subordinated Bonds Pledge Agreement);

(viii) has entered into an intercreditor agreement dated 30 June 2014 with, amongst others, the Issuer, Intrakat and NBG (in its capacity as Intercreditor Agent, Bondholder Agent and Lender), regulating the relationship of the creditors under the Senior Bond Loan, the VAT Bond Loan, the TAA Loan and the Subordinated Bond Loan (the Intercreditor Agreement); and

(ix) has entered into a shareholders' support agreement dated 30 June 2014 with, amongst others, Intrakat, NBG as Senior Bond Loan Bondholder Agent, VAT Bond Loan Bondholder Agent and Lender, pursuant to which each of the Group and Intrakat has undertaken as a direct obligation and not a guarantee, to pay specific amounts should there be a deficiency pursuant to the terms of the Senior Bond Loan, the VAT Bond Loan and the TAA Loan (the Shareholders Support Agreement).

## **32. Contingencies / outstanding legal cases**

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

<i>Amounts in Euro</i>	<b>2018</b>	<b>2017</b>
Guarantees for advance payments	8.283.096,14	9.534.703,46
Guarantees for good performance	20.260.756,46	19.182.314,87
Guarantees for participation in contests	2.820.110,58	2.377.997,88
Counter-guarantees	111.261,26	398.509,65
Other	170.292,64	158.017,40
<b>Total</b>	<b>31.645.517,08</b>	<b>31.651.543,27</b>

### **Outstanding legal cases**

There is an outstanding legal case against a subsidiary company from the Ministry of Merchant Marine (MMM) concerning violations during the execution of a project completed and delivered to the MMM in a prior period. The penalties and rebates that were initially claimed have been reduced to €9 mil., following relevant appeals of the Group and ministerial decisions. Subsequently, according to a decision by the administrative court of appeal of Piraeus, the above-mentioned penalties and rebates were cancelled. The Legal Council of the State informed INTRASOFT INTERNATIONAL in its document no. 220-2075 / Φ.4113 of 21.12.2018 that the State will not appeal against this decision.

It is not anticipated that any material liabilities will arise from the contingent liabilities.

### 33. Related party transactions

The following transactions are carried out with related parties:

<i>Entity</i>	<i>Receivable</i>	<i>Sale of services</i>	<i>Income from Rent</i>	<i>Sales of Goods</i>	<i>Financial Income</i>
<b>Intracom Holdings SA entities</b>					
Intracom Holdings S.A.	135,00	30,00			
Intrakat	6.418.369,26	224.273,55		2.492.672,58	
Fracasso Hellas	0,00	110,61			
Intracom Defence S.A.	158.358,00	83.800,00			
Intradevelopment S.A.	97.638,82	0,00			
Intracom Contrust-Bucharest	34.586,80	0,00			
Intrapower	489,42	489,42			
WEMETRIX	49.889,76	46.003,00	1.600,00		
Fracasso Holdings d.o.o.	465,35	465,35			
Ιντρα Ξενοδοχειακη ΑΕ	3.584,59	2.890,80			
Intracom Holdings International Ltd	5.689,38				
Intracom Operations LTD	27.361,54	0,00			
Advance Transport Telematics AE	2.443.039,32	2.339.440,95	1.879,20		208.651,60
	<b>9.239.607,24</b>	<b>2.697.503,68</b>	<b>3.479,20</b>	<b>2.492.672,58</b>	<b>208.651,60</b>
<b>Related parties</b>					
Intralot S.A.	1.779.304,68	3.593.751,85			
Intralot Interactive	0	9.600,00			
Intralot Inc. U.S.A.	42.182,01	53.384,45			
Intralot Services S.A.	0,00	115.500,00			
			<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
	<b>1.821.486,69</b>	<b>3.772.236,30</b>			
<b>Total</b>	<b>11.061.093,93</b>	<b>6.469.739,98</b>	<b>1.879,20</b>	<b>2.492.672,58</b>	<b>208.651,60</b>

<i>Entity</i>	<i>Payable</i>	<i>Purchase of services</i>	<i>Rent charge</i>	<i>Finance Expense</i>	<i>Purchase of goods</i>
<b>Intracom Holdings SA entities</b>					
Intracom Holdings S.A.	8.039.648,07	1.147.720,95	784.446,00	267.035,20	
Intrakat S.A	0,00	294.324,09			
Intracom LTD Skopje	4.211,25	18.660,35			
Intrapower SA	30.290,19	243.307,73			105.452,09



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Wemetrix	124.100,00	149.710,00		
Intratour S.A.	0,00	10.800,00		
	<b>8.198.249,51</b>	<b>1.864.523,12</b>	<b>784.446,00</b>	<b>267.035,20</b>
				<b>105.452,09</b>
<b>Related parties</b>				
Stadio Karaiskaki	0,00	12.500,00		
Intralot Services S.A.	0,00	74.483,97		
	<b>0,00</b>	<b>86.983,97</b>	<b>0,00</b>	<b>0,00</b>
<b>Total</b>	<b>8.198.249,51</b>	<b>1.951.507,09</b>	<b>784.446,00</b>	<b>267.035,20</b>
				<b>105.452,09</b>

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

### **Key Management compensations**

During the financial year 2018 no amount was granted or reimbursed on top of the open balance due on 31.12.2017. As at 31 December 2018, this receivable amounted to 65.969,27 EUR. The interest rate that is used is the average effective rate applicable to Group's short-term loans. (Note 19).

### **34. Post balance sheet events**

On April 9th, 2019 the Group paid the amount of EUR 200.000,00, for the acquisition of 178 preference shares registered shares (with a nominal value of 1 euro each) of the Group under the name INCELLIGENT Private Company. INCELLIGENT is a start-up company specializing in building Data-Driven, Predictive & Prescriptive Analytics solutions by exploiting the most recent advancements in Artificial Intelligence (AI), Machine Learning (ML) and Deep Learning (DL) technologies. This new investment is a bold step forward, further enhancing our products and services with Data Analytics and Artificial Intelligence features, providing predictive and prescriptive insights to our customers.

The Group has not experienced any other event since 31 December 2018 that could have significantly affected its financial position.

### **35. Subsidiaries**

The companies included in the consolidated financial statements and the related direct percentage interests held are as follows on 31.12.2018:

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Entity Name	Country of incorporation	Direct % interest held	Year of establishment	Indirect % interest held	Consolidation method
Intrasoft International SA	Belgium	99,99%			Full
Intrasoft SA	Greece	99,00%		1,00%	Full
Intrasoft International Bulgaria Ltd	Bulgaria	100,00%	2011		Full
Intrasoft Information Technology UK Ltd	United Kingdom	100,00%	2011		Full
Intrasoft Middle East FZC	United Arab Emirates	80,00%	2013		Full
Intrasoft Jordan L.L.C.	Jordan			80,00%	Full
Intrasoft International Scandinavia AS	Denmark	100,00%			Full
Intrasoft International USA, Inc.	USA	100,00%	2012		Full
Intrasoft International East Africa	Kenya	88,00%	2015	10%	Full
Intracom Cyprus L.T.D.	Cyprus	100,00%			Full
Advanced Transport Telematics SA	Greece	50%			Equity through profit and loss
WEMETRIX SA	Greece	40%	2018		Equity through profit and loss
VALEU CONSULTING	Belgium	40,10%	2017	10%	Full
STELSTATH	Greece	5,00%	2017		Equity through profit and loss
RURAL CONNECT BROADBAND	Greece	10,00%	2017		Equity through profit and loss
Intrasoft International South Africa	Republic of South Africa	100,00%	2018		Full

### 36. Assets held for Sale and Discontinued Operations

On December 2017 the Board of directors decided to proceed to the selling of subsidiary "Global Net Solution EOOD" for reasons relevant to the current local market conditions and to assign to a Financial advisor, advisory services with regard to the selling of the company. On February 2018 the Board of directors decided to dissolve the company as from 30<sup>th</sup> of April 2018.

Analysis of the result of discontinued operations and the result recognised on the remeasurement of assets or disposal group is as follows:

Amounts in Euro	2018	2017
Revenue	124,977.75	1.535.588,27
Expenses	(114,108.59)	(2.639.562,96)

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Profit before tax of discontinued operations	10,869.16	(1.103.974,69)
Tax	0,00	(25.099,90)
<b>Profit after tax of discontinued operations</b>	<b>10,869.16</b>	<b>(1.129.074,59)</b>

Assets classified as held for sale:

<i>Global Net Solution EOOD</i>	2017
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	374.975,56
Other intangible assets	2.539,14
Deferred income tax assets	0,00
Trade and other receivables	0,00
	<b>377.514,70</b>
<b>Current assets</b>	
Inventories	31.111,68
Trade and other receivables	140.644,00
Cash and cash equivalents	158.813,60
	<b>330.569,28</b>
<b>Total assets</b>	<b>708.083,98</b>

Liabilities directly associated with non-current assets classified as held for sale:

<i>Global Net Solution EOOD</i>	2017
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Retirement benefit obligations	0,00
Trade and other payables	0,00
	<b>0,00</b>
<b>Current Liabilities</b>	
Trade and other payables	244.918,13
Current income tax liabilities	0,00
Borrowings	265.545,84
Short-term provisions for other liabilities and charges	9.085,34
	<b>519.549,31</b>
<b>Total liabilities</b>	<b>519.549,31</b>

Statement of comprehensive income for the period from discontinued operations:

<i>Global Net Solution EOOD</i>	2018	2017
<b>Discontinue operations:</b>		

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Sales	124.977,75	1.451.128,40
Cost of sales	(10.939,23)	(25.447,38 )
<b>Gross profit</b>	<b>114.038,52</b>	<b>1.425.681,02</b>
Selling and marketing costs	(560.674,41)	(2.044.064,84 )
Administrative expenses	(462.905,38)	(560.455,89 )
Other income	938.988,47	77.570,34
<b>Operating profit</b>	<b>363.716,68</b>	<b>(1.101.269,37 )</b>
Finance income	10,93	6.889,53
Finance cost	(18.588,97)	(9.594,85 )
<b>Finance costs - net</b>	<b>(18.578,04)</b>	<b>(2.705,32 )</b>
<b>Profit before income tax</b>	<b>10.869,16</b>	<b>(1.103.974,69 )</b>
Income tax expense	0,00	(25.099,90 )
<b>Profit after tax for the period from discontinuing operations</b>	<b>10.869,16</b>	<b>(1.129.074,59 )</b>