INTRASOFT INTERNATIONAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.) AS ENDORSED BY THE EUROPEAN UNION

Contents

The attached annual financial statements have been approved for issue by the Board of Directors on 31st of May 2017.

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER
A.D. KOTSIS Passport No AI0956414/11.11.2011	**A.N. MANOS** ID No. AB340384/2.10.2006
THE CHIEF FINANCIAL OFFICER	**THE GROUP CHIEF ACCOUNTANT**
E.V. TERROVITIS ID No. AE 012763/05.02.2007	**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 01/01/2016 to 31/12/2016 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

THE CHIEF EXECUTIVE OFFICER
OF THE BOARD OF DIRECTORS

A.D. KOTSIS
Passport No AI0956414/11.11.2011

A.N. MANOS
ID No. AB340384/2.10.2006

B) Message of the CEO

2016 was an extremely successful year for INTRASOFT International with an impressive financial performance. The Group achieved an over 7,4% increase in EBITDA up to EUR 11,26 million; Company revenues reached EUR 175,5 million against EUR 187,3 million in 2015

Our EU Institutions business recorded all-time high revenue, exceeding forecasts and marking 2016 as its most successful year to date. We continued providing high quality IT Services to the European Commission DGs, the European Parliament, the Consilium and the Agencies, while at the same time expanding our client base and service offering. Our Information and Communication department underwent a major rebranding to SCOPE, reflecting the company's renewed commitment and dedication to servicing this segment of the EU Institutions market– the move already paid dividends with new projects and the setup of new key alliances.

The global expansion of our public sector business is continuing, gaining momentum in 2016. Already over 50% of new business bookings in 2016 was achieved outside our traditional markets, including major new projects such as UK Customs, Denmark Ministry of Taxation and Kuwait Ministry of Finance. Furthermore, we pressed ahead with our investment in the productization of our public sector solutions with focus on taxation, customs, justice, social security and health.

Our enterprise solutions segment exhibited extraordinary growth within the telco market; banking expansion in Africa continued with new core banking projects in Tanzania and Uganda going live; our SAP business recorded its first international win with the award in the Jordanian utilities market opening new avenues for growth in the years to come.

We streamlined activities across the company, reorganising processes through a determined transformation plan, which is nearing completion. In 2016, we further laid the foundations for a modular communication strategy that aims at refocusing our global brand, our core values and the way we communicate with our stakeholders.

Our staff's professionalism and extensive knowledge base remain INTRASOFT's key assets. Throughout 2016, we continued investing in our people's talents and in their empowerment through a number of key initiatives aimed at improved training, learning and knowledge management.

We look to the future with confidence, ambition and a firm desire to further enhance our business with our existing and new customers in the EMEA region.

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 2016 (1st JANUARY – 31st DECEMBER 2016)

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 2016 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 and offices in Moldova, Morocco, Palestine, Philippines, Romania, Saudi Arabia and Yemen.

Financial Performance

For the fiscal year 2016 INTRASOFT International annual revenues stood at EUR 175,5 million a figure lower compared to 2015 (EUR 187,3 million), in a very difficult financial environment, reflecting a 6,3% decrease and EUR 11,8 million.

Cost of sales - as a percentage of sales - has been decreased in comparison to 2015, amounting EUR 144,13 million (82,1% of revenue) against EUR 156,88 million (83,8% of revenue) in 2015 and combined with the strong revenue eventually increased the gross profit in both absolute value and percentage of revenue, amounting EUR 31,3 million (17,9% of revenue) against EUR 30,4 million in 2015 (16,2% of revenue).

Marketing & selling costs decreased to EUR 11,00 million in 2016 against EUR 11,13 million in 2015. Administrative expenses decreased to EUR 11,19 million in 2016 against EUR 11,33 million in 2015.

Other gains/(losses) was increased by EUR 121,5 thousand in comparison to 2016 amounting EUR +87,19 thousand against EUR -34,36 thousand in 2015

Group's EBITDA amounted to € 11,3 million, compared to € 10,5 million in 2015.

As a matter of consequence, Earnings before interest and tax (EBIT) reached EUR 9,87 million against 8,34 million in 2015.

Earnings before tax (EBT) ended at EUR 5,0 million in 2016 against negative at EUR 4,5 million in 2015.

Net Equity has ended positive stood at EUR 12,9 million in 2016 against EUR 10,5 million in 2015.

Total assets on 31.12.2016 stood at EUR 160,01 million compared to EUR 159,61 million on 31.12.2015.

Total Borrowings in 2016 stood at € 49,9 ml. decreased by € 0,7 ml. compared to 2015 (€50,6 ml.)

On 31.12.2016 and following a year of great success in terms of bookings, projects backlog amount EUR 366,6 million, more than 2 years of consolidated revenues, an amazing figure.

The Group in 2016, in spite of the ongoing economic crisis —in particular in Europe where our priority market is – continuing its efforts and commitments to reduce bank debt - managed to close the fiscal year with a net debt (borrowings minus cash) of EUR 16,4 million down by € 1,9 million compared to 2015. (EUR 18,3 million in 2015 and EUR 28,9 million in 2014).

INTRASOFT International added yet another year of growth to its 20-year history by gaining new customers and successfully retaining key contracts, which were re-tendered during the year.

(€mil.)	2016	2015	Diff.
Financial structure ratios			
Net Debt	16,4	18,3	-10,4%
Net debt / equity	1,3x	1,8x	-27,8%

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

(€mil.)	2016	2015	Diff.
Profitability ratios			
Revenue	175,47	187,27	6,30%
EBIDTA	11,26	10,48	7,41%
EBITDA/Sales	6.42%	5,60%	14,64%
EBIT	9,87	8,34	18,34%
Financial structure ratios			
Current assets/Total assets	0,84	0,84	0,91%
Current assets/Short-term liabilities	0,96	0,98	-2,12%

Future Outlook

Future Outlook

With the restructuring of our company almost complete in 2016, we now shift our focus to the generation of new revenue streams through innovation.

In 2017, we will be executing a multi-threaded strategy in order to jump start innovation within our company, including partnering and/or investing in promising start-ups, investing in Venture Capital firms, mentoring, supporting and aiding start-ups and innovative ideas, running a best-idea competition across all our sites, among others.

We will continue to invest in Corporate Social Responsibility initiatives and play an ever-increasing role in societies of which we are proud members, in Europe, Africa and the Middle East. Furthermore, we aim to advance our people's growth and professional development. The planned rollout of innovative digital systems aiding internal communication and knowledge management across the INTRASOFT Group is a key step in this direction.

The future is not without challenges; however, we look to the years ahead with confidence and continued commitment to innovation and excellence.

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 Company'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

Financial risk factors

INTRASOFT INTERNATIONAL S.A., 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 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 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 2016 and 2015 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.

(e) Special risk

The economic situation in Greece creates an unstable environment and reverses the trend of growth in reduction.

As part of ensuring the uninterrupted continuation of the effective operation of the Greek branch and limiting the negative impacts that could occur due to political and economic negative developments the company's management has taken measures such as:

- A management team of Finance Department works daily monitoring of treasury and planning of transactions, so as not to hamper the smooth operation of the company and to limit exposure to a potential bail in. Also monitored all current letters of guarantees and punctuality settlement of liabilities.

- The project manager have been informed for the projects of the Public and Private sector to watch carefully and to inform the Management for the smooth progress of contract execution, ensuring the requirements, ensuring the necessary resources into inventory and human resources for implementation and completion of the projects, also ensuring the financial resources for payments. Also monitor the backlog of projects for which care is always covered with the necessary guarantees

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

<u>Main Achievements of the year 2016</u>

Throughout 2016, INTRASOFT's Business Units expanded the Group's activities on a global scale, exploring new and growth opportunities. In 2016, our Company was also among the first companies in Belgium, Luxembourg, Greece and Romania to be certified against the new ISO 9001:2015 for Quality Management; the standard that now combines quality management with risk management, expecting organizations to address opportunities for improvement based on the risk analysis, identifying risks affecting products and services.

Our success at all levels is attributed to our people, our main strategic competitive advantage. People development is at the core of INTRASOFT International's culture. This is how we aim to achieve ongoing excellence that benefits all, including key stakeholders. We believe that INTRASOFT International, an international organisation that is continuously learning, attains success by creating a vivid environment which embraces innovation, provides equal opportunities and encourages teamwork.

Below is a brief overview what we have achieved throughout 2016.

European Institutions

Throughout 2016, INTRASOFT International continued to help its European institution clients design, implement, deploy, and maintain some of the most mission-critical IT systems that span across Member States.

As regards our activities related to the ongoing support of day-to-day IT needs of our customers, notable achievements of 2016 include the following.

- ITIC has reached the customer target of having almost DGs enrolled in this operation. This means that DG support is now consolidated into the Directorate General for Informatics (DIGIT): this project started in 2001 with the consolidation of the mail system. As the leader of that activity, INTRASOFT has always been at the forefront of the evolution.
- Customer and user satisfaction is very high: the yearly user satisfaction enquiry carried out by the European Commission showed that user satisfaction for services provided by ITIC was 90 %. ITIC is also used to serve as best practice in other European institutions such as the European Parliament and the European Joint Research Centres that are located in different European countries. Today, the ITIC team comprises more than 350 professionals. Execution and scheduling of logistics activities for IT equipment is also a part of ITIC, which INTRASOFT has always overseen. In 2016, we also took over the responsibility for the planning of these activities —this means that today DG2 provides a full logistics service to the European Commission (~ 42 000 users).
- 2016 was also the year in which NUPS (an operation managing the European Commission mail systems, video conferencing, IP telephony and remote access) was consolidated and stabilised, reaching and outperforming expectations. We anticipate a lot of new and positive events from this contract.
- GMSS (to support applications managing the financing of research projects — Horizon 2020) has also achieved great results, which has led DGs to start using those systems increasingly. Both users and customer satisfaction are very high, and on several official occasions, the team has been used as reference for business application support).

Our Application Development activities continued to provide timely solutions to complex systems problems, through state-of-the-art technologies and Agile Project Management methodologies. Below are several of the most notable achievements of the year in review:

- winning the 3-year contract for the UK's HMRC (Her Majesty's Revenue and Customs) Declaration Management System (DMS);
- successfully launching the Belgian NCTS platform under the MASP project;
- completing the pilot phase of the EC-funded ASEAN Regional Integration Support from the EU (ARISE).

In 2016, we further contributed to the development of breakthroughs, discoveries and world-firsts through our active participation in European research and development initiatives. We focused on applying significant research achievements upon various domains of economic activity, addressing both market innovation and global challenges. Our unique experience in bringing together truly global Research and Innovation Development (RID) collaboration groups, continued to receive recognition during this period, resulting in the establishment of notable new RID endeavors. Indicative highlights of RID achievements for INTRASOFT International during this period are summarised in the following.

- Big Data technologies provide a strategic focus for us and in this period we established the launching of key research activities in this area. INTRASOFT is coordinating **DataBio** – a Horizon 2020 Big Data Value Lighthouse project with 48 partners from 17 countries and a budget of 16M Euros- whose main goal is to show the benefits of Big Data technologies in the raw material production from agriculture, forestry and fishery/aquaculture for the bioeconomy industry to produce food, energy and biomaterials responsibly and sustainably. Moreover, INTRASOFT is the impact coordinator of **TransformingTransport** -the second Horizon 2020 Big Data Value Lighthouse project- with a strong consortium of 47 leading transport, logistics and information technology stakeholders from 9 countries in Europe.
- Enabling ICT technologies with strong industrial and market potential, underpin our innovation development efforts, aiming at new and breakthrough services and applications. INTRASOFT is coordinating **PhasmaFOO** project that aims to develop a portable photonic miniaturised smart system for on-the-spot food quality sensing and participates in **THOMAS** project, which will deal with mobile dual arm robotic workers with embedded cognition for hybrid and dynamically reconfigurable manufacturing systems.
- Smart, green, and cross-border multimodal transport systems, addressing the vision of resilient, resource-efficient, safe and seamless transport services, continue to be a main priority for us. INTRASOFT was awarded with the **MaaS4EU** project, which will start in 2017 and will provide quantifiable evidence, frameworks and tools to remove the barriers and enable a cooperative and interconnected EU single transport market for the Mobility-as-a-Service concept.
- In 2016, we further established new research activities in the field of protection and safety specifically for humanitarian missions, through our participation in the **iTRACK** project

which aims at improving protection and safety of humanitarian missions with intelligent sociotechnical solutions to support tracking, threat detection, navigation, logistics, and coordination in humanitarian disasters.

- The concept of Digital Innovation Hubs was conceived to accelerate digitization based on sector-specific needs, aiming at delivering a wide range of innovative applications to a critical mass of customers. INTRASOFT was awarded with the **DIATOMIC** project, aiming to establish a sustainable ecosystem to facilitate Advanced Micro-Electronics and Smart System Integration -based innovation in the health, agrifood and manufacturing sectors.

Our Information and Communication segment further contributed to the Business Unit's growth and high calibre reputation. Following a major rebranding, to SCOPE, reflecting the Company's commitment and dedication to the particulars of this market. Key 2016 highlights include:

- winning the European Union Agency for Railways communication framework contract;
- winning the Directorate-General (DG) for Research and Innovation's Service Facility in Support of the Strategic Development of International Cooperation in Research and Innovation;
- winning (again) DG Education and Culture's Marie Curie Alumni Association Service Contract.

Public Sector

In 2016, INTRASOFT International inaugurated an agile market approach, aiming to achieve significant market penetration. This approach was based on the reinforcement and enrichment of our current business solutions portfolio, in terms of needed functionality of the market, the adoption of new process models and state-of-the-art technologies.

The strategy outlined above called for the productisation and commercialisation of our business solutions. This will benefit our customers, since it will lead to lower initial costs in terms of purchase, development and maintenance. Further, it will deliver high levels of reliability of the implemented business processes, high levels of quality and plenitude thanks to the product's generalised architecture design, and trustworthy customer support. The productisation plan covers the following business areas: (a) Revenue and Collection Management, (b) Customs and Trader Single Window, (c) Social Security, (d) Healthcare Insurance, and (e) Risk Management, Audit and Compliance.

As a result, we underpinned our presence in the **West Europe** market through the signature of two contracts: the Revenue & Collection Management System with the Ministry of Finance in Denmark, and the Customs Declaration System with HMRC in the United Kingdom.

Our presence in the **Middle East** was strengthened owing to the signature of the E-collection services contract with the Government of Kuwait and the Kuwait Ministry of Finance.

Further, in the **North American** market, we signed the Oracle Taxation and Policy Management Software Upgrade Services contract with the State of North Carolina.

Finally, we maintained our prominent position in the **Greek market** thanks to the signature of three contracts: the e-Procurement extension for Public Works with the General Secretary of Commerce, the 'Integrated Information System for the Management of Structural Funds of the period 2014–2020' with the Ministry of Economy & Development, and the Integration of EOPYY Information Systems and Operational Support Services for the National Health Insurance Organisation (EOPYY)**.**

A brief overview of the year's most notable achievements follows, presented by business solution domain.

- *Revenue & Collection Management*
  - The Ministry of Finance in Denmark awarded INTRASOFT International a contract to implement the revenue collection system of the Danish Ministry of Taxation, as a subcontractor of the main contractor Netcompany, using Oracle Public Sector Revenue Management (PSRM). The contract for the delivery of Phase 1 started in September 2016, following a successful proof of concept in the third quarter of 2016, and it will be concluded in April 2017.
  - INTRASOFT International has been awarded a contract by the Ministry of Finance of Kuwait to implement the state’s **e-Governmental Brokering Platform and the development of a centralised e-Collections System**. The e-Government platform aims to increase customer satisfaction by employing new technology to help customers pay their governmental due bills, and to deliver a unique, seamless and cross-channel experience to stakeholders. To this end, INTRASOFT International will provide a wide range of services, from e-collection transactional (online) services to strategic advice on creating a future-proof, countrywide integration brokering platform. Capitalising on its extensive knowledge of taxation and revenue systems, the Company will implement a consolidated collections system for Kuwait. The new e-Collections platform will enable eight governmental institutions to provide Kuwaiti citizens with modernised revenue collection features such as the creation of payment plans for consolidated debt.
- *Taxation*
  - INTRASOFT International won a contract for a Scoping Study for the Fiji Revenue and Customs Agency (FRCA). The aim of the Scoping Study was to verify the feasibility of basing a new taxation system on the vendor’s proposed solution, which in the case of INTRASOFT, comprised Oracle PSRM for core tax processing and collection, and INTRASOFT's Taxpayer Relationship Management System (TRMS) as a front-end e-services platform. The overall goal of the new taxation system is to support growth in Fijian economic activity, provide a full self-assessment environment for all tax types, offer improved customer services, provide taxpayers with paperless interaction with the FRCA, provide a single view of the taxpayer (including an integrated view with the Fiji customs system), and enable the FRCA to make changes to the system following legislative changes and budget announcements.

- The State of North Carolina Department of Revenue (NCDOR) awarded INTRASOFT International a contract for the upgrade of Oracle Taxation and Policy Management Services. In particular, NCDOR required technical support services to implement an upgrade in Enterprise Taxation Policy Management (ETPM) development, test, production, and training environments, and create supporting documentation, as well as provide hands-on knowledge transfer services that would allow NCDOR staff to maintain the ETPM application.

- *Customs*
  - INTRASOFT International, as subcontractor of ZZI d.o.o. was awarded a contract for the support and maintenance of the Slovenian customs **Excise Movement and Control System (EMCS)**. During the 2-year contract, INTRASOFT International will provide at least 940 man days for EMCS support and maintenance as well as for the upgrade to EMCS Phase 3.3.
  - Alongside IBM, INTRASOFT International has been awarded a contract via SCC with HMRC for the **provision of customs declaration processing software (DMS),** plus maintenance and support. The 5-year contract ends in 2021, and covers the DMS for entry, exit, import and export. As part of maintenance and support, the systems will be aligned with the Union Customs Code (UCC).
  - The Port of Cotonou in Benin awarded INTRASOFT International the **Electronic Cargo Tracking Note (ECTN)**. Automated cargo systems will aid the port to comply with the latest safety and security requirements in the sector. To this end, the ECTN guarantees better framing and total control of commercial sea traffic generated by foreign trade. The electronic application increases the effectiveness of the authorities' import and export process, facilitating their establishment in the international maritime world.
  - INTRASOFT International has been awarded a contract by the Romanian National Agency for Fiscal Administration (NAFA) for implementation of the **EMCS**, an EU-wide information system that is used to record duty-suspended movements of excise goods taking place within the EU. The EMCS captures and processes information about the movements online, validates the data entered and allows real-time notification of the dispatch and receipt of duty-suspended excise goods. It allows the exchange of secure online messages (containing specific consignment and movement information) between EU trading partners.
- *Healthcare*
  - INTRASOFT International has been awarded a contract by the Greek National Health Insurance Organization (EOPYY) to implement the Integration of EOPYY Information Systems and Operational Support Services. INTRASOFT International will provide operational support, administration and management of the organisation’s infrastructure and mission-critical operational applications under a strict Service Level Agreement, ensuring its error-free and uninterrupted operation. In addition, under the same project, the Company will provide implementation services aiming at the integration and further development of the EOPYY information systems.
- *E-Government*

- INTRASOFT International won a contract from the Greek Ministry of Finance, Development & Tourism (General Secretary of Commerce) for work on **Extension of the National Electronic Public Procurement System (NEPPS)**, in support of public contracts (i.e. works and studies). INTRASOFT International will provide a wide range of services on procedure automation for the award of public contracts (works, studies and other scientific services based on procurement law) through changes, extensions and amendments to parts of the NEPPS.
- The Greek Ministry of Economy & Development awarded INTRASOFT International the contract 'Integrated Information System for the Management of Structural Funds of the period 2014–2020'. The Company will provide the required infrastructure and will redesign the entire system, to extend through the full life cycle of the 2014-to-2020 Structural Funds period.

Finally, we are pursuing our African expansion mandate through our subsidiary in Kenya, exploring several business opportunities of interest: social security in Uganda and Morocco, and the tax system in Botswana. The relevant bids have been submitted and these are currently under evaluation.

Enterprise Solutions

INTRASOFT International continued expanding its Enterprise Solutions activities with success in all market sectors, resulting in increased revenues with healthy profit margins.

- *Banking*

In 2016, INTRASOFT International continued operating as an international banking solutions vendor in four countries in Central-Eastern Africa. The **INTRASOFT International Subsidiary in Nairobi, Kenya** was staffed with a banking team (sales and business experts) and new partnerships were forged with local well-established IT companies. Our Company pursued its aggressive approach in Kenya, Zambia, Tanzania and Uganda by participating in several banking commercial bids. Furthermore, we completed a series of new developments that further enhance the capabilities of the **PROFITS® Core Banking System.**

There were several highlights in 2016.

- HF Group in Kenya: the **PROFITS® Core Banking System** and **i-PROFITS® Internet Banking System** were successfully launched in live operation at the bank.
- Mwalimu Bank in Tanzania: following the signing of a new contract in 2015, the **PROFITS® Core Banking System** was successfully launched in live operation at the bank.
- Centenary Bank, Uganda: INTRASOFT International successfully completed the User Acceptance Testing (UAT) for implementation of the **PROFITS® Core Banking System**. Furthermore, our Company concluded the data migration from the bank's old system to **PROFITS®**, thus preparing the system for live operation scheduled for early January 2017.
- KEDR Bank in Greece: the **PROFITS® Core Banking System** was successfully upgraded to the latest commercially available release.

- Ziraat Bank in Greece: The Company signed a new contract with Ziraat Bank, a long-standing user of **PROFITS®**, **for a system upgrade**. The latest commercially available system release was successful in live operation.
- Electronic Clearing House Limited (ZECHL) in Zambia: the Company continued implementation of the **National Payments Switch of Zambia.** Nineteen (19) local banks are participating in this project.
- Eurobank in Greece: we completed the migration of automated teller machine (ATM) and point of sale (POS) operations to **Cortex of FIS Global**. The bank currently performs more than 20 million card transactions per month. Furthermore, INTRASOFT International continued the provision of **Cortex** Maintenance and Support Services to the subsidiaries of the bank (Romania, Serbia and Ukraine).

- *Telecom*

Building on 2015's successful results, capitalising on its momentum and investing in both people and relationships yielded excellent results. We expanded our customer base, our solution portfolio, our partnerships and our reach. We further strengthened our position in the Greek market and enlarged our customer base in Cyprus. Through targeted events, we increased awareness of our solutions and capabilities for prospective customers, both in Greece and abroad.

There were several main achievements in 2016.

- We **expanded** the volume of our business and thus **increased** revenue in existing customer contracts.
- We successfully **completed** the following major projects.
    - **Piraeus Bank — Advanced Loyalty**. The loyalty management solution was finalised and deployed in Piraeus Bank, allowing the customer to launch the well-known 'Yellows' program.
    - **Cosmote — Intranet.** 2016 saw the launch of Cosmote's 'MyNet' intranet. Intranet development was carried out on the Kentiko platform. The portal was well accepted by its users and is being used for everyday tasks and activities.
    - **Rural Connect**. The delivery of all required IT systems for the operation of Rural Connect was completed, enabling the commercial launch of the Company.
    - **INTRALOT — Sales Cloud**. An innovative sales support solution based on the Oracle Sales Cloud was delivered and deployed by INTRALOT. The sales functionality implemented covers all the companies of the INTRALOT Group.
    - **National Bank of Greece — Hyperion Financial Management**. The rich financial management functionality of Oracle's Hyperion suite was successfully implemented and delivered, and the site was in production at end 2016.
- In **addition** to completed undertakings and the expansion of existing business, we were also **awarded** several significant projects.
    - **Piraeus Bank — Hyperion Planning**. We were awarded the design and implementation of financial management functionality using Oracle's Hyperion suite.
    - **Vodafone Greece — Application Maintenance**. We were awarded the Application Maintenance activities for the Vodafone Fixed Stack.

- **Vodafone Greece — NGA Retail & Enterprise**. We were awarded the design and implementation of the infrastructure that will support functions for the NGA offering in the retail and enterprise sector.
- **Cosmote — Omilia**. We were awarded the enhancement of Cosmote's interactive voice response (IVR) infrastructure to support natural language processing. This will be carried out using innovative technology from Omilia.
- **MTN Cyprus — HR Approval & Enterprise Content Management System.** We were awarded the deployment of an Enterprise Content System that would also support approval flows of MTN Cyprus's HR system. The solution will be built on Oracle's WebCentral suite.

- *SAP*

INTRASOFT International, a **SAP HANA authorised reseller** and a **certified Partner Centre of Expertise (PCoE)**, is **a leading SAP integrator** in Europe, the Middle East and Africa (the **EMEA region)**, servicing a variety of industries in both the private and in the public sectors. Additionally, the Company specialises in the **localisation and rollout of Global Templates** for multinational companies, as well as in the provision of preconfigured turnkey solutions for small and medium-sized enterprises (SMEs) in various markets.

The major 2016 highlight for INTRASOFT International's SAP activity was the **expansion of its operations in the Middle East and North Africa (MENA) region** (Bahrain, Egypt, Iraq, Jordan, Qatar, Saudi Arabia, Kuwait, Lebanon, Libya, Palestine, Oman, United Arab Emirates and Yemen). Here, INTRASOFT has been officially **nominated by SAP as a Channel Partner** for SAP All-In-One Solutions (BAiO), SAP BusinessObjects platform, SAP Cloud Applications and SAP HANA platform and as a **PCoE.**

Our strategic investment in SAP for the MENA region chiefly targets the utilities sector: in August 2016, INTRASOFT International won a 6.5-year contract to implement and maintain Jordan's Electricity Distribution Company (EDCO) project '***Billing and Customer Care Systems CIS Acquisition and Implementation***'. The project objective is to streamline EDCO's core *meter-to-cash* operations and ensure accurate energy accounting through the implementation of SAP's vertical solutions for utilities, covering the Contract Accounting, Meter Data Management, Billing and Customer Interaction Centre operations.

In 2016, INTRASOFT International also celebrated the **successful completion** of several challenging projects:

- the Attica Gas Supply Company Deregulation Project
- the Greek National Railway Organisation (OSE) ERA project
- the HENKEL global template rollout to HENKEL Hellas
- a SAP BI and development services project for the National Bank of Greece
- a SAP development services project for GERMANOS/COSMOTE
- the GENESIS PHARMA Rollout to its Cypriot affiliate
- the RURAL CONNECT SAP Implementation Project.

The Company also undertook and successfully executed a number of **Maintenance Contracts and Service Level Agreements** for its customer base in Greece and abroad, including Cyprus University of Technology (SLcM), HELLENIC PETROLEUM Group (IS-Oil), INTRALOT S.A. (ERP), ION S.A. (ERP), KENYA HOUSING FINANCE (ERP, CRM), ROKAS S.A. - IBERDROLA Group (ERP) and Thessaloniki Port Authority (ERP).

- *New Ventures*

In 2016, the New Ventures business department was active in exploring new markets and technologies, especially regarding the Internet of things and the smart utility grid (electricity and water).

On behalf of INTRASOFT International, New Ventures also led the cross-BU virtual team in exploring the big data analytics technology trend, and triggered product extensions and novel services in the area of transportation, banking and customs, while enhancing inter-BU collaboration.

Finally, as program manager of 'Broadband Rural' (an ambitious Greek government project to cover underserved rural regions of Greece), New Ventures successfully completed the first phase of the project, achieving more than 40 % of the required population coverage, as scheduled. INTRASOFT delivered all the related active telecommunication infrastructure and OSS/BSS application layer modules of the project to the prime contractor, Intrakat. The next phases of the project are planned for completion in 2017, to be followed by 15 years of commercial and technical operation for wholesales telecom service provisioning.

Luxembourg, 31st of May 2017

Athanasios Kotsis	*Alexandros Manos*
Chairman	CEO

D) Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the "**INTRASOFT INTERNATIONAL Group**", which comprise the consolidated statement of financial position as of 31 December 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and for such internal controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing that have been incorporated into Greek legislation (G.G./B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the "**INTRASOFT INTERNATIONAL Group**" as of 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

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.

Athens, 05 June 2017

SOL
CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath

Zoe D. Sofou

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 14701

Associated Certified Public Accountants s.a.

member of Crowe Horwath International

3, Fok. Negri Street – 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125

E) Annual Financial Statements

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

Contents Page

Balance sheet

	Note	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	2.346.000,54	2.708.313,96
Goodwill	7	13.572.454,82	13.572.454,82
Other intangible assets	8	3.075.087,84	3.177.307,42
Investment property	9	206.107,42	206.107,42
Investment in associates (accounted for using the equity method)	11	559.282,04	412.033,01
Available-for-sale financial assets	12	804.178,63	1.676.035,82
Deferred income tax assets	13	113.665,24	111.169,14
Trade and other receivables	14	4.294.438,84	4.261.957,79
		24.971.215,37	**26.125.379,39**
Current assets			
Inventories	15	2.177.348,57	2.669.536,67
Trade and other receivables	14	97.100.255,62	96.570.182,79
Current income tax receivables		2.236.364,24	1.987.968,35
Cash and cash equivalents	16	33.523.721,99	32.252.050,88
		135.037.690,42	**133.479.738,68**
Total assets		**160.008.905,79**	**159.605.118,07**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	1.552.600,00	1.552.600,00
Fair value reserves		1.198.720,28	1.035.726,62
Other reserves	18	5.270.803,14	5.601.121,49
Retained earnings		3.572.076,64)	1.180.978,52
		11.594.200,07	**9.370.426,64**
Minority interest		**1.321.646,15**	**1.088.319,86**
Total equity		**12.915.846,21**	**10.458.746,49**
LIABILITIES			
Non-current liabilities			
Borrowings	19	0,00	7.600.000,00
Retirement benefit obligations	20	3.179.355,25	2.970.472,88
Long-term provisions for other liabilities and charges	22	710.148,79	1.020.152,78
Trade and other payables	23	2.687.512,92	1.612.253,40
		6.577.01 6,96	**13.202.879,06**
Current Liabilities			
Trade and other payables	23	82.303.042,23	86.724.441,36
Current income tax liabilities		3.817.400,05	2.716.483,47
Borrowings	19	49.908.383,34	42.996.963,72
Government grants	21	0,00	0,00
Short-term provisions for other liabilities and charges	22	4.487.216,98	3.505.603,97
		140.516.042,61	**135.943.492,52**
Total liabilities		**147.093.059,57**	**149.146.371,58**
Total equity and liabilities		**160.008.905,78**	**159.605.118,07**

The notes are an integral part of these financial statements.

Statement of comprehensive income

	Note	2016	2015
Continuing operations:			
Sales		175.468.421,53	187.265.320,31
Cost of sales	24	(144.127.752,71)	(156.883.893,20)
Gross profit		**31.340.668,82**	**30.381.427,11**
Selling and marketing costs	24	(11.000.273,92)	(11.125.142,88)
Administrative expenses	24	(11.189.555,04)	(11.325.372,75)
Other income	26	629.496,85	441.395,75
Other gains / (losses) - net	27	87.187,57	(34.358,21)
Operating profit		**9.867.524,28**	**8.337.949,02**
Finance income	28	217.375,65	207.856,90
Finance cost	28	(5.196.624,63)	(4.186.826,75)
Finance costs - net		**(4.979.248,98)**	**(3.978.969,84)**
Share of profit / (loss) of associates (after tax and minority interest)		97.249,02	106.804,62
Profit before income tax		**4.985.524,32**	**4.465.783,81**
Income tax expense	29	(2.762.387,96)	(2.575.966,90)
Profit after tax for the period from continuing operations		**2.223.136,37**	**1.889.816,91**
Discontinued operations:			
Profit / (loss) after tax for the period from discontinued operations		**0,00**	**0,00**
Profit / (loss) after tax for the year (from continuing and discontinued operations)		**2.223.136,37**	**1.889.816,91**
Profit / (loss) after tax attributable to:			
Equity holders of the Company		2.021.266,49	1.722.345,32
Minority interest		201.869,87	167.471,58
		2.223.136,37	**1.889.816,91**
Other comprehensive income:			
Currency translation differences	18f	194.450,08	603.105,77
Actuarial gains / (losses)	18	39.181,65	345.347,93
Other comprehensive income, net of tax:		**233.631,73**	**948.453,70**
Total comprehensive income for the period		**2.456.768,09**	**2.838.270,61**
Other comprehensive income attributable to:			
Owners of the parent		195.802	827.980,28
Minority interest		37.830	120.473,42
		233.631,73	**948.453,70**
Total comprehensive income attributable to:			
Owners of the parent		2.217.068,35	2.550.325,60
Minority interest		239.699,74	287.945,01
		2.456.768,09	**2.838.270,61**
Earnings /(loss) per share attributable to owners of the parent for the year (in € per share)			
Basic	30	**32,55**	**27,73**

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
Balance at 1 January 2015		**1.552.600,00**	**5.424.537,61**	**553.094,26**	**(727.200,35)**	**800.374,86**	**7.603.406,39**
Available-for-sale financial assets – Fair value gain / (loss)	12	0,00	0,00	0,00	0,00	0,00	**0,00**
Currency translation differences	18f	0,00	0,00	482.632,36	0,00	120.473,41	**603.105,77**
Actuarial gains / (losses)	18	0,00	345.347,93	0,00	0,00	0,00	**345.347,93**
Other comprehensive income		**0,00**	**345.347,93**	**482.632,36**	**0,00**	120.473,41	**948.453,70**
Net profit / (Loss)		0,00	0,00	0,00	**1.722.345,32**	**167.471.58**	**1.889.816,91**
Total recognized income / (expense) for the year		**0,00**	**345.347,93**	**482.632,36**	**1.722.345,32**	**287.944,99**	**2.838.270,61**
Transfer from other reserves to retained earnings		*0,00*	(168.764,05)	0,00	168.764,05	0,00	**0,00**
Other movements in other reserves		0,00	0,00	0,00	0,00	0,00	**0,00**
Dividends		0,00	0,00	0,00	0,00	0,00	**0,00**
Change in minority due to business combination		0,00	0,00	0,00	0,00	0,00	**0,00**
Other		0,00	0,00	0,00	17.096,50	0,00	17.096,50
		0,00	**(168.764,05)**	**0,00**	**185.833,54**	**0,00**	**17.096,50**
Balance at 31 December 2015		**1.552.600,00**	**5.601,121,49**	**1.035.726,62**	**1.180.978,52**	**1.088.319,86**	**10.458.746,49**

	Note	Share capital	Other reserves	Fair value reserves	Retained earnings	Minority interest	Total equity
Balance at 1 January 2016		**1.552.600,00**	**5.601,121,49**	**1.035.726,62**	**1.180.978,52**	**1.088.319,86**	**10.458.746,49**
Available-for-sale financial assets – Fair value gain / (loss)	12	0,00	0,00	0,00	0,00	0,00	**0,00**
Currency translation differences	18f	0,00	0,00	162.993,66	0,00	31.456,42	**194.450,08**
Actuarial gains / (losses)		0,00	39.181,65	0,00	0,00	0,00	**39.181,65**
Other		0,00	0,00	0,00	0,00	0,00	**0,00**
Other comprehensive income		**0,00**	**39.181,65**	**162.993,66**	**0,00**	**31.456,42**	**233.631,73**
Net profit / (loss)		0,00	0,00	0,00	2.021.266,49	201.869,87	**2.223.136,37**
Total recognized income / (expense) for the year		**0,00**	**39.181,65**	**162.993,66**	**2.021.266,49**	**233.326,29**	**2.456.768,09**
Issue of share capital		0,00	0,00	0,00	0,00	0,00	**0,00**
Change in minority due to business combination		0,00	0,00	0,00	0,00	0,00	**0,00**
Expenses on issue of share capital		0,00	0,00	0,00	0,00	0,00	**0.00**
Transfer from other reserves to retained earnings		0,00	(369.500,00)	0,00	369.500,00	0,00	**0,00**
Other		0,00	0,00	0,00	331,63	0,00	**331,63**
		0,00	**(369.500,00)**	**0,00**	**369.500,00**	**0,00**	**331,63**
Balance at 31 December 2016		**1.552.600,00**	**5.270.803,14**	**1.198.720,28**	**3.572.076,64**	**1.321.646,15**	**12.915.846,21**

The notes are an integral part of these financial statements.

Cash flow statement

	Note	2016	2015
Profit after tax for the period from continuing operations		**2.223.136,37**	**1.889.816,91**
Profit after tax for the period from discontinued operations		**0,00**	**0,00**
Adjustments for:			
Tax	29	2.762.387,96	2.575.966,90
Depreciation of property, plant & equipment	6	748.125,29	719.303,88
Amortisation of intangible assets	8	641.733,28	1.423.062,51
Impairments of available -for-sale financial assets		903.333,24	0,00
(Profit) / loss on disposal of property, plant & equipment		0,00	(555,63)
(Profit) / loss on disposal of subsidiaries		0,00	0,00
Dividend income		(2.074,35)	(2.093,19)
Interest income	28	(217.375,65)	(207.856,90)
Interest expense	28	4.293.291,39	4.186.826,75
Exchange gains / (losses)		88.132,90	507.482,83
Share of result of associates		(97.249,02)	(106.804,62)
		11.343.441,41	**10.985.149,42**
(Increase) / decrease in inventories	15	492.188,10	(1.234.495,66)
(Increase) / decrease in trade and other receivables		(562.553,88)	(13.165.935,47)
Increase / (decrease) in payables		(3.805.767,84)	20.355.511,60
Increase / (decrease) in provisions		671.609,02	1.298.922,75
Increase / (decrease) in pension & other benefits		(208.882,37)	155.572,90
Changes in working capital		**(3.413.406,98)**	**7.409.576,11**
Net cash generated from / (used in) operating activities		**7.930.034,43**	**18.394.725,54**
Cash flows from operating activities			
Interest paid		(3.522.089,60)	(3.675.554,92)
Income tax paid		(1.912.363,36))	(1.619.793,73)
Net cash from operating activities		**2.495.581,47**	**13.099.376,88**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(396.294,92)	(943.039,55)
Purchase of intangible assets	8	(539.513,67)	(285.530,92)
Proceeds from sale of property, plant & equipment	6	10.260,15	8.028,33
Proceeds from disposal of available-for-sale financial assets		0,00	1.653,00
Purchase of available-for-sale financial assets	8	(31.476,07)	(1.172.013,76)
Acquisition of associates and joint ventures		(50.000,00)	(26.000,00)
Dividends received		2.074,35	2.093,19
Interest received		217.375,65	49.054,42
Net cash used in investing activities		**(787.574,50)**	**(2.365.755,29)**
Cash flows from financing activities			
Repayments of borrowings		(688.580,38)	373.161,04
Net cash used in financing activities		**(688.580,38)**	**373.161,04**
Net (decrease) / increase in cash & cash equivalents		**1.019.426,59**	**11.106.782,64**
Cash and cash equivalents at beginning of the period		32.252.050,87	21.276.293,08
Effects of exchange rate changes on cash and cash equivalents		252.244,53	(131.024,85)
Cash and cash equivalents at end of the period	16	**33.523.721,99**	**32.252.050,87**

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.

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 31st of May 2017 and are subject to approval by the General Meeting of the Shareholders.

2. Summary of significant accounting policies

3. Basis of preparation

These financial statements consist of the Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union (EU).

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

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

Accounting policies used in the preparation of the financial statements of subsidiaries, associates and joint ventures are consistent with those applied by the parent company.

The banks renewed their credit facilities, including guarantee limits, in favor of the Company, 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 Intrasoft 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.

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.

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

IAS 19 (Amendment) "Employee Benefits"

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. This amendment has no impact on the Group.

IFRS 11 (Amendment) "Joint Arrangements"

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. This amendment has no impact on the Group.

IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation"

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment has no impact on the Group.

IAS 27 (Amendment) "Separate Financial Statements"

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. This amendment has no impact on the Group.

IAS 1 (Amendments) "Disclosure initiative"

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Annual improvements to IFRSs 2012

The amendments set out below describe the key changes to certain IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project.

IFRS 2 "Share-based payment"

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.

In June 2016 the IASB issued amendments in IFRS 2 "Share-based Payment", clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

b. share-based payment transactions with a net settlement feature for withholding tax obligations; and

c. 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 Company will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 3 "Business combinations"

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

IFRS 8 "Operating segments"

The amendment requires disclosure of the judgements made by management in aggregating operating segments.

IFRS 13 "Fair value measurement"

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 "Related party disclosures"

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

Annual improvements to IFRSs 2014

The amendments set out below describe the key changes to four IFRSs.

IFRS 5 "Non-current assets held for sale and discontinued operations"

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

IFRS 7 "Financial instruments: Disclosures"

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

IAS 19 "Employee benefits"

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

IAS 34 "Interim financial reporting"

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

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 2016 and have not been applied in the preparation of these consolidated financial statements. None of the above is expected to have a significant impact on the consolidated financial statements except for the following:

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is currently assessing the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)

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

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

IFRS 16 was issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017)

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. In January 2016 the IASB issued amendments in IAS 12 "Income Taxes" about Recognition of Deferred Tax Assets for Unrealised Losses, clarifying how to account for deferred tax assets related to debt instruments measured at fair value to address diversity in practice.
The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IAS 7 (Amendment) "Statement of Cash Flows"
This applies to annual accounting periods starting on or after 1st January 2017. Earlier application is permitted.
In January 2016 the IASB issued amendments in IAS 7 "Statement of Cash Flows" about improvements to disclosures. These disclosures require companies to provide information about changes in their financing liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group's will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

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 form, 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. These amendments have not yet been endorsed by the European Union.

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. These amendments have not yet been endorsed 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 Company.

4. 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 acquire 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 acquire 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 venturers. 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 Company 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 Company accounts for investments in associates in its stand alone financial statements at cost less impairment.

2.3. 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.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

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

(c) Group companies

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

(1) Assets and liabilities for each balance sheet 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.

2.5. Investment property

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

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

The land classified as investment property is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, which is 33-34 years.

2.6. Property, plant and equipment

All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. 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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on PPE is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, in order to write down the cost in its residual value.

The expected useful life of property, plant and equipment is 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.

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.

2.7. Leases

(a) Finance leases

Leases of property, plant and equipment whereby 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. The property, plant and equipment leased under a finance lease are depreciated over the shorter of the lease term and their useful life.

(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.

2.8. 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".

2.9. 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 live, not exceeding a period of 5-10 years.

b) Customer relationships: they relate to amounts recognised on the acquisition from the subsidiary company Intrasoft International Scandinavia of compliance solution business unit of WM-data Denmark A/S, amortised over a period of 10 years and the acquisition of the customer list SAP of LAVISOFT SA in the year 2009, amortised over a period of 5 years respectively.

2.10. 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.

2.11. 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 reassesses the classification at each reporting date.

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

This category refers to financial assets acquired principally for the purpose of selling in the short term or if so designated by Management. Derivatives are also categorised as held for trading unless they are designated as hedges. If these assets are either held for trading or are expected to be realised within 12 months of the balance sheet date these assets are classified as current assets.

(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.

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

(c) Held-to-maturity investments

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.

(d) Available-for-sale financial assets

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

Recognition and measurement

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. Impairment losses recognised in profit or loss are not reversed through profit or loss.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in profit or loss in the period in which they arise.

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

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

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

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

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

(a) Sales of goods

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

(b) Sales of services

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

(c) Construction contracts

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

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

(d) Interest

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

(e) Dividends

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

2.28. Dividend distribution

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

2.29. Earnings per share

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

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

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 2016 and 2015 in order to reduce its exposure to foreign currency exchange risk.

Increase in EURO/USD rate by	Effect on net results 2016	Effect on net results 2015
3%	(290.040)	(243.652)
6%	(580.081)	(487.304)
9%	(870.121)	(730.956)
12%	(1.160.161)	(974.608)

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 2016 and 2015. The analysis takes into consideration borrowings and cash and cash equivalents of the Group as at 31st December 2016 and 2015 respectively.

Financial instruments in Euro

Increase in interest rates (base units) by	Effect on net results 2016	Effect on net results 2015
25	(40.962)	(45.862)
50	(81.923)	(91.725)
75	(122.885)	(137.587)
100	(163.847)	(183.449)

(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 Groupy 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 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 2016 and 31 December 2015 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 Company's equity holders' as shown in the consolidated balance sheet plus net debt.

	01/01-31/12/2016	**01/01-31/12/2015**
Total borrowings (note 18)	49.908.383,34	50.596.963,72
Less: Cash & cash equivalents (note 15)	(33.523.721,99)	(32.252.050,88)
Net borrowings	**16.384.661,35**	**18.344.912,85**
Equity	12.915.846,21	10.458.746,49
Total Capital Employed	**29.300.507,57**	**28.803.659,34**
Gearing ratio	**55,92%**	**63,69%**

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 2016 the Group had:

- Available-for-sale financial assets out of which EUR 96.666,64 are classified in Level 1 and EUR 504.022,06 are classified in Level 3.

On 31 December 2015 the Group had:

Available-for-sale financial assets out of which EUR 999.999,90 are classified in Level 1 and EUR 676.035,92 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 2016 and 2015 the Group does not have any financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

4. Critical accounting estimates and judgments

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

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

- The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

- The Group uses the percentage of completion method of IAS 11 in order to recognise revenue from construction contracts. Revenue is recognised by reference to the stage of completion of the project at the balance sheet date, based on actual amounts compared to total estimated amounts. Possible adjustments to total estimated contract costs and revenues are taken into consideration in the period in which they arise.

- The Group tests annually whether goodwill has suffered any impairment. This tests are based either on discounted cash flows (value in use) of cash generating units, or on fair values less costs to sell.

5. Segment information

Primary reporting format – business segments

At 31 December 2016, 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 2016 and 2015 respectively are as follows:

	1/1-31/12/2016	1/1-31/12/2015
	Integrated information Technology solutions for government and banking sector	Integrated information Technology solutions for government and banking sector
Total gross segment sales	175.468.421,53	187.265.320,31
Total sales	**175.468.421,53**	**187.265.320,31**
Operating profit / Segment result	9.867.524,28	8.337.949,02
EBITDA	11.257.383,83	10.480.315,41
Finance income	217.375,65	207.856,90
Finance cost	(5.196.624,63)	(4.186.826,75)
Finance costs net (note 27)	(4.979.248,98)	(3.978.969,84)
Profit before income tax	**4.985.524,32**	**(4.465.783,81)**

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

	1/1-31/12/2016	1/1-31/12/2015
	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 6)	748.125,29	719.303.88
Impairment of property, plant and equipment and intangible assets	0,00	0.00
Amortization of intangible assets (Note 8)	641.733,25	1.423.062.51
Impairment of trade receivables (Note 13)	133.920,08	332.787,04

The segment assets and liabilities at 31 December 2016 and 31 December 2015 as well as the capital expenditure for each year are as follows:

	1/1-31/12/2016	1/1-31/12/2015
	Integrated information Technology solutions for government and banking sector	**Integrated information Technology solutions for government and banking sector**
Assets	160.008.905,79	159.605.118,07
Associates	0,00	0,00
Total assets	**160.008.905,79**	**159.605.118,07**
Liabilities	147.093.059,57	149.146.371,58
Capital expenditure (notes 6, 8 & 9)	895.616,29	1.070.283,44

Secondary reporting format – geograpical 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	
	1/1-31/12/2016	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Greece	44.455.714,56	50.750.229,75	65.047.305,69	70.901.283,66	493.643,29	433.879,05
EU countries	116.811.998,24	107.824.440,36	76.663.704,88	66.545.530,27	352.049,26	398.666,29
Other countries	14.200.708,73	28.690.650,20	18.297.895,22	22.158.304,14	49.923,74	237.738,10
Total	**175.468.421,53**	**187.265.320,31**	**160.008.905,79**	**159.605.118,07**	**895.616,29**	**1.070.283,44**

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:

	2016	2015
Sales of goods	8.234.157,91	14.932.504,84
Sales of merchandise	11.220.729,46	8.099.347,89
Sales of services	156.013.534,16	164.233.467,58
Total	**175.468.421,53**	**187.265.320,31**

6. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Total
ACQUISITION COST							
Balance at 1 January 2015	**2.556,46**	**2.461.297,53**	**3.922.384,10**	**843.025,56**	**227.960,92**	**3.078.852,22**	**10.536.076,79**
Exchange differences	0,00	0,00	0,00	84.349,27	4.676.79	23.689,92	112.645,88
Additions	0,00	30.105.,49	587.706,99	90.917,20	86.078.70	127.134,41	921.942,79
Disposals	0,00	0,00	(26.362,44)	0,00	(9.360,90)	(12.804,37)	(48.527,71)
Balance at 31 December 2015	**2.556,46**	**2.491.403,02**	**4.483,728,65**	**1.018.292,03**	**309.355,50**	**3.216.802,07**	**11.522.137,74**
ACCUMULATED DEPRECIATION							
Balance at 1 January 2015	**0,00**	**948.420,41**	**3.799.669,80**	**598.173,71**	**119.507,16**	**2.578.134,77**	**8.043.905,85**
Exchange differences	0,00	0,00	0,00	69.111,59	2.912,94	19.088,91	91.113,44
Depreciation charge	0,00	192.798,63	292.644,89	117.873,33	29.947,25	86.039,79	719.303,88
Disposals	0,00	0,00	(23.683,95)	0,00	(6.084,52)	(10.730,91)	(40.499,38)
Balance at 31 December 2015	**0,00**	**1.141.219,04**	**4.068.630,74**	**785.158,63**	**146.282,83**	**2.672.532,55**	**8.813.823,78**
NET BOOK VALUE at 31 December 2015	**2.556,46**	**1.350.183,98**	**415.097,91**	**233.133,40**	**163.072,68**	**544.269,53**	**2.708.313,96**

	Land	Buildings	Plant & Machinery	Tel. equipment	Motor vehicles	Furniture & fixtures	Assets Under Construction	Total
ACQUISITION COST								
Balance at 1 January 2016	**2.556,46**	**2.491.403,02**	**4.483,728,65**	**1.018.292,03**	**309.355,50**	**3.216.802,07**		**11.522.137,74**
Exchange differences	0,00	0,00	3.771,16	26.141,56	2.705,80	7.407,41		40.025,93
Additions	0,00	55.171,10	260.971,16	18.624,94	0,00	52.561,89	1.014,91	388.344,00
Disposals	0,00	0,00	(55.839,20)	(1.287,56)	(8.468,27)	(6.496,17)		(72.091,20)
Reclassifications	0,00	0,00	0,00	0,00	0	0,00		0,00
Balance at 31 December 2016	**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**
ACCUMULATED DEPRECIATION								
Balance at 1 January 2016	**0,00**	**1.141.219,04**	**4.068.630,74**	**785.158,63**	**146.282,83**	**2.672.532,55**		**8.813.823.78**
Exchange differences	0,00	0	139,90	24.335,27	1.443,39	6.379,33		32.297,90
Depreciation charge	0,00	168.710,38	360.423,43	105.096,26	35.527,62	78.367,60		748.125,29
Disposals	0,00	0,00	(52.644,51)	0,00	(3.493,05)	(5.693,49)		(61.831,05)
Reclassifications	0,00	0,00	0,00	0,00	0	0,00		0,00
Balance at 31 December 2016	**0,00**	**1.309.929,42**	**4.376.549,56**	**914.590,16**	**179.760,79**	**2.751.586,00**		**9.532.415,92**
NET BOOK VALUE at 31 December 2016	**2.556,46**	**1.236.644,70**	**316.082,21**	**147.180,80**	**123.832,25**	**518.689,21**	**1.014,91**	**2.346.000,54**

There are no assets held under finance lease.

7. Goodwill

Amounts in Euro	
Balance at 1 January 2015	**13.572.454,82**
Exchange differences	0
Balance at 31 December 2015	**13.572.454,82**
Balance at 1 January 2016	**13.572.454,82**
Exchange differences	0
Balance at 31 December 2016	**13.572.454,82**
Net book amount at 31 December 2016	**13.572.454,82**

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

Amounts in Euro	
Goodwill analysis	
Previous entity of INTRASOFT International before merger	11.362.824,00
INTRASOFT International Scandinavia A.S.	2.209.590,82
TOTAL	**13.572.454,82**

In order to assess whether there is goodwill impairment as at 31 December 2016, 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 2017-2021 which were approved by the Group’s Board of Directors. These business plans are based on financial results of 2016 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 2017 - 2021 are as follows:

	Intrasoft International SA	Intrasoft International Scandinavia
Revenue growth	**4,75%**	**2-3%**
Gross margin	**12,15%**	**40,7% - 41,80%**
EBITDA margin	**5,75%**	**18% - 19,5%**
Perpetuity growth rate	**2%**	**1%**
Discount rate	**6,50%**	**6,50%**

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.

8. Intangible assets

	Development costs	Trademarks & licenses	Software	Internally-generated software	Customer relationship	Other	Total
ACQUISITION COST							
Balance at 1 January 2015	**160.671,34**	**663.497,45**	**9.474.315,89**	**29.053.581,76**	**1.707.484,00**	**677.880,58**	**41.737.431,02**
Exchange differences	18.804,05	0,00	0,00	169.822.43	0,00	0,00	**188.626.48**
Additions	0,00	0,00	111.340,53	38.535,80	0,00	0,00	**149.876,33**
Disposals	0,00	0,00	(2.209,09)	0,00	0,00	0,00	**(2.209,09)**
Reclassifications	0,00	0,00	677.880,58	0,00	0,00	(677.880,58)	**0,00**
Balance at 31 December 2015	**179.475,39**	**663.497,45**	**10.261.327,91**	**29.261.939,99**	**1.707.484,00**	**0,00**	**42.073.724,74**
ACCUMULATED DEPRECIATION							
Balance at 1 January 2015	**0**	**783,59**	**9.302.279,60**	**26.410.391,83**	**1.707.483,98**	**0,00**	**37.420.939,00**
Exchange differences	0,00	0,00	0,00	52.971,89	0,00	0,00	**52.971,89**
Depreciation charge	0,00	141,48	210.598,82	1.212.322,21	0,00	0,00	**1.423.062,51**
Impairment	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Disposals	0,00	0,00	(556,09)	0,00	0,00	0,00	**(556,09)**
Reclassifications	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Balance at 31 December 2015	**0,00**	**925,07**	**9.512.322,34**	**27.675.685,92**	**1.707.483,98**	**0,00**	**38.896.417,31**
NET BOOK VALUE at 31 December 2015	**179.475,39**	**662.572,38**	**749.005,59**	**1.586.254,06**	**0,02**	**0,00**	**3.177.307,42**

	Development costs	Trademarks & licenses	Software	Internally-generated software	Customer relationship	Other	Total
ACQUISITION COST							
Balance at 1 January 2016	**179.475,39**	**663.497,45**	**10.261.327,91**	**29.261.939,99**	**1.707.484,00**	**0,00**	**42.073.724,74**
Exchange differences	5.352,24	0,00	0,00	48.336,97	0,00	0,00	**53.689,21**
Additions	0,00	485,73	6.376,36	500.410,20	0,00	0,00	**507.272,29**
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**
Balance at 31 December 2016	**184.827,63**	**663.983,18**	**10.267.704,28**	**29.810.687,16**	**1.707.484,00**	**0,00**	**42.634.686,23**
ACCUMULATED DEPRECIATION							
Balance at 1 January 2016	**0,00**	**925,07**	**9.512.322,34**	**27.675.685,92**	**1.707.483,98**	**0,00**	**38.896.417,31**
Exchange differences	0,00	0,00	0,00	21.447,83	0,00	0,00	**21.447,83**
Depreciation charge	0,00	242,68	40.320,41	601.170,16	0,00	0,00	**641.733,25**
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**
Balance at 31 December 2016	**0,00**	**1.167,75**	**9.552.642,75**	**28.298.303,91**	**1.707.483,98**	**0,00**	**39.559.598,40**
NET BOOK VALUE at 31 December 2016	**184.827,63**	**662.815,43**	**715.061,53**	**1.512.383,24**	**0,02**	**0,00**	**3.075.087,84**

9. Investment property

Amounts in Euro	31/12/2016	31/12/2015
Cost		
Balance at the beginning of period	**206.107,42**	**206.107,42**
Balance at the end of period	**206.107,42**	**206.107,42**
Accumulated Depreciation		
Balance at the beginning of period	**0,00**	**0,00**
Impairment	0,00	0,00
Balance at the end of period	**0,00**	**0,00**
Net book amount at the end of period	**206.107,42**	**206.107,42**

The investment property relates to land rented to Intracom Telecom SA. Rental income from investment properties for 2016 amounted to €36.589,38 (2015: €36.883,07). The operating expenses related to the land amounted to €1.105,73 (2015: €1.441,10)

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. During 2016 no indications for impairment existed.

10. Investment in subsidiaries

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

Entity Name	Country of incorporation	31/12/2016 Net Book Value	31/12/2016 Net Equity	31/12/2016 Profit / (Loss)	31/12/2016 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	4.947.872,55	520.677,53	99,99%
Intrasoft SA	Greece	90.000,00	11.858,09	(3.870,36)	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	31.227,23	(18.224,25)	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	(16.530,21)	(2.393,87)	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	3.739.759,56	1.115.596,52	80,00%
Global Net Solutions SA	Bulgaria	200.000,00	1.317.214,46	330.475,12	100,00%
Intrasoft International Scandinavia AS	Denmark	3.303.000,00	2.280.437,13	(258.607,79)	100,00%
Intrasoft International USA, Inc.	USA	817,59	28.362,66	15.276,30	100,00%
Intracom Exports	Cyprus	773.370,53	2.324.776,83	(22.015,04)	100,00%
Intrasoft Information East Africa Ltd	Kenya	0,00	40.397,80	40.829,14	100,00%
Total		**8.673.220,11**	**15.671.940,17**	**1.912.241,35**	

Entity Name	Country of incorporation	31/12/2015 Net Book Value	31/12/2015 Net Equity	31/12/2015 Profit / (Loss)	31/12/2015 Interest held (%)
Intrasoft International SA	Belgium	4.059.738,00	4.427.195,02	532.401,87	99,99%
Intrasoft SA	Greece	90.000,00	15.728,45	3.895,10	99,00%
Intrasoft International Bulgaria Ltd	Bulgaria	46.016,98	49.451,48	12.983,45	100,00%
Intrasoft Information Technology UK Ltd	United Kingdom	0,00	(14.136,34)	(2.453,13)	100,00%
Intrasoft Middle East FZC	United Arab Emirates	200.277,01	2.514.822,15	837.357,91	80,00%
Global Net Solutions SA	Bulgaria	200.000,00	1.386.407,71	324.317,77	100,00%
Intrasoft International Scandinavia AS	Denmark	3.303.000,00	2.539.044,92	15.660,77	100,00%
Intrasoft International USA, Inc.	USA	817,59	10.305,81	(6.980,93)	100,00%
Intracom Exports	Cyprus	773.370,53	2.346.791,87	(21.887,68)	100,00%
Intrasoft Information East Africa Ltd	Kenya	0,00	(2.967,37)	(2.949,67)	100,00%
Total		**8.673.220,11**	**13.272.643,70**	**1.692.345,46**	

The movement on Investments account is as follows:

Amounts in Euro	31/12/2016	31/12/2015
Balance at the beginning of period	**8.673.220,11**	**8.153.220,11**
Acquisition of subsidiaries	0,00	0,00
Additions	0,00	520.000,00
Disposals / write offs	0,00	0,00
Balance at the end of period	**8.673.220,11**	**8.673.220,11**

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

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.

Entity Name	Country of incorporation	31/12/2016 Cost Book Value	31/12/2016 Impaired amount	31/12/2016 Net Book Value
Intracom Exports	Cyprus	6.614.075,00	5.840.704,47	773.370,53
Intrasoft International Scandinavia AS	Denmark	6.688.582,19	3.385.582,19	3.303.000,00

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

11. Investments in associates

Entity Name	Country of incorporation	31/12/2016 Net Book Value	31/12/2016 Net Equity	31/12/2016 Profit / (Loss)	31/12/2016 Interest held (%)
Advanced Transport Telematics SA	Greece	347.460,00	558.456,77	194.498,05	50,00%
Total		**347.460,00**	**558.456,77**	**194.498,05**	

Entity Name	Country of incorporation	31/12/2015 Net Book Value	31/12/2015 Net Equity	31/12/2015 Profit / (Loss)	31/12/2015 Interest held (%)
Advanced Transport Telematics SA	Greece	297.460,00	581.000,23	171.016,17	50,00%
Total		**297.460,00**	**581.000,23**	**171.016,17**	

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.

12. Available-for-sale financial assets

Amounts in Euro	2016	2015
Balance at the beginning of period	**1.676.035,82**	**504.022,06**
Impairment	(903.333,26)	0,00
Fair value adjustments (note 15f)	0,00	0,00
Additions	31.476,07	1.172.013,76
Disposals/write-offs	0,00	0,00
Balance at the end of period	**804.178,63**	**1.676.035,82**
Non-current portion	**804.178,63**	**1.676.035,82**
- Equity securities		
Listed securities		
3.333.333 Shares of Attika Bank SA	96.666,64	999.999,90
	96.666,64	**999.999,90**
Unlisted securities		
Intranet	249.778,80	249.778,80
Edap-Etep Kritis	11.738,82	11.738,82
Akropolis Park	242.504,44	242.504,44
Odyssey Partners	203.489,93	172.013,86
	707.511,99	**676.035,92**
	804.178,63	**1.676.035,82**
Available-for-sale FA are denominated in the following currencies:		
Euro	804.178,63	1.676.035,82
	804.178,63	**1.676.035,82**

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.

Additions to the Company 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 the year 2015, the subsidiary Intracom Exports Ltd acquired 2,45% of the company Odyssey Partners S.C.A. SICAR amounted EUR 172.013,86. The purpose of the Odyssey Partners

S.C.A. is the investment of the funds available to it in risk capital within the widest meaning permitted under the 2004 Act and CSSF Circular 06/241.

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.

During the year, a loss of € 903 thousand was recorded in the Company's results for investments in listed securities (note 24).

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	31/12/2016 Cost Book Value	31/12/2016 Impaired amount	31/12/2016 Net Book Value
Intranet	Greece	270.000,00	20.221,20	249.778,80
Edap-Etep Kritis	Greece	11.738,82	0,00	11.738,82
Akropolis Park	Greece	302.504,44	60.000,00	242.504,44
Odyssey Partners		313.991,38	71.486,94	203.489,93
Attika Bank SA	Greece	999.999,90	903.333,26	96.666,64
Total		**1.787.733,09**	**983.554,46**	**804.178,63**

13. 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:

Amounts in Euro	31/12/2016	31/12/2015
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	(328.000,49)	(328.806,22)
Deferred tax assets to be recovered within 12 months	(15.671,54)	(11.369,65)
	(343.672,03)	**(340.175,87)**
Deferred tax liabilities:		
Deferred tax liabilities to be settled after more than 12 months	230.006,79	229.006,73
Deferred tax liabilities to be settled within 12 months	0,00	0,00
	230.006,79	**229.006,73**
	(113.665,24)	**(111.169,14)**

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

Amounts in Euro	31/12/2016	31/12/2015
Balance at beginning of period:	**(111.169,14)**	**(824.770,26)**
Exchange differences	0,00	0,00
Tax charged to equity	0,00	0,00
Income statement charge (Note 34)	(2.496,10)	713.601,12
Balance at the end of period	**(113.665,24)**	**(111.169,14)**

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
Deferred tax asset				
Balance at 1 January 2015	**(335.761,05)**	**0,00**	**(716.767,00)**	**(1.052.528,04)**
Charged / (credited) to the income statement	2.300,33	0,00	710.051,84	712.352.17
Charged to equity	0,00	0,00	0,00	0,00
Exchange differences	0,00	0,00	0,00	0,00
Balance at 31 December 2015	**(333.460,72)**	**0,00**	**(6.715,16)**	**(340.175,87)**
Charged / (credited) to the income statement	(779,43)	0,00	(2.716,73)	(3.496,16)
Charged to equity	0,00	0,00	0,00	0,00
Exchange differences	0,00	0,00	0,00	0,00
Balance at 31 December 2016	**(334.240,15)**	**0,00**	**(9.431,89)**	**(343.672,03)**

Provisions/Impairment losses amounts € 333.460,72 derived from other provisions

Other assets amounts € 6.715,16 derived from other provisions.

The Group has not recognized deferred tax asset on the losses of the previous and the current year. These losses amount to € 13.398.523,74

	Accelerated tax depreciation	Accrued income	Other	Total
Deferred tax liability				
Balance at 1 January 2015	**200.141,10**	**0,00**	**27.616,69**	**227.757,78**
Charged / (credited) to the income statement	1.248,95	0,00	0,00	1.248,95
Disposal of subsidiaries	0,00	0,00	0,00	0,00
Balance at 31 December 2015	**201.390,05**	**0,00**	**27.616,69**	**229.006,73**
Charged / (credited) to the income statement	1.000,06	0,00	0,00	1.000,06
Exchange differences	0,00	0,00	0,00	0,00
Balance at 31 December 2016	**202.390,11**	**0,00**	**27.616,69**	**230.006,79**

14. Trade and other receivables

Amounts in Euro	31/12/2016	31/12/2015
Trade receivables	52.587.739,19	50.660.846,62
Less: provision for impairment of receivables	(8.891.378,19)	(8.937.456,19)
Trade receivables - net	**43.696.361,00**	**41.723.390,43**
Receivables from related parties (note 39)	8.552.876,57	2.923.975,02
Loans to related parties	2.840.121,20	2.681.318,72
Advances to suppliers	7.215,16	614.755,41
Prepaid expenses	2.806.608,30	2.343.489,88
Accrued income	42.383.628,23	48.953.025,00
Other receivables	1.107.884,00	1.592.186,11
Total	**101.394.694,46**	**100.832.140,58**
Non-current portion	4.294.438,84	4.261.957,79
Current portion	97.100.255,62	96.570.182,79
Total	**101.394.694,46**	**100.832.140,58**

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

Amounts in Euro	31/12/2016	31/12/2015
Total	**43.696.361,00**	**41.723.390,43**
Not past due and not impaired at the balance sheet date	20.793.588,79	22.883.077,92
Not impaired at the balance sheet date but past due in the following periods:		
	31/12/2016	**31/12/2015**
< 90 days	3.993.315,90	5.382.530,91
90-180 days	3.708.697,42	5.276.600,12
180-270 days	14.693.216,96	7.506.236,89
270-365 days	426.260,29	468.445,98
1-2 years	81.281,64	206.498,62
> 2 years	0,00	0,00
	22.902.772,21	**18.840.312,52**
	43.696.361,00	**41.723.390,44**

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	Collectively impaired	Total impairment
Balance at 1 January 2015	**8.605.704,53**	**0,00**	**8.605.704,53**
Additional provision for the period	332.787,04	0,00	**332.787,04**
Unused amounts reversed	(1.035,61)	0,00	**(1.035,61)**
Discounting	0,00	0,00	**0,00**
Balance at 31 December 2015	**8.937.455,96**	**0,00**	**8.937.455,96**
Balance at 1 January 2016	**8.937.455,96**	**0,00**	**8.937.455,96**
Additional provision for the period	133.920,08	0,00	**133.920,08**
Unused amounts reversed	(6.970,82)	0,00	**(6.970,82)**
Discounting	0,00	0,00	**0,00**
Balance at 31 December 2016	**9.064.405,22**	**0,00**	**9.064.405,22**

Trade and other receivables are analyzed in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	83.182.542,65	79.822.576,27
US Dollar (USD)	16.155.774,38	18.653.767,68
Bulgarian Leva (BGN)	631.599,06	602.404,86
Jordan Dinar (JOD)	1.243.775,09	1.165.413,95
Danish Corona (DKK)	40.902,11	116.693,84
Other	140.101,18	471.283,97
	101.394.694,46	**100.832.140,58**

15. Inventories

	31/12/2016	31/12/2015
Raw materials	1.815,72	931,93
Merchandise	2.192.186,52	2.693.624,10
Other	284.201,29	275.835,60
Total	**2.478.203,53**	**2.970.391,63**
Less: Provision for obsolete , slow-moving and damaged stock:		
Merchandise	300.854,96	300.854,96
Other	0,00	0,00
Total	**300.854,96**	**300.854,96**
	2.177.348,57	**2.669.536,67**

The movement of the provision is as follows:

	31/12/2016	31/12/2015
Analysis of provision		
Opening balance	**300.854,96**	**300.854,96**
Additional provision for the period	0,00	0,00
Provision used	(0,00)	(0,00)
Closing balance	**300.854,96**	**300.854,96**

16. Cash and cash equivalents

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

	31/12/2016	31/12/2015
Cash in bank and in hand	33.299.770,11	31.200.976,72
Short-term bank deposits	223.951,88	1.051.074,16
Total	**33.523.721,99**	**32.252.050,88**

The effective interest rate on short-term time deposits for the Group was 1,00% (2015: 1,00%).

Cash and cash equivalents are analysed in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	27.568.423,69	26.569.745,51
US Dollar (USD)	3.137.295,62	3.891.487,91
GBP	1.054.979,54	0,00
Other	1.763.023,14	1.790.817,46
Total	**33.523.721,99**	**32.252.050,88**

17. Share capital

	Number of shares	Ordinary shares	Share premium	Total
Balance at 31 December 2015	**62.104**	**62.104**	**0,00**	**1.552.600,00**
Balance at 31 December 2016	**62.104**	**62.104**	**0,00**	**1.552.600,00**

On 31 December 2016 the Company'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.

18. Other reserves

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
Balance at 1 January 2015	**446.532,34**	**241.210,57**	**10.336.352,48**	**26.401,37**	**(1.366.527,34)**	**(4.259.431,81)**	**5.424.537,61**
Transfer from retained earnings	83.885,95	0,00	46.850,00	0,00	0,00	0,00	**130.735,95**
Transfer to retained earnings	0,00	0,00	(299.500,00)	0,00	0,00	0,00	**(299.500,00)**
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	345.347,93	0,00	**345.347,93**
Other	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Balance at 31 December 2015	**530.418,29**	**241.210,57**	**10.083.702,48**	**26.401,37**	**(1.021.179,41)**	**(4.259.431,81)**	**5.601.121,49**

	Statutory reserves	Special reserves	Tax free reserves	Extraordinary reserves	Reserves for actuarial gain / losses	Other reserves	Total
Balance at 1 January 2016	**530.418,29**	**241.210,57**	**10.083.702,48**	**26.401,37**	**(1.021.179,41)**	**(4.259.431,81)**	**5.601.121,49**
Transfer from retained earnings	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Transfer to retained earnings	0,00	0,00	(369.500,00)	0,00	0,00	0,00	**(369.500,00)**
Actuarial gain / losses	0,00	0,00	0,00	0,00	39.181,65	0,00	**39.181,65**
Other	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Balance at 31 December 2016	**530.418,29**	**241.210,57**	**9.714.202,48**	**26.401,37**	**(981.997,76)**	**(4.259.431,81)**	**5.270.803,14**

(a) Statutory reserve

The Group is required by Luxemburg law 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 capital has been reached and therefore the Legal Reserve amounts 155.260,00€.

(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

<u>Tax-free reserves under special laws</u>

This account includes reserves created from profits, whichwere 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 taxis 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 (4.246.883,99) consist of consequences of the cross-border merger.

(f) Fair value reserve

Fair value reserve is analyzed as follows:

	Available for sale financial assets	Currency translation	Total
Balance at 1 January 2015	**0,00**	**553.094,26**	**553.094,26**
Revaluation:	0,00	0,00	**0,00**
Currency translation differences	0,00	482.632,36	**482.632,36**
Balance at 31 December 2015	**0,00**	**1.035.726,62**	**1.035.726,62**

	Available for sale financial assets	Currency translation	Total
Balance at 1 January 2016	**0,00**	**1.035.726,62**	**1.035.726,62**
Revaluation:	0,00	0,00	0,00
Currency translation differences	0,00	162.993,66	162.993,66
Balance at 31 December 2016	**0,00**	**1.198.720,28**	**1.198.720,28**

This reserve in 2016 includes the Currency Translation differences from the translation of foreign subsidiaries financial statements.

19. Borrowings

Amounts in Euro	31/12/2016	31/12/2015
Non-current borrowings		
Bank borrowings	0,00	7.600.000,00
Obligations under finance leases	0,00	0,00
Total non-current borrowings	**0,00**	**7.600.000,00**
Current borrowings		
Bank overdrafts	0,00	0,00
Bank borrowings	49.908.383,34	42.996.963,72
Obligations under finance leases	0,00	0,00
Total current borrowings	**49.908.383,34**	**42.996.963,72**
Total borrowings	**49.908.383,34**	**50.596.963,72**

The company took advantage of the mergers that took place in the Greek banking system which provide us the opportunity to unify the majority of the loans and set the interest rate lower through common pricing. The levels of weighted average interest rate for the period 2016 (6,14%) are lower than those of 2015 (6,26%) due to the negative Euribor rates. The Company assesses that during the current year, interest rate risk is limited since it is expected that interest rates will remain stable and in case that there is an improvement in the economic climate in Greece, a further decrease is expected.

The Group has approved credit lines for working capital financing purposes and issuances of letters of guarantees in excess of Euro 88 million.

All above lines are reviewed on an annual basis and are guaranteed by INTRACOM SA Holdings.

	2016	2015
Euro (EUR)	48.549.903,75	47.850.002,69
US Dollar (USD)	1.358.479,59	2.746.961,03
Total	**49.908.383,34**	**50.596.963,72**

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

Amounts in Euro	31/12/2016	31/12/2015
Not later than 1 year	49.908.383,34	42.996.963,72
Between 1 and 2 years	0,00	7.600.000,00
	49.908.383,34	**50.596.963,72**

Finance leases

There are no Finance lease liabilities for the year 2016 and 2015.

20. Retirement benefit obligations

According to Greek Labor Law, employees are entitled to indemnity on dismissal and retirement, the amount of which varies depending on the years of services, salary level and the way the employee leaves his or her employment (dismissal or retirement). Employees that resign or are dismissed for legally valid reasons are not indemnified. The indemnity payable on retirements is 40% of the amount that would have been payable to the same employee on dismissal on the same day (retirement date). In Greece, based on customary practice, these programs are not funded. The Group charges to the income statement the expense attributable to the service provided by employees in the year, with a corresponding increase in the provision for staff retirement indemnities. Any payments made to retiring employees are set against the related provision. An independent actuary (Manolis Valavanis - Member of the Hellenic Actuarial Society and of the American Academy of Actuaries) calculated the Group's liability for retirement indemnities.

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 2016 and 2015 are as follows:

	2016	2015
Balance sheet obligations for:		
Pension benefits	3.179.355,25	2.970.472,88
Total	**3.179.355,25**	**2.970.472,88**
Income statement charge for (Note30):		
Pension benefits	248.064,02	155.572.90
Total	**248.064,02**	**155.572.90**
Actuarial (gains)/losses (OCI)		
Pension benefits	39.181,65	345.347,93
Total	**39.181,65**	**345.347,93**
The amounts recognized in the Balance Sheet are as follows:		
	2016	**2015**
Present value of funded obligations	3.179.355,25	2.970.472,88
	3.179.355,25	**2.970.472,88**
Present value of unfunded obligations	0,00	0,00
	0,00	**0,00**
Liability in the Balance Sheet	**3.179.355,25**	**2.970.472,88**
The amounts recognized in the income statement are as follows:		
	2016	**2015**
Current service cost	248.033,88	155.531,85
Interest cost	30,14	41,05
Net actuarial (gains) / losses recognized in the period	0,00	0,00
Past service cost	0,00	0,00
Total included in employee benefit expense (Note 30)	**248.064,02**	**155.572,90**

Total Charge allocated as follows:			
		2016	**2015**
Cost of sales		250.400,04	156.375,44
Selling and marketing costs		(1.461,91)	(835,34)
Administrative expenses		(874,11)	32,80
	Total	**248.064,02**	**155.572,90**
Movement in the liability recognized in the balance sheet			
		2016	**2015**
Balance at the beginning of period		**2.970.472,88**	**3.160.247,91**
Total expense included in employee benefit expense		248.064,02	155.572,90
Disposal of subsidiaries		0,00	**0,00**
Actuarial (gain)/loss from change in financial assumptions		(39.181,65)	(345.347,93)
Experience (gains)/losses		0,00	0,00
Balance at the end of period		**3.179.355,25**	**2.970.472,88**

The Principle Actuarial Assumptions Used for Accounting Purposes are:

	31/12/2016	31/12/2015
Discount rate	**1,80%**	**1,80%**
Future salary increases	**2,30%**	**2,30%**
Future pension increases	**2,00%**	**2,00%**

<u>Sensitivity analysis</u>

The use of a discount rate plus 50BP will lead to an actuarial liability lower by 9% and the opposite, a discount rate minus 50BP will lead to an actuarial liability higher by 10%

The use of a salary rate plus 50BP will lead to an actuarial liability higher by 10% and the oppsite, a salary rate minus 50BP will lead to an actuarial liability lower by 9%.

	Projected Benefit Obligation	%
Discount rate plus 50BP	**2.660.935**	**-12%**
Discount rate minus 50BP	**3.176.741**	**5%**
Salary rate plus 50BP	**3.153.355**	**4%**
Salary rate minus 50BP	**2.676.023**	**-11%**

21. Grants

Amounts in Euro	31/12/2016	31/12/2015
Balance at the beginning of period	**0,00**	**0,00**
Transfer to the profit or loss (amortisation)	0,00	0,00
Balance at the end of period	**0,00**	**0,00**

The grants relate to subsidiary company Global Net Solution SA for the expansion of its telecommunications network.

22. Provisions

Long-term provisions are analyzed as follows:

	Tax liabilities	Project losses	Total
Balance at 1 January 2015	**504.037,67**	**204.148,47**	**708.186,14**
Utilized during the year	0,00	(2.998,38)	**(2.998,38)**
Utilized during the year	0,00	(221.583,96)	**(221.583,96)**
Additional provision for the period	150.000,00	386.548,98	**536.548,98**
Balance at 31 December 2015	**654.037,67**	**366.115,11**	**1.020.152,78**
Unused amounts reversed	0,00	0,00	**0,00**
Utilized during the year	0,00	(366.115,11)	**(366.115,11)**
Additional provision for the period	0,00	56.111,12	**56.111,12**
Balance at 31 December 2016	**654.037,67**	**56.111,12**	**710.148,79**

Short-term Provisions are analyzed as follows:

	Staff related	Project losses	Other	Total
Balance at 1 January 2015	**2.296.291,69**	**101.131,56**	**121.224,61**	**2.518.647,86**
Additional provision for the period	3.141.505,69	191.489,57	21.921,30	**3.354.916,56**
Unused amounts reversed	(370.293,00)	(1.485,34)	(24.720,46)	**(396.498,8)**
Utilized during the year	(1.652.652,81)	(290.511,37)	(28.297,47)	**(1.971.461,65)**
Balance at 31 December 2015	**3.414.851,57**	**624,42**	**90.127,98**	**3.505.603,97**
Additional provision for the period	4.790.856,55	936.085,56	84.570,92	**5.811.513,03**
Unused amounts reversed	(924.302,20)	0,00	0,00	**(924.302,20)**
Utilized during the year	(3.141.031,88)	(695.783,47)	(68.782,47)	**(3.905.597,82)**
Balance at 31 December 2016	**4.140.374,04**	**240.926,51**	**105.916,43**	**4.487.216,98**

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

23. Trade and other payables

Amounts in Euro	31/12/2016	31/12/2015
Trade payables	21.188.919,81	27.003.163,70
Amounts due to related parties (Note 39)	9.250.234,77	10.141.430,62
Accrued Expenses	12.169.348,31	17.781.431,32
Social security and other taxes	5.400.188,75	5.647.024,25
Advances from customers	26.412.285,81	16.688.361,65
Deferred revenue	9.475.576,11	9.262.424,01
Other payables	1.094.001,59	1.812.859,22
Total	**84.990.555,15**	**88.336.694,76**
Non-current portion	2.687.512,92	1.612.253.40
Current portion	**82.303.042,23**	86.724.441,36
Total	**84.990.555,15**	**88.336.694,76**

Trade and other payables are denominated in the following currencies:

	31/12/2016	31/12/2015
Euro (EUR)	74.233.925,66	74.099.329,70
US Dollar (USD)	8.266.579,37	11.676.557,50
Bulgarian Leva (BGN)	852.984,43	1.002.122,13
Romanian (RON)	1.164.646,71	128.424,08
Jordan Dinar (JOD)	444.891,20	1.325.151,35
GB Pound (GBP)	5.493,62	0,00
Danish Corona (DKK)	22.034,17	105.110,00
Total	**84.990.555,15**	**88.336.694,76**

24. Expenses by nature

Amounts in Euro	Note	1/1-31/12/2016	1/1-31/12/2015
Employee benefit expense	25	70.071.749,11	65.573.100,72
Costs of inventories recognized as expense		-16.871.780,34	24.294.917,85
Depreciation of property, plant and equipment:			
- Owned Assets	6	748.125,29	719.303,88
- Leased Assets	6	0,00	0,00
Amortisation of intangible assets	8	641.733,28	1.423.062,51
Reversal of write-down of inventories		10.844,09	0,00
Impairment charge for bad and doubtful debts	14	133.920,08	332.787,04
Subcontractors		69.013.065,75	75.175.848,78
Exchange differences		98.094,21	71.377,13
Repair and maintenance expenditure on property, plant and equipment		9.626,22	10.167,09
Operating lease rentals:			
- Property		1.903.981,60	1.876.207,42
- Machinery		2.072.604,89	2.074.984,94
- Office equipment		76.680,26	60.635,66
Transportation / Travel expenses		4.837.074,67	4.281.284,66
Telecommunication cost		789.224,59	729.298,43
Third party fees		1.119.572,16	1.248.811,56
Advertising		119.012,61	176.806,95
Other administrative expenses		786.884,88	375.865,99
Building expenses		1.336.937,76	1.501.996,56
Other		(4.105.453,53)	(592.048,32)
Total		**166.317.581,67**	**179.334.408,82**

Allocation of total expenses by function	1/1-31/12/2016	1/1-31/12/2015
Cost of sales	144.127.752,71	156.883.893,20
Selling & marketing costs	11.000.273,92	11.125.142,88
Administrative expenses	11.189.555,04	11.325.372,75
Total	**166.317.581,67**	**179.334.408,82**

Allocation of depreciation of property, plant & equipment by function	1/1-31/12/2016	1/1-31/12/2015
Cost of sales	491.396,51	455.990,18
Selling & marketing costs	79.480,45	76.772,17
Administrative expenses	177.248,33	186.541,54
Total	**748.125,29**	**719.303,89**

Allocation of amortization of intangible assets by function	1/1-31/12/2016	1/1-31/12/2015
Cost of sales	440.103,30	1.122.071,59
Selling & marketing costs	10.023,54	40.814,01
Administrative expenses	191.605,83	260.176,91
Total	**641.732,68**	**1.423.062,51**

Allocation of employee benefit expenses by function	1/1-31/12/2016	1/1-31/12/2015
Cost of sales	55.737.516,01	52.141.095,81
Selling & marketing costs	6.744.797,26	5.842.187,91
Administrative expenses	7.589.435,83	7.589.817,00
Total	**70.071.749,10**	**65.573.100,72**

Allocation of exchange differences by function	1/1-31/12/2016	1/1-31/12/2015
Cost of sales	0,00	0,00
Selling & marketing costs	0,00	0,00
Administrative expenses	(98.094,21)	71.377,13
Total	**(98.094,21)**	**71.377,13**

25. Employee benefits

	1/1-31/12/2016	1/1-31/12/2015
Number of employees	**1.501**	**1.490**
Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Wages and salaries	57.017.313,39	53.148.562,08
Social security costs	10.744.634,61	10.306.404,24
Other employer contributions and expenses	276.125,60	500.915,84
Share options granted to directors and employees	0,00	0,00
Pension costs - defined contribution plans	131.885,14	122.190,39
Pension costs - defined benefit plans	248.064,02	155.572,90
Other post-employment benefits	1.653.726,36	1.339.455,27
Total	**70.071.749,11**	**65.573.100,72**

Key management personnel compensation

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

Amounts in Euro		31/12/2016	31/12/2015
Short-tem employee benefits		1.963.947,51	1.271.992,32
Longt-tem employee benefits		93.179,45	74.728,00
	Total	**2.057.126,96**	**1.346.720,32**

26. Other operating income

Amounts in Euro		1/1-31/12/2016	1/1-31/12/2015
Amortization of grants received (note 21)		0,00	0,00
Dividend Income		2.074,35	2.093,19
Other income from grants		4.740,48	36.553,68
Rental income		45.046,93	46.247,49
Insurance reimbursement		7.623,40	3.486,92
Other		81.652,09	350.796,61
Other		488.359,60	3.217,86
	Total	**629.496,85**	**441.395,75**

27. Other gains / (losses) – net

Amounts in Euro		1/1-31/12/2016	1/1-31/12/2015
Impairment charge on available for sale investments (note 12)		0,00	0,00
Impairment charge of subsidiaries (Note 10)		0,00	0,00
Net foreign exchange gains / (losses)		0,00	257.763,51
Profit / (loss) on disposal of property, plant and equipment		0,00	555,63
Other		87.187,57	292.677,35
	Total	**87.187,57**	**(34.358,21)**

28. Finance expenses / (income) – net

Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Finance expenses		
Bank borrowings	(3.745.029,00)	(3.523.798,70)
Finance leases	0,00	0,00
Letters of guarantee fees	(737.408,75)	(772,636,18)
Interest on prepayments of projects	(122.427,20)	(134.388,45)
Net foreign exchange gains / (losses)	311.573,56	243.837,25
Fair value gains / (losses) on financial instruments	(903.333,24)	159,33
Total Finance expenses	**(5.196.624,63)**	**(4.186.826,75)**
Finance income		
Interest income on short-term bank deposits	17.895,30	20.522,01
Interest income on loans to related parties	191.677,46	159.987,46
Other	7.802,89	27.347,43
Total Finance income	**217.375,65**	**207.856,90**
Total Finance result	**(4.979.248,98)**	**(3.978.969,84)**

29. Income tax

Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Current tax	(2.764.884,06)	(1.862.365,78)
Deferred tax (note 14)	2.496,10	(713.601,12)
Total	**(2.762.387,96)**	**(2.575.966,90)**

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 Company were as follows:

	2016	**2015**
Luxembourg	29,22%	29,22%
Greece	29%	29%
Romania	16%	16%
Belgium	33,99%	33,99%
Bulgaria	10%	10%
Denmark	25%	25%
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 2015 - 2016.

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.

	Country of	**Unaudited**
Intarsoft International S.A. Luxembourg	Luxembourg	2015 - 2016
Intrasoft International Greek branch	Greece	2010 - 2016
Intrasoft International Romanian branch	Romania	n/a
Intrasoft International Jordanian branch	Jordan	2011 - 2016
Intrasoft International Scandinavia	Denmark	2007 - 2016
Intrasoft International Belgium	Belgium	2012 - 2016
Intrasoft Jordan	Jordan	2010 - 2016
Intrasoft International Middle East	UAE	n/a
Global Net Solution	Bulgaria	2009 - 2016
Intrasoft International East Africa Ltd	Kenya	2015 - 2016
Intrasoft International Ltd	Bulgaria	2011 - 2016
Intracom Cyprus	Cyprus	2012 - 2016

Intracom Exports	Cyprus	2012 - 2016
Intrasoft Information Technology Ltd	UK	2011 - 2016
Intrasoft SA	Greece	2010 - 2016
Intrasoft International SA	Boston – USA	2011 - 2016

The tax on the losses before tax of the Group and the Company differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits/losses of the group companies as follows:

Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Profit before tax	**4.985.524,32**	**4.465.783,81**
Tax calculated at Greek tax rate applicable on profits	(1.536.916,84)	(1.295.077,30)
Income not subject to tax	28.220,42	(61.354,28)
Expenses not deductible for tax purposes	(456.740,28)	(486.910,35)
Effect from different tax rates	300.814,62	275.790,08
Adjustment for over provision in previous periods	(75.867,64)	205.838,81
Tax losses of the period	(1.065.911,33)	(272.234,29)
Other taxes	44.013,06	(942.019,57)
Tax Charge	**(2.762.387,98)**	**(2.575.966,90)**

30. Earnings / (losses) per share

Basic earnings / (losses) per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (note 21).

Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Profit / (loss) attributable to equity holders of the company	2.021.266,49	1.722.345,32
Weighted average number of ordinary shares in issue	62.104	62.104
Basic earnings / (losses) per share	32,55	27,73

Diluted earnings / (losses) per share

Diluted earnings / (losses) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as stock options. For the share options calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Amounts in Euro	1/1-31/12/2016	1/1-31/12/2015
Profit / (loss) attributable to equity holders of the company	2.021.266,49	1.722.345,32
Weighted average number of ordinary shares in issue	62.104	62.104
Basic earnings / (losses) per share	32,55	27,73

From the calculation of the weighted average number of ordinary shares of diluted earnings, no difference has occurred in relation to basic earnings per share.

31. Cash generated from operations

Amounts in Euro	Note	1/1(31/12/2016	1/1(31/12/2015
Profit after tax for the period from continuing operations		**2.223.136,37**	**1.889.816,91**
Profit after tax for the period from discontinued operations		**0,00**	**0,00**
Adjustments for:			
Tax	29	2.762.387,96	2.575.966,90
Depreciation of property, plant & equipment	6	748.125,29	719.303,88
Amortisation of intangible assets	8	641.733,28	1.423.062,51
Impairments of available -for-sale financial assets		903.333,24	0,00
(Profit) / loss on disposal of property, plant & equipment		0,00	(555,63)
(Profit) / loss on disposal of subsidiaries		0,00	0,00
Dividend income		(2.074,35)	(2.093,19)
Interest income	28	(217.375,65)	(207.856,90)
Interest expense	28	4.293.291,39	4.186.826,75
Exchange gains / (losses)		88.132,90	507.482,83
Share of result of associates		(97.249,02)	(106.804,62)
		11.343.441,41	**10.985.149,42**
Changes in working capital			
(Increase) / decrease in inventories	15	492.188,10	(1.234.495,66)
(Increase) / decrease in trade and other receivables		(562.553,88)	(13.165.935,47)
Increase / (decrease) in payables		(3.805.767,84)	20.355.511,60
Increase / (decrease) in provisions		671.609,02	1.298.922,75
Increase / (decrease) in pension & other benefits		(208.882,37)	155.572,90
Changes in working capital		**(3.413.406,98)**	**7.409.576,11**
Net cash generated from / (used in) operating activities		**7.930.034,43**	**18.394.725,54**

32. Commitments

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

Operational Lease Commitments (amounts in Euro)	1/1(31/12/2016	1/1(31/12/2015
Not later than 1 year	2.822.887,37	3.069.207,56
Later than 1 year and not later than 5 years	6.986.192,87	6.993.318,19
Later than 5 years	1.819.808,67	2.596.029,39
TOTAL	**11.628.888,91**	**12.658.555,14**

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 company will support Intrasoft International Scandinavia A/S financially to ensure that the company 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 Company:

(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 Company 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 Company 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 Company 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 Company 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).

33. 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:

Amounts in Euro	2016	2015
Guarantees for advance payments	9.177.857,71	12.296.259,10
Guarantees for good performance	19.729.984,10	19.692.435,14
Guarantees for participation in contests	3.469.432,84	2.840.658,67
Counter-guarantees	464.035,61	607.255,43
Other	158.813,30	158.616,93
Total	**33.000.123,57**	**35.595.225,27**

Outstanding legal cases

There is an outstanding legal case against the Greek branch 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 Company and ministerial decisions. Subsequently, according to a decision by the administrative court of appeal of Piraeus, the above mentioned penalties and rebates were cancelled. According to the Company's legal advisers the appeal exercised by the Greek State against the previous decision by the administrative court of appeal of Piraeus will not succeed and hence there will be no surcharge on the Company.

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

34. Related party transactions

The following transactions are carried out with related parties:

Entity	Receivable	Sale of services	Income from Rent	Financial Income
Intracom Holdings SA entities				
Intracom Holdings S.A.	135,00	0,00		
Intracat	5.847.435,15	9.282.522,08		
Fracasso Hellas	900,92	1.707,94		
Intracom Defence S.A.	313.763,50	97.800,00		
Intradevelopment S.A.	97.436,44	0,00		
Intracom Contrust-Bucharest	34.586,80	0,00		
Intracom Holdings LTD (cyprus)	42.789,64	0,00		
Intracom Technologies LTD	33.000,00	0,00		
In Maint S.A.	1.252,92	0,00		
INTRACOM OPERATION	27.361,54	0,00		
Advance Transport Telematics AE	3.491.763,59	5.846.908,52	1.879,20	190.431,45
	9.890.425,50	**15.228.938,54**	**1.879,20**	**190.431,45**
Related parties				
Intralot S.A.	1.467.100,60	2.852.306,99		
Intralot Interactive	23.808,00	38.400,00		
Stadio Karaiskaki	11.663,27	0,00		
Intralot Services S.A.	66.000,00	237.800,00		
Stigmiaio Laxeio	131.840,23	0,00		
	1.700.412,10	**3.128.506,99**	**0,00**	**0,00**
Total	**11.590.837,60**	**18.357.445,53**	**1.879,20**	**190.431,45**

Entity	Payable	Purchase of services	*Purchase of goods*	Rent charge
Intracom Holdings SA entities				
Intracom Holdings S.A.	7.350.362,84	1.278.563,50		684.000,00
Intrakat S.A	1.762.125,16	1.751.750,81.		
Intracom LTD Skopje	6.035,33	17.038,82		
In Maint S.A.	100.169,69	839.708,56	46.596,10	
Intacom Defense Electronics	1.230,00			
Intracom Holdings LTD (cyprus)	14.935,75			
	9.234.858,77	**3.887.061,69**	**46.596,10**	**684.000,00**
Related parties				
Stadio Karaiskaki	0,00	25.000,00	0,00	0,00
Intralot S.A.	0,00	12.675,72	0,00	0,00
Intralot Services S.A.	15.376,00	95.000,00	0,00	0,00
Intratour		15.200,00	0,00	0,00
	15.376,00	**147.875,72**	**0,00**	**0,00**
Total	**9.250.234,77**	**4.034.937,41**	**46.596,10**	**684.000,00**

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 Company holds an interest share.

Key Management compensations

During the financial year, the company granted interest-bearing advances to a member of its administrative body amounting to 6.000,00 EUR, on top of the open balance due on 31.12.2015. During the financial year 2016 20.000,00 EUR were reimbursed. As at 31 December 2016, this receivable amounted to 65.969,27 EUR. The interest rate that is used is the average effective rate applicable to company’s short term loans. See note 25

35. Post balance sheet events

On January 12th a new company, VALEU Consulting S.A. was legally established in Belgium.

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

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.

On March 30th, the Company paid the amount of 241.500,00 euros, for the acquisition of 24.150 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.

36. Subsidiaries

The companies included in the consolidated financial statements and the related direct percentage interests held are as follows on 31.12.2016:

Entity Name	Country of incorporation	Direct % interest held	Date 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%	07.11.2011		Full
Intrasoft Information Technology UK Ltd	United Kingdom	100,00%	22.09.2011		Full
Intrasoft Middle East FZC	United Arab Emirates	80,00%	14.11.2013		Full
Intrasoft Jordan L.L.C.	Jordan			80,00%	Full
Global Net Solutions SA	Bulgaria	100,00%			Full
Intrasoft International Scandinavia AS	Denmark	100,00%			Full
Intrasoft International USA, Inc.	USA	100,00%	13.06.2012		Full
Intrasoft International East Africa	Kenya	88,00%	2015		Full
Intracom Exports L.T.D.	Cyprus	100,00%			Full
Intracom Cyprus L.T.D.	Cyprus	0,00%		100,00%	Full