INTRACOM SA

DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES

Financial Statements

for the year ended December 31, 2017

in accordance with International Financial Reporting Standards

General Electronic Commercial Registry (G.E.MI.) No.: 006657001000

It is certified that the accompanying Financial Statements are those which were approved by the Board of Directors of “INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES” on 2 April 2018 and have been published posted on the web site at the address http://www.intracomdefense.com

THE CHAIRMAN OF THE BoD	**THE VICE CHAIRMAN OF THE BoD**
D. CH. KLONIS ID No. AK 121708/07.10.2011	G.A. ANNINOS ID No AK 760212/28.08.2013
THE MANAGING DIRECTOR	**THE FINANCIAL MANAGER**
G. I. TROULLINOS ID. No. S 681748/21.07.1999	K. D. PALMOS ID. No. AK 829005/11.02.2014 E.C.G. LICENCE No. 16941/A’ CLASS

THE HEAD OF THE ACCOUNTING DEPT.

E. I. KOUFOPOULOS
ID. No. AM 213304/19.09.2015
E.C.G. LICENCE 5271/A’ CLASS

Contents

A) ANNUAL REPORT OF THE BOARD OF DIRECTORS

of the company

“INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS- PRIVATE ENTERPRISE FOR THE PROVISION OF SECURITY SERVICES”

DISTINCTIVE NAME: “INTRACOM DEFENSE ELECTRONICS-IDE”

On the Financial Statements

For the year from 1 January to 31 December 2017

To the Annual General Meeting of Shareholders

Dear Shareholders,

We submit for approval the financial statements of the Company for the year from 1 January to 31 December 2017.

The financial statements for the present year, as also those for the previous years have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

This Annual Report of the Board of Directors was prepared in accordance with the provisions of article 43a of cod. L. 2190/1920.

FINANCIAL RESULTS – ACTIVITY REVIEW

The company sales in fiscal year 2017, amounted to € 65.856 thousand against € 57.437 thousand in fiscal year 2016 increased by 14,66%.

The company’s profits before income tax, financing, investing results and total depreciation (EBITDA), amounted to € 3.828 thousand, compared to profit of € 3.041 thousand in 2016, which is an increase of 25,91%.

In terms of income before taxes (EBT), the Company recorded profit of € 3.206 thousand compared to profit of € 1.599 thousand in year 2016.

The after tax profits amounted to € 2.029 thousand compared to profit of € 911 thousand in the prior year increased by 122,86%.

These changes for the year 2017 and 2016 are presented in the following table:

	2017	2016	Div (%)
Sales	65.856	57.437	14,66%
Gross profit	16.255	13.717	18,50%
%	*24,68%*	*23,88%*	
Earnings Before Interest, Taxes, Depreciation & Amortazation (EBITDA)	3.828	3.041	25,91%
%	*5,81%*	*5,29%*	
Earnings Before Interest, Taxes (EBIT)	2.521	1.543	63,36%
%	*3,83%*	*2,69%*	
Earnings Before Taxes (EBT)	3.206	1.599	100,50%
%	*4,87%*	*2,78%*	
Earnings After Taxes (EAT)	2.029	911	122,86%
%	*3,08%*	*1,59%*	

The inventories amounted to € 23.351 thousand compared to € 22.693 thousand in the previous year, increased by 2,90%.

Trade receivables and other non-current assets in fiscal year 2017 amounted to € 17.919 thousand of which € 8.646 thousand relates to advances paid by the company to suppliers.

Total liabilities amounted to € 30.709 thousand, of which the largest part of € 20.120 thousand, concerns customers advance payments in the frame of projects implementation.

The administrative expenses amounted to € 3.859 thousand compared to € 4.048 in the previous year decreased by 4.66%.

The net financial cost for the fiscal year amounted to € 685 thousand, while there are no borrowings.

Cash and cash equivalents at the end of the year amounted to € 15.535 thousand compared to € 6.888 thousand at the end of the previous year.

The equity of the Company at the end of the year 2017 amounted to € 65.510 thousand against € 63.516 in the year 2016.

The total Assets amounted in 2017 to € 96.219 thousand against € 113.775 in the year 2016, decreased by 15,43%.

The basic financial ratios that depict the financial position of the Company in a static format are as follows:

	2017	2016
a.Financial Structure Ratios		
Current Assets / Total Asests	59,3%	60,0%
Total Equity / Total Liabilities	213,3%	126,4%
Total Equity / Fixed Assets	167,2%	139,7%
Current Assets / Short- term Libilites	229,6%	196,9%
b. Profitability Ratios		
Net Profit / Sales	3,1%	1,6%
Gross Profit / Sales	24,7%	23,9%
Sales / Total Equity	100,5%	90,4%

MAIN EVENTS

In February 2017 IDE signed contract amounted €2 mil. with Krauss-Maffei Wegmann (KMW) for the supply of WiSPR Intercommunication Systems to equip the BOXER Infantry Fighting Vehicle for the international market. WiSPR system deliveries are planned to be completed in 24 months.

In May 2017 IDE signed contract amounted €1,3 mil. with the company CONVERGENCE GLOBAL for the delivery of an integrated system for support of the Maritime Interdiction Operations (Maritime Interdiction Operations - MIO). In October 2017 the system was delivered to the Indonesian Navy and is based on IDE's security-surveillance solution With the IDE's system, the Indonesian Navy's Western Fleet acquired capability for recognition/surveillance, command and control, as well as digital intercommunication for real-time exchange of operational information between the theater of operations and the land-based command center, with the aim of ensuring legality in the area of Indonesian-Singapore maritime border.

In June 2017 IDE signed contract amounted €1,2 mil. with Rheinmetall MAN Military Vehicles for the supply of WiSPR Intercommunication Systems to equip the BOXER Infantry Fighting Vehicle for the international market. WiSPR system deliveries are planned to be completed in 2018.

In July 2017 after international competition IDE signed a 3 + 2 years frame contract with NSPA (NATO Support and Procurement Agency). Under this contract IDE will provide NATO member-nations depot level maintenance (DLM), overhaul, modifications, provision of spare parts and repair material and other associated services to support the maintenance of PATRIOT Ground Support Equipment (GSE) assemblies and items.

In August 2017 IDE signed contract with Greek Ministry of Defense for the extension of the High Speed Communication Network «AGAIAS» for the Hellenic Navy.

In September 2017 IDE released its new innovative product under the name Hybrid GENAIRCON. The System's technology is based on IDE's HEPS product series (Hybrid Electrical Power Systems) and provides a fully integrated solution for military vehicles, incorporating a Hybrid Auxiliary Power Unit, an advanced Energy Storage System and a Vehicle Environmental Control System, managed by intelligent central control.

This product launch coincides with the contract signed between IDE and BAE Systems, where IDE will be integrating the Hybrid GENAIRCON into M109 platforms of the Hellenic Armed Forces.

Hybrid GENAIRCONs provide the embedded user-activated functionality of "True Silent Watch", considered to be of significant value to all types of military vehicles and in particular to those called to operate in reconnaissance, intelligence, command & control missions and covert operations, where controlled thermal and noise trace is important.

In November 2017 IDE signed contract amounted € 0,7 mil. with the Finnish Army for the supply of WiSPR Intercommunication Systems. The systems will equip Finnish Army fleet of Leopard2-A6.

In December 2017 IDE signed contract amounted €0,3 mil. with the Ministry of Interior Headquarters of Hellenic Police after a bidding process, for the delivery of a pre-frontier picture data exchange system between the National Border Control Coordination Center for Immigration and Asylum and the corresponding national coordination center of Bulgaria.

The project is part of the management of migratory flows at the south-eastern external borders of the EU by creating regional networks for the exchange of real-time picture of the situation between Bulgaria and Greece, included in the European Border Surveillance system (EUROSUR).

In addition during the year 2017 IDE signed contracts worth a total of 3,3 mil. with the company RAYTHEON for manufacturing of electronic systems for missile systems PHALANX and ESSM.

As part of the Company's participation in the PATRIOT anti-missile system scheme, additional agreements have been signed with RAYTHEON Company worth a total of $ 20,7 mil.

The new contracts signed by the Company in 2017 amounted to € 48,3 mil.

GOALS – PERSPECTIVES

The company has adopted a specific policy over the last years and consistently works toward the following objectives:

- Boosting its exports to the US by joining the Patriot anti-aircraft missile program and other US defense international-market programs.
- Entering new markets with innovative products in areas such as Asia, South America and Africa.
- Expanding its partnership with large defense equipment manufacturers (System Integrators) for joining international product sale programs and achieving integration of IDE's telecommunication products into the integrated solutions offered as well as the joint promotions in third countries.
- Utilizing the existing know-how in the fields of Surveillance and Security and joining pertinent European programs (Horizon 2020, Frontex).
- Promoting Hybrid Defense Energy Systems with a view to introducing new innovative products.
- Expanding its activities further, following the establishment and implementation of the National Defense Industrial Strategy.
- Expanding the services provided for supporting the weapon systems of the Armed Forces.

On 31.12.2017, the backlog of the Company's agreements was worth a total of 75.5 thousand Euros.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company has been consistently investing its funds in research for developing new, innovative products and integrated solutions. The department of research and development is run by highly experienced scientific staff who specialize in the fields of telecommunication, engineering and IT.

Innovation is at the center of the Company's growth model and is consistently supported through significant investments in research and development as well as multi-faceted partnerships with educational institutions and research groups.

Driven by market trends and aiming towards introducing new technologies, the Research & Development Department deals with designing and developing new differentiated products as well as improving existing ones with competitive innovative features.

In this context, the main focus areas prioritized by the Company are Broadband systems, Hybrid power and electricity storage systems, Real-time Data Processing and Geographic Display for Surveillance and Monitoring purposes as well as missile Electronic subsystems.

RISKS AND UNCERTAINTIES

Risks associated with the company's activity

Defense market trend

According to the Stockholm International Peace Research Institute (SIPRI), global defense spending trends in 2017 were as follows:

Global defense spending for 2017 is estimated to have been $ 1.739 billion, equivalent to 2,2% of the Global Gross Domestic Product (GDP), representing a marginal increase of 1,1% against 2016.

Following 13 consecutive years of successive increases, from 1998 to 2011, and relatively unchanged spending from 2012 to 2016, global defense spending rose marginally in 2017.

The largest part of this expenditure over the last years is spent mainly by fifteen (15) particular countries with yearly ranking differentiations only. In 2017, these countries spent $ 1.396 billion on defense i.e. 80% of global defense spending.

In 2017, the US, which is at the top of the world military spending list, spent a total of $ 610 billion, which accounts for more than one third (2017: 35%) of global spending, and 2,7 times higher than expenditures of China ($228 billion), which comes second in the world ranking. The US military budget for 2018 has been set at a substantially higher level ($700 billion). The remaining 13 countries listed in military spending ranking order for 2017 are: Saudi Arabia ($69,4 billion), Russia ($66,3 billion), India ($63,9 billion), France ($57,8 billion), the United Kingdom ($47,2 billion), Japan ($45,4 billion), Germany ($44,3 billion), South Korea ($39,2 billion), Brazil ($29,3 billion), Italy ($29,2 billion), Australia ($27,5 billion), Canada ($20,6 billion) and Turkey ($18,2 billion).

Seven of the 15 abovementioned countries are members of the North Atlantic Treaty Organization (NATO). These seven countries spent in 2017 a total of $827 billion, amount which accounts for 48 per cent of global military expenditure. Total spending by all NATO members (29 countries) reached $900 billion in 2017.

Regionally, the largest percentage increases in military spending in 2017 compared to the previous year (2016) were made in Central Europe, Far East, and Middle East (for countries for which data is available). Seven Middle East countries showed very high military spending as a percentage of the Gross Domestic Product, between 4.1% and 12% of GDP.

On a country level, the highest rate of increase (50 per cent) between 2016 and 2017 was made by Romania, which starts the implementation of a ten years modernization plan of the Romanian army.

Different factors cause variations in the amount of military expenses carried out by a country. These factors can be grouped under three general categories: socioeconomic, strategic and political factors.

Among socioeconomic factors are included the country's national income, budget spending, budget surplus/deficit, population, imports-exports and the level of participation in international trade, external borrowing, oil price and the existence of external aid.

Among strategic factors are included the external/internal armed conflicts, external /internal threats which can cause war conflicts, potential enemies, the participation in military alliances, the need for secure webs and communications.

Political factors consist of the external/internal political systems, any predictions for their evolution and the measure for the democracy level in a country.

Financial Risks

Foreign Exchange Risk

The Company intends to maintain cash in foreign currency, to meet short-term liabilities in that currency. In case of exceeding the holding amount, the company has the ability for the surplus to use hedging mechanisms of exchange rate risk through appropriate bank products.

Cash flow and fair value interest rate risk

The company is in minimal exposure to interest rate risk, due to the eliminated borrowings and the short-term horizon of the cash deposits.

Credit risk

Due to the nature of the company's activities, credit risk concerning payment of trade receivables is limited (Special certified clients or Public Organizations).

Liquidity risk

The Company holds sufficient liquidity in cash and cash equivalents and has the ability to use available undrawn borrowing facilities.

ENVIRONMENTAL ISUESS

IDE as well as Intracom Holdings Group places emphasis on the commitment to environmental responsibility.

The company is committed to maintaining an environmentally sensitive and accountable position and managing its activities accordingly by applying preventive measures to protect the environment and minimizing any negative environmental impacts that may arise.

To this end, the company has developed and implemented Environmental Management System (EMS) which provide a well-structured approach to environmental issues and ensure the continuous improvement of environmental performance through the introduction of specific environmental objectives and the documentation and monitoring of programs pursuing to achieve these objectives.

The Company promotes the following Environmental Actions:

- Waste management
- Recycling
- Ecological Products Design (eg. Hybrid Energy systems)
- Saving of natural resources (investments in new technologies to reduce energy consumption)

SOCIAL RESPONSIBILITY

The company provides a safe working environment in which non-discriminatory policies are applied and equal opportunities are offered to all employees irrespective of gender, age, and nationality. Furthermore, employee trade union rights are respected, health & safety procedures are faithfully adhered to and open door policies are consistently implemented.

PERSONNEL

The number of company's employees at 31.12.2017 and 31.12.2016 reached 395 and 381 employees respectively.

Directors' remuneration and key management compensation amounted to € 1.139.048 in the year 2017 in comparison to € 456.121 in the previous year. There were no receivables or payables from or to the management at year end.

OTHER SIGNIFICANT EVENTS

Until the date of submission of this report, no other event has occurred that could significantly affect the financial position and progress of the Company.

Dear Shareholders,

The Board of Directors will propose to the Ordinary General Meeting of Shareholders not to distribute a dividend for the current fiscal year 01.01.2017 -31.12.2017.

The Board of Directors considers the reported data as a statement of its proceedings and expects that the General Assembly will approve the management according to the company's interests and the financial statements for the year ended on 31/12/2017.

It also expects that a special resolution by the General Assembly will release the Board of Directors and the Auditors from any liability for the year from 1 January 2017 to 31 December 2017.

In order for the shareholders to be adequately informed, it is stated that the Company has not proceeded to acquisition of treasury shares.

True copy from the minute book of the Board of Directors

Koropi, 02 April 2018

THE MANAGING DIRECTOR (CEO)

GEORGE TROULLINOS

B) Independent Auditor's Report

To the Shareholders of

"INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES"

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS– PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" (the Company), which comprise the balance sheet as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS– PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on Other Legal and Regulatory Requirements", but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 43a of cod. L. 2190/1920 and its content corresponds with the accompanying financial statements for the year ended 31/12/2017.

b) Based on the knowledge we obtained during our audit of "INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES" and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 17 May 2018

ANNA K. GINNI

THE CERTIFIED PUBLIC
ACCOUNTANT AUDITOR

Institute of CPA (SOEL) Reg. No. 34471

SOL
CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath

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Institute of CPA (SOEL) REG. No125

C) Annual Financial Statements in accordance with IFRS

Contents

Balance Sheet

	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Property, plant and equipment	6	31.360.106	31.797.349
Intangible assets	7	172.510	182.229
Investment property	8	1.631.987	1.666.650
Deferred income tax assets	9	5.969.791	5.954.138
Other non-current assets	10	41.030	5.867.943
Total		**39.175.424**	**45.468.309**
Current assets			
Inventories	11	23.351.193	22.692.859
Trade and other receivables	12	17.878.350	38.725.994
Current income tax receivables		278.355	
Cash and cash equivalents	13	15.535.498	6.888.244
Total		**57.043.395**	**68.307.097**
Total assets		**96.218.819**	**113.775.405**
EQUITY			
Share capital	14	52.906.568	52.906.568
Reserves	15	9.319.059	9.298.180
Retained earnings		3.283.919	1.311.515
Total equity		**65.509.546**	**63.516.263**
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	16	2.329.630	2.287.064
Provisions for other liabilities and charges	17	422.161	603.727
Other non current liabilities	18	3.114.884	12.673.447
Total		**5.866.675**	**15.564.238**
Current liabilities			
Trade and other payables	19	24.303.256	33.997.066
Current income tax liabilities		0	322.722
Provisions for other liabilities and charges	17	539.340	375.116
Total		**24.842.596**	**34.694.904**
Total liabilities		**30.709.272**	**50.259.142**
Total equity and liabilities		**96.218.818**	**113.775.405**

The notes on pages 19 έως 52 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	1/1-31/12/2017	1/1-31/12/2016
Sales	20	65.856.157	57.437.217
Cost of goods sold	21	(49.601.071)	(43.719.801)
Gross profit		**16.255.086**	**13.717.416**
Selling and research costs	21	(10.238.223)	(8.403.824)
Administrative expenses	21	(3.858.806)	(4.047.531)
Other income	23	469.248	347.514
Other gains/(losses) - net	24	(106.619)	(70.506)
Operating profit		**2.520.686**	**1.543.070**
Finance costs - net	25	**685.138**	**55.843**
Profit before income tax		**3.205.824**	**1.598.913**
Income tax expense	26	(1.176.659)	(688.385)
Profit for the year		**2.029.166**	**910.527**
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains, net of tax	16	(35.882)	(19.546)
Other Comprehensive income for the year		**(35.882)**	**(19.546)**
Total comprehensive income for the year		**1.993.283**	**890.981**
Earning per share attributable to the equity			
Basic	27	**0,088**	**0,039**

The notes on pages 19 έως 52 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital	Other reserves	Retained earnings / (loss)	Total equity
Balance at 1 January 2016		**52.906.568**	**9.312.377**	**406.337**	**62.625.282**
Actuarial gains/ (losses), net of tax	15		(19.546)		(19.546)
Proft for the period				910.527	910.527
Total comprehensive income for the period			**(19.546)**	**910.527**	**890.981**
Statutory reserves formation			5.349	(5.349)	-
Balance at 31 December 2016		**52.906.568**	**9.298.180**	**1.311.515**	**63.516.263**
Balance at 1 January 2017		**52.906.568**	**9.298.180**	**1.311.515**	**63.516.263**
Actuarial gains/ (losses), net of tax	15	-	(35.882)	-	(35.882)
Proft for the period				2.029.166	2.029.166
Total comprehensive income for the period			**(35.882)**	**2.029.166**	**1.993.283**
Statutory reserves formation	15		56.761	(56.761)	-
Balance at 31 December 2017		**52.906.568**	**9.319.059**	**3.283.919**	**65.509.546**

The notes on pages 19 έως 52 are an integral part of these financial statements.

Cash flow statement

	Note	1/1-31/12/2017	1/1-31/12/2016
Cash flows from operating activities			
Cash generated from operations	28	9.560.665	3.226.241
Interest paid		(234.175)	(200.767)
Income tax paid		(1.778.732)	(1.192.660)
Net cash from operating activities		**7.547.758**	**1.832.814**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(326.259)	(357.644)
Purchase of intangible assets		(29.535)	(73.144)
Proceeds from sale of PPE		(0)	5
Interest received		2.103.330	8.720
Net cash from investing activities		**1.747.537**	**(422.063)**
Cash flows from financing activities			
Share capital return		-	(957.482)
Net cash from financing activities		**-**	**(957.482)**
Net (decrease)/increase in cash and cash equivalents		9.295.294	453.269
Cash and cash equivalents at beginning of year		6.888.244	6.253.615
Foreign currency differences in cash and cash equivalents		(648.041)	181.360
Cash and cash equivalents at end of year	13	**15.535.498**	**6.888.244**

The notes on pages 19 έως 52 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended December 31, 2017

1. General Information

INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS-PRIVATE ENTERPRISE FOR THE PROVISION OF SECURITY SERVICES (“Intracom Defense”, “the Company”) was founded in Greece and operates mainly in the design, development and manufacturing of defense electronic products, systems and applications and the provision of technical support services and maintenance as well as in the provision of safety services.

The company operates in Greece and in foreign countries.

The Company’s registered office is at 21 km Markopoulou Ave., Peania Attikis, Greece. Its website address is ***www.intracomdefense.com*.**

The Company is 100% subsidiary of Intracom Holdings SA (“Intracom Holdings”) and is fully consolidated in the consolidated financial statements of Intracom Holdings. The annual consolidated financial statements of Intracom Holdings SA for the year ended 31 December 2017 have been published on its website at ***www.intracom.com*.**

These financial statements have been approved for issue by the Board of Directors on 02 April 2018 and are subject to approval by the Annual General Meeting of the Shareholders.

2. Significant accounting policies

2.1 Basis of preparation

The annual financial statements include the financial statements of the company for the year ended 31 December 2017 and have been prepared in accordance with International Financial Reporting Standards as they have been adopted by the European Union.

The financial statements have been prepared under the historical cost convention and the going concern principle.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 Management’s best possible knowledge with respect to current circumstances and actions, the actual results may eventually differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 below.

The accounting policies the Company has followed for the preparation of the annual financial statements for year ended 31 December 2017, are consistent with those described in the published financial statements for the year ended 31 December 2016, after being also taken into consideration the following amendments to standards and the new interpretations, that have been issued by the International Accounting Standards Board (IASB), adopted by the European Union and their application is mandatory for the year ended 31 December 2017.

2.2 New standards, amendments to existing standards and interpretations

2.2.1 New Standards and Amendments Adopted by the Company

The Company adopted certain standards and amendments, compulsorily, for the first time for the fiscal year 2017. The Company has not previously adopted some other standard, interpretation or amendment issued but is not obligatory to be applied for the fiscal year 2017.

The nature and impact of each new standard or amendment related to the Company's activity is described below despite the fact that said new standards and amendments for the first applied for 2017 did not have any significant impact on the Company's annual financial statements.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

In January 2016, the Board amended IAS 7 to oblige the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have no impact on the Company's financial statements because the Company has no borrowing.

Amendments to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealized losses

The amendments of IAS 12 clarify that the decrease below the book value cost of a fixed-rate debt instrument measured at the fair value while its tax basis is the cost leads to a deductible provisional difference, and as a consequence, to the recognition of deferred tax asset. An issue which is also clarified according to the amendment is how the future possible taxable profits can be determined vs the ones whose deductible provisional differences will be set off to assess if a deferred tax asset should be recognized or not. Furthermore, when a financial entity evaluates whether taxable profits will be available in the future that a deductible provisional difference can be used, it examines if the taxation law limits the sources of the taxable profits for which tax discounts can be made. The amendments have no impact on the Company's financial statements

2.2.2 Standards and Interpretations mandatory for subsequent periods that have not been earlier applied by the Company

The following new standards, amendments of standards and interpretations have been issued, are related to the Company's activity but are compulsory for later periods. The Company has not previously applied the following standards and is studying its impact on the financial statements

Amendments to IAS 19 Employee benefits: plan amendment, curtailment or settlement

IAS 19 *Employee Benefits* specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset.The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements. The amendments shall be effective for annual periods beginning on or after January 1, 2019, have not yet been adopted by the European Union and will not have any impact on the Company's financial statements.

Amendments to IAS 40 Investment Property: Transfer of Investment Property

The amendment clarifies 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.

The amendments are effective for annual periods beginning on or after January 1, 2018 and will not have significant impact on the Company’s financial statements.

Amendments to IFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment

The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; the accounting of the share-based payment transactions with a net settlement feature for withholding tax obligations; and the accounting of modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments of IFRS 2 are effective for annual periods beginning on or after January 1, 2018 and will not have impact on the Company’s financial statements as the Company does not have, nor does it intend to offer, benefit plans that depend on the value of its shares.

IFRS 9 “Financial Instruments”

The new standard sets out the principles of recognizing and measuring the financial assets, financial liabilities and some sale or purchase contracts of non-financial assets. The standard shall replace the existing IAS 39. The financial assets are measured at the undepreciated cost, the fair value via the results or the fair value via the other total incomes based on the business model of the entity for the management of financial assets and contractual cash flows of the financial assets. Apart from the entity’s credit risk, the classification and measurement of financial liabilities has not changed in terms of the current requirements. IFRS 9 introduces a new impairment model for financial assets, the model of expected credit losses. The standard also introduces significant changes in the set-off model.

IFRS 9 is compulsory applied for annual periods beginning on or after January 1, 2018, and will not have significant impact on the Company’s financial statements.

Amendments to IFRS 9 Financial instruments: Prepayment Features with Negative Compensation

On 12 October 2017, the International Accounting Standards Board (Board) issued the amendment to address the concerns about how IFRS 9 *Financial Instruments* classifies particular prepayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification. The amendments are effective for annual periods beginning on or after January 1, 2018 and will not have impact on the Company’s financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 determines the recognition requirements for the revenue applied in all contracts with customers, with the exception of contracts in the scope of the standards related to financial instruments, leases and insurance contracts. IFRS 15 replaces all previous standards (and interpretations) related to revenue.

The standard offers a five-step model that must be applied for all contracts with customers to recognize the revenue. Also, the entity shall recognize as asset the incremental cost of a contract with a customer, if estimated that said cost will be recovered. IFRS 15 requires extensive disclosures both qualitative and quantitative, so that the users of the financial statements will be able to understand the nature, amount timing and uncertainty of the revenue and cash flows from a contract with a customer.

IFRS 15 is compulsory for annual accounting periods starting on or after January 1, 2018. The Company is currently examining the impacts of IFRS 15 on the financial statements; however, its adoption is not expected to bring significant impacts.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments in IFRS 15 do not change the basic principles of the standard but clarify the way some of these principles should apply. The amendments clarify how an obligation is applied (the promise to transfer a good or service to a customer) in a contract; determine whether a Company is a principal (provider of a service or good) or an agent (responsible for the delivery of the good or service to be provided); and determine whether the revenue form granting a license should be recognized at a point in time or overtime. Furthermore, more exemptions are given in the first application of the standard to reduce the cost and complexity. The amendments shall apply for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for the lessor and the lessee. With the application of the new standard, IAS 17 *Leases and the interpretations,* SIC 15 *Operating leases - Incentives*, SIC 27 *Evaluating the substance of transactions involving the legal form of a lease* and IFRC 4 *Determining whether an arrangement contains a lease, are abolished.*

The standard adopts a single accounting model for the leases by the lessee. Under this model, the lessee is required to recognize in the net position assets and liabilities for all leases lasting more than twelve months, unless the asset is of small value, and depreciation with financial cost during the lease in the total income statement. The lessor continues to classify the leases in operational and financing and apply a different accounting approach for each type of contract. The standard also requires extensive disclosures in the lessee’s financial statements.

IFRS 16 will be compulsive for annual periods beginning on or after January 1, 2019.The Company is in the process of evaluating the IFRS 16 impact on its financial statements, although it is not expected to be significant due to the small value of the lease contracts concluded.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies which exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. This applies to annual accounting periods beginning on or after 1st January 2018.The company shall apply this interpretation prospectively to all foreign currency assets, expenses and income in the scope of the interpretation initially recognised on or after the 1st January 2018.

The implementation of the interpretation will affect the items of exchange differences, sales, costs of sales and inventories.

The impact of applying the interpretation on the above items is not known and cannot be reasonably estimated. However, it is estimated that it will not be significant.

IFRIC 23 Uncertainty over Income Tax Treatments

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The amendments shall be effective for annual periods beginning on or after January 1, 2019, have not yet been adopted by the European Union and will not have any impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

The amendments of the 2015 - 2017 Cycle were issued by the IASB on 12 December 2017, are applicable for annual periods beginning on or after 1 January 2019. None of these amendments have an impact on the financial statements of the Company.

-IFRS 3 Business Combinations

The amendment clarifies that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

-IFRS 11 Joint Arrangements

The amendment clarifies that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

-IAS 12 Income Taxes

The amendment clarifies that a company accounts for all income tax consequences of dividend payments in the same way.

-IAS 23 Borrowing Costs

The amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2.3 Summary of significant accounting policies

2.3.1 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The 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 recognized in the income statement. Translation differences on non-monetary financial assets and liabilities measured at their fair value through profit or loss are reported as part of the fair value gain or loss.

2.3.2 Revenue recognition

Revenues are recognized to the degree financial benefits may flow in the Company and the revenues can be reliably measured irrespective of whether the money will be collected. The revenues are measured at the fair value of the collected or collectible consideration taking into account the contractually determined payment terms, net of taxes, duties, discounts and returns. The special recognition criteria described below must also be satisfied before revenue recognition.

(a) Sales of goods

Sales of goods are recognized when the Company has delivered products to the customers; the products are accepted by the customers; and the revenue from the receivable is fairly ensured. The Company provides two-year repair warranty for all products sold in accordance with industry practice. Liabilities for possible warranty costs are recognized as provisions on the sale of the item (Note 17).

(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 calculated 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) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the receivable. Subsequently, interest is charged using the same interest - rate that is applied to the impaired (new carrying amount) value.

(d) Rental income

Rental income arising from operating leases on investment properties is accounted on a straight line basis during the lease term and is included in Other income in the statement of comprehensive income.

2.3.3 Government grants

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

When the grant relates to an expense item, it is presented in the statement of financial position as deferred income and is recognised as deduction in the relative expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position as deferred income and is recognised as income in the profit or loss on a systematic basis over the expected useful life of the related asset.

2.3.4 Current and deferred income tax

The fiscal year taxation includes the current and deferred tax. The taxation is recognized in the results unless it is related to items recognized in the other total income or directly in the net position. In this case, the tax is also recognized in the other total income or directly in the net position, respectively.

Current income tax

The current income tax is calculated based on the taxation result, according to the taxation laws applied in Greece. The expenditure for the current income tax includes the income tax arising from the Company's profits, as shown in its tax statement and provisions for additional taxes for not-audited fiscal years and is calculated according to the laid-down or substantially laid-down tax rates.

Deferred income tax

The deferred income tax arises from the provisional differences between the tax base and the book value of the assets and liabilities. Deferred income tax is not taken into account if it arises from the initial recognition of assets or liabilities in a transaction, except business venture, which when made did not affect the accounting or taxation profit or loss.

The deferred tax liabilities are recognized to the extent there will be future taxable profit for the use of the provisional difference creating the deferred tax liability.

The deferred tax is determined taking into account the tax rates (and tax laws) in force on the balance sheet date and expected to be in force when the deferred tax asset is paid or the deferred tax is settled.

The deferred tax assets are set off with the deferred tax liabilities when settled at the same tax authority.

2.3.5 Property, plant and equipment

Property, plant and equipment ("PPE") is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

- Buildings	33 - 34 Years
- Machinery, installations and equipment	10 Years
- Vehicles	5-7 Years
- Other equipment	5-10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If the asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down to its recoverable amount, and the difference (impairment) is immediately recorded in the income statement. When an asset is sold, the difference between the proceeds and its carrying amount is recognized as gains or losses in the income statement.

Finance charges directly attributable to the construction of PPE assets are capitalized for the period that is required until the completion of the constructed item. All other finance charges are recognized in the income statement as incurred.

2.3.6 Investment Property

Investment property, principally comprising land and buildings, is held for long-term rental yields and is not occupied by the Company. Investment property is measured at cost less depreciation and impairment. 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.

When the carrying amount of the investment property is greater than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the income statement.

2.3.7 Leases

The Company as lessee

Leasing of assets, where the Company maintains all risks and benefits of ownership, is classified as financial leasing. Financial leasing is capitalized upon the beginning of the lease at the lowest value between the fair value of the asset and the present value of minimum rents. Each rent is allocated between the obligation and financial expenses so as to achieve a fixed rate for the remaining financial obligation. The corresponding obligations from rents, net of financial expenses, are shown in the liabilities. The part of the financial expenditure related to financial leasing is recognized in the operating results during the lease. The assets acquired with financial leasing are depreciated at the smallest period between the useful life of the assets and the lease duration, unless there is reasonable certainty that the Company shall acquire the ownership of the assets upon the expiry of the lease, in which case they are depreciated during their useful life. During the current and previous fiscal year, the Company did not have any financial leasing and there were no obligations form financial leasing.

Leases in which all the risks and benefits of ownership are maintained by the lessor are classified as operational leases. The payment of rents based on an operational lease is recognized using the direct method during the lease against the results.

The Company as Lessor

Leases in which all the risks and benefits of ownership are maintained by the Company are classified as operational leases. Revenues from operational leases are recognized in the results using the fixed method during each lease. The initial direct costs borne by the Company during the negotiation of an operational lease are added to the book value of the leased asset and are recognized during the lease period using the same base with the lease revenue.

2.3.8 Intangible assets

Computer software

Acquired computer software licenses are measured at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which is 3 to 8 years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.3.9 Impairment of non-financial assets

The book values of non-current assets are controlled for impairment purposes when incidents or changes in the conditions denote that the book value may not be recoverable. When the book value of an asset exceeds the recoverable amount an impairment loss is recognized in the results. The recoverable value is determined as the highest value between the fair value minus the sale cost and the use value. The fair value minus the sale cost is the price one would get for the sale of an asset in a normal transaction between market participants after deducting any additional direct sale cost of the asset, while use value is the net present value of the estimated future cash flows expected to be realized from the continuous use of an asset and the expected proceeds from its sale at the end of the estimated useful life. For the determination of the impairment, the assets are grouped at the lowest level for which the cash flows can be separately determined.

2.3.10 Financial instruments

a. Financial assets

i. Classification

The Company classifies the financial assets in the following categories:

- Financial assets estimated at their fair value with changes in the results
- Loans and receivables
- Investments kept up to expiry
- Financial assets available for selling

The classification depends on the purpose of acquiring the investment. The Management determines the classification on the initial recognition.

The financial assets of the Company have been classified as Loans and receivables. The company does not have financial assets classified in the other abovementioned categories.

Loans and receivables

They include non-derivative financial assets with fixed or determined payments which are not negotiated in active markets and there is no intention of selling them. They are included in the current assets apart from the ones with over 12 months expiry from the balance sheet date. These are included in the non-current assets. Loans and receivables are measured in the undepreciated cost based on the real rate method.

Loans and receivables mainly include trade receivables of the Company (note 12).

ii. Initial recognition and derecognition

The Company recognizes a financial asset when the Company becomes a party of the instrument.

A financial asset is deleted when the contractual rights on the cash flows of the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition.

iii. Measurement

The financial assets upon the initial recognition are measured at their fair value (which usually is equal to their acquisition cost or price) plus the transaction cost given directly when acquired or issued.

Loans and receivables are later estimated at the undepreciated cost using real rate, after deducting the impairment losses.

iv. Impairment

On each balance sheet date, it must be seen whether objective indications exist for the impairment of a financial asset or a group of financial assets.

If there is objective proof that there is impairment loss related to loans and receivables kept at the depreciated cost, the amount of loss equals the difference between the book value of an asset and the current value of the estimated future cash flows, discounted at the initial real rate of the asset. The book value of the asset is reduced either directly or by using a forecast account. The amount of loss is recognized in the results.

If in a later period, the amount of the loss is decreased and the decrease is related objectively to an incident occurring after the recognition of the impairment, the amount of reverse is recognized in the results. The revers cannot exceed the impairment loss that had been previously entered.

b. Financial liabilities

i. Initial recognition and measurement

The financial liabilities are classified, in the initial recognition, as financial liabilities at the fair value via the results, loans, obligations or as derivatives that are determined as setting-of instruments in an effective setting-off.

All financial liabilities are initially recognized at their fair value and, in the case of loans, net from the direct transaction expenses.

The Company's financial liabilities include trade and other liabilities.

ii. Subsequent measurement

The trade and other liabilities of the Company are later estimated using the undepreciated cost method with a real rate.

c. Offsetting financial instruments

Financial assets are set off and the net amount is presented in the balance sheet when there is a legal right to set off amounts that have been recognized and there is also the intention of entering a settlement on a net base or the acquisition of the asset and the settlement of the liability are carried out simultaneously.

2.3.11 Inventories

Inventories are stated at the lower value between the acquisition cost and the net realizable value. The cost is determined using the weighted average method. The cost of finished products and semi-finished inventories includes the cost for materials, the direct labour cost and a proportion of the general production expenses. The net realizable value is estimated based on the current reserve sale prices in the context of the usual activity deducting possible sale expenses and for semi-finished products the estimated expenses for their finishing. An impairment provision for slowly moving or depreciated inventories is formed if necessary. Impairments are recognized in the related results.

2.3.12 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. Cash and cash equivalents have low risk of changes in value.

2.3.13 Share capital

The share capital includes the Company's ordinary shares. The ordinary shares are included in the equity.

Direct expenses for the issuance of shares are shown after deducting the relevant income tax, in reduction of the issuance product.

The acquisition cost of own shares is shown as a deduction of the Company's equity up to when the own shares are sold or cancelled. Each gain or loss from the sale of own shares, net of any expenses and taxes related directly to the transaction, is shown in the retained earnings.

2.3.14 Employee Benefits

(a) Short-term benefits

Short-term benefits for the personnel in money and kind are entered as expenses when they become accrued.

(b) Post-employment benefits

Benefits upon leaving the service include both defined contribution plans (state plans) and defined benefit plans.

The accrued cost of the defined contribution plans is entered as expenses in the related period.

The obligations arising from defined benefit plans for the personnel are calculated at the discounted value of the future benefits for the personnel that have been accrued on the balance sheet date. The obligation of the defined benefit is calculated annually by an independent actuary using the projected unit credit method.

The actuarial profits and losses arising from experiential adjustments and changes in the actuarial assumptions are recognized in the other total revenues in the related period.

The work experience cost is directly recognized in the results.

(c) Termination benefits

The benefits for employment termination are payable when the Company either terminates the employment of employees before retirement or after the decision of employees to accept an offer of benefits by the Company in exchange of terminating their employment. The Company recognizes the benefits for employment termination as an obligation and expenditure on the earlier among the following dates: a) when the entity cannot withdraw the offer of said benefits; and b) when the entity recognizes the restructuring cost falling within the scope of IAS 37 and meaning the payment of benefits for employment termination. Benefits for employment termination due to be paid 12 months after the balance sheet date are discounted.

2.3.15 Provisions

Provisions are recognized when:

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

When the effect of the time value of money is material, the amount of the provision is the present value of the expense that is expected to be required to settle the obligation. The discount rate will be a pre-tax interest rate that reflects the current market estimates for the time value of money and liability-related risks.

(a) Warranties

The Company recognizes a provision that represents the present value of the estimated obligation 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) Full-pay leave of absence

The compensation for employee annual full-pay leave is recognized as incurred. The Company recognizes the expected cost of short-term employee benefits in the form of full-pay leave of absence on the basis of services rendered by employees to the balance sheet date.

2.3.16 Dividend distribution

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

2.3.17 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 purchased by the company and held as treasury shares.

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

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

3. Financial risk management

3.1 Financial risk factors

«Intracom Defense» is exposed to financial risks such as market risks (changes in exchange rates, interest rates, market prices), credit risk and liquidity risk. Risk management of the Company operates within the framework of the general risk management program of the Intracom Holdings Group and seeks to minimize the potential negative impact of the volatility of the financial markets on its financial performance.

The financial liabilities of the Company consist mainly of trade payables. Additionally, the Company manages financial assets, mainly in the form of short-term deposits, derived from operating activity. The company with its funds finances its needs in working capital as well as its investments in capital equipment. At the end of the current period there are no open positions in financial derivatives. In any case, such products are used solely for the management of interest rate or foreign exchange risk, since according to the approved policy of the "Intracom Holdings" group use thereof is not allowed for speculation.

3.1.1 Market risk

i. Foreign exchange risks

The Company's currency risk is relatively limited because, in most cases where there are receivables from foreign currency contracts, there are corresponding liabilities in the same currency. Foreign currency contracts are almost all in USD, as are the corresponding liabilities.

In cases where satisfactory natural hedging is not possible due to particularly high foreign currency liabilities, use of forward currency agreements is considered.

With respect to holding reserve assets in foreign currency, the Company's policy is to hold the minimum necessary amount to cover short-term liabilities in that currency.

The following table presents an analysis of the Company's net results sensitivity to possible changes in the exchange rate for the years 2017 and 2016. This analysis took into account the Company's cash reserves and trade receivables and liabilities in USD on 31 December 2017 and 2016 respectively.

Change in EUR/USD rate by	Effect on net results 31/12/2017	Effect on net results 31/12/2016
-12,00%	128.469	470.182
-9,00%	256.939	352.636
-6,00%	385.408	235.091
-3,00%	513.877	117.545
3,00%	(128.469)	(117.545)
6,00%	(256.939)	(235.091)
9,00%	(385.408)	(352.636)
12,00%	(513.877)	(470.182)

ii. Prise risk

The company is not exposed to price risk.

iii. Cash flow and fair value intrest rate risk

Interest rate risk for the company is limited given that there is no borrowing. Any risk arises from the company's cash reserves held in interest-bearing placements. The following tables present an analysis of the Company's net results sensitivity to possible interest rate fluctuations for the years 2017 and 2016. This analysis took into account the cash reserves of the Company as at 31 December 2017 and 2016 respectively.

Financial instruments in Euro

Change in interest rates (base units)	Effect on net results 31/12/2017	Effect on net results 31/12/2016
-100	(65.443)	(12.550)
-75	(49.082)	(9.412)
-50	(32.722)	(6.275)
-25	(16.361)	(3.137)
25	16.361	3.137
50	32.722	6.275
75	49.082	9.412
100	65.443	12.550

Financial instruments in USD

Change in interest rates (base units)	Effect on net results 31/12/2017	Effect on net results 31/12/2016
-100	(92.051)	(57.275)
-75	(69.038)	(42.956)
-50	(46.025)	(28.637)
-25	(23.013)	(14.319)
25	23.013	14.319
50	46.025	28.637
75	69.038	42.956
100	92.051	57.275

3.1.2 Credit risk

The Company's trading takes place almost entirely with highly reputable private or public sector organizations. In many cases, there is a many years of good cooperation history. Consequently, it is considered that the risk of bad debts is very limited.

In relation to credit risk associated with cash deposits, it is noted that the Company collaborates only with financial institutions with a high credit rating.

3.1.3 Liquidity risk

Liquidity risk is kept at a low level by keeping sufficient cash and sufficient free credit limits.

3.2 Capital risk management

The purpose of the Company in managing funds is to safeguard the Company's ability to continue its business in order to ensure returns for shareholders and the benefits of the other parties that are related to the Company and to maintain an optimal capital structure.

There is no capital risk for the Company. All its liabilities fall far short of the capital and there are no loans. Dividend payments are always covered by the Company's cash and cash equivalents.

4. Critical accounting estimates and Judgements

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

The Company 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:

4.1 Impairment of property at fair value

The Company measures property at acquisition cost less accumulated depreciation and impairment. The Company carries out an annual impairment test of its properties by assigning an independent valuer to estimate its fair value (recoverable amount). The fair values of the properties were based on market data, using comparable adjusted prices in relation to the nature, location and condition of the real estate. The property impairment test at 31 December 2017 and 31 December 2016 did not result in any loss.

4.2 Useful life of property, plant and equipment

The management makes estimates for the useful life of depreciable fixed assets. More information is given in 2.3.5, 2.3.6 and 2.3.8.

4.3 Estimated net realizable value of inventories

Under the accounting policy referred to in paragraph 2.3.11, the estimate of the net realizable value of inventories is the Management's best estimate, based on historical sales trends and its view on the quality and volume of inventories, to the extent that available inventories at the balance sheet date will be sold below cost.

4.4 Provision for impairment of doubtful receivables

The Company diminishes the value of its trade receivables when there are data or indications that indicate that it is unlikely that a claim is collected in whole or in part. The Company's management periodically reassesses the adequacy of the provision for doubtful receivables based on factors such as its credit policy, reports from the legal service on recent developments in cases handled by the service, and its assessment on the effect of other factors that affect collectability of the receivables.

4.5 Employee retirement benefit obligations

Employee retirement benefit obligations are calculated on the basis of actuarial methods that require from the management to assess specific parameters such as the future increase in employee remuneration, the discount rate for these liabilities, the severance rate of employees, etc. The Management tries at each reporting date where this provision is reviewed to best estimate these parameters.

4.6 Income Tax

The Company recognizes receivables and payables for current and deferred income taxes, as well as the results associated there with, based on estimates of the amounts expected to be collected from or be paid to tax authorities for the current and future fiscal years. Estimates are influenced by factors such as the practical application of the relevant legislation, expectations of future taxable profits and the resolution of any disputes with tax authorities, etc. Future tax audits, changes in tax legislation and the amount of taxable profits made may result in adjusting the amount of receivables and payables for current and deferred income tax and in the payment of tax amounts other than those recognized in the Company's financial statements. Any adjustments are recognized in the year within which they are finalized.

4.7 Warranties provisions

The Company recognizes a provision that corresponds to the present value of the estimated liability for the repair or replacement of warranted products or the delivery of projects / services at the balance sheet date. This estimate is calculated on the basis of historical data on repairs and replacements.

5. Segmental Information

Sectors are determined on the basis of the internal information received by the Company's Management and presented in the financial statements on the basis of this internal classification.

The Company is active in the field of Defense Electronic Systems. Geographically, the Company is operating in the Greek Territory and sells products and services to EU countries, European countries outside the EU, the United States of America, North Africa and Southeast Asia.

There is only one business sector in which the company is operating, that of defense systems.

Geographical segment

	Sales		Non current assets(*)	
	1/1-31/12/2017	1/1-31/12/2016	31/12/2017	31/12/2016
Greece	850.514	2.460.415	33.164.603	33.646.228
European Union	6.082.283	6.113.356	-	-
Other European countries	8.574	4.544	-	-
Other countries	58.914.785	48.858.902	-	-
Total	**65.856.157**	**57.437.217**	**33.164.603**	**33.646.228**

The sales revenue is allocated to the geographical areas based on the country in which the customer is located. The Assets are allocated based on where the assets are located.

(*) Financial assets and deferred tax assets are not included

Sales revenue by category

See analysis of revenue by category in note 20 below.

6. Property, plant and equipment

	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Total
Cost					
Balance at 1 January 2016	**53.570.709**	**15.716.454**	**212.393**	**4.195.111**	**73.694.667**
Additions	115.512	142.283	5.170	107.646	371.610
Disposals	-	-	-	(21.766)	(21.766)
Transfer to investment property (note 8)	(6.951)	-	-	-	(6.951)
Balance at 31 December 2016	**53.679.269**	**15.858.737**	**217.563**	**4.280.991**	**74.037.560**
Accumulated depreciation					
Balance at 1 January 2016	**22.694.358**	**14.268.729**	**205.756**	**3.845.253**	**41.014.096**
Depreciation charge	756.690	361.867	2.583	126.741	1.247.881
Disposals	-	-	-	(21.765)	(21.765)
Balance at 31 December 2016	**23.451.048**	**14.630.596**	**208.339**	**3.950.229**	**42.240.212**
Net book amount at 31 December 2016	**30.228.221**	**1.228.142**	**9.224**	**330.761**	**31.797.349**
Cost					
Balance at 1 January 2017	**53.679.269**	**15.858.737**	**217.563**	**4.280.991**	**74.037.560**
Additions	**69.483**	534.895	-	152.058	756.435
Disposals	-	(366.950)	(593)	(77.741)	(445.285)
Transfer to investment property (note 8)	-	-	-	-	-
Net book amount at 31 December 2017	**53.748.752**	**16.026.682**	**216.970**	**4.355.307**	**74.348.711**
Accumulated depreciation					
Balance at 1 January 2017	**23.451.048**	**14.630.596**	**208.339**	**3.950.229**	**42.240.212**
Depreciation charge	**759.565**	313.173	2.664	117.858	1.193.261
Disposals	-	(366.731)	(593)	(77.543)	(444.867)
Balance at 31 December 2017	**24.210.613**	**14.577.037**	**210.410**	**3.990.545**	**42.988.605**
Net book amount at 31 December 2017	**29.539.139**	**1.449.645**	**6.560**	**364.762**	**31.360.106**

There are no real lines on the above assets.

At 31.12.2017 the Company had no contractual obligations for purchase of PPE assets.

The Company reviewed for impairment the carrying amount of land, buildings and investment property at 31 December 2017 and 31 December 2016 respectively.

No impairment loss incurred from the impairment tests carried out at 31 December 2017 and 31 December 2016.

The fair value of the property at each reporting date was taken as the recoverable amount. The property fair value was estimated using level 3 inputs of the fair value hierarchy.

The fair value estimation of the Company's property was based on selling price of comparable properties, adjusted according to the nature and condition of the Company's assets, while the fair value estimation of the remaining building co-efficient was based on selling price of comparable plots.

More specifically, the assumptions for fair values estimation at 31/12/2017 and 31/12/2016 respectively are presented in the following table:

	2017	2016
Type of property/areas	**Value (euro/sqm)**	
Production	854,06	881,47
Offices	1.182,55 - 1.313,94	1.220,50 - 1.356,12
Storage	473,02 - 591,27	488,20 - 610,25
Rest of Coverage Coefficient	**Value (euro/sqm)**	
Land plot	276,17	278,52

7. Intangible assets

	Software	Total
Cost		
Balance at 1 January 2016	6.573.867	6.625.107
Additions	81.281	81.281
Balance at 31 December 2016	**6.655.149**	**6.706.388**
Accumulated depreciation		
Balance at 1 January 2016	6.257.823	6.309.062
Depreciation charge	215.097	215.097
Balance at 31 December 2016	**6.472.920**	**6.524.160**
Net book amount at 31 December 2016	**182.229**	**182.229**
Cost		
Balance at 1 January 2017	6.655.149	6.706.388
Additions	69.950	69.950
Net book amount at 31 December 2017	**6.725.099**	**6.776.338**
Accumulated depreciation		
Balance at 1 January 2017	6.472.920	6.524.160
Depreciation charge	79.668	79.668
Balance at 31 December 2017	**6.552.588**	**6.603.828**
Net book amount at 31 December 2017	**172.510**	**172.510**

8. Investment Property

	31/12/2017	31/12/2016
Cost		
Balance at beginning of year	**2.701.314**	**2.694.362**
Transfer from PPE (note 6)	-	6.951
Balance at end of year	**2.701.314**	**2.701.314**
Accumulated depreciation		
Balance at beginning of year	**1.034.664**	**1.000.169**
Depreciation charge	34.663	34.495
Balance at end of year	**1.069.327**	**1.034.664**
Net book amount at end of year	**1.631.987**	**1.666.650**

Rental income for 2017 and 2016 amounted to € 108.733 and € 108.991 respectively (note 23).

The carrying value of investment property approximates their fair value.

9. 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:

	31/12/2017	31/12/2016
Deferred tax assets:	(7.337.484)	(7.302.710)
Deferred tax liabilities:	1.367.693	1.348.572
	(5.969.791)	**(5.954.138)**

Most of the deferred tax assets / liabilities are recoverable / payable after 12 months.

The total movement in deferred income tax is as follows:

	31/12/2017	31/12/2016
Balance at the beginning of the year:	**(5.954.138)**	**(5.301.113)**
Charged/ (credited) to the income statement (note 26)	(997)	(645.041)
Charged/ (credited) to the other Comprehensive income	(14.656)	(7.984)
Balance at the end of the year	**(5.969.791)**	**(5.954.138)**

Deferred tax that is charged directly to equity during the current and prior year relates to the recognition of actuarial gains from re-measurement of the defined benefit plans to employees (note 16).

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

Deferred tax liabilities:	Accelerated tax depreciation	Other	Total
Balance at 1 January 2016	**1.369.122**	**22.510**	**1.391.631**
Charged / (credited) to the income statement	(30.952)	(12.107)	(43.059)
Balance at 31 December 2016	**1.338.169**	**10.403**	**1.348.572**
Balance at 1 January 2017	**1.338.169**	**10.403**	**1.348.572**
Charged / (credited) to the income statement	29.226	(10.105)	19.121
Balance at 31 December 2017	**1.367.395**	**298**	**1.367.693**

Deferred tax assets:	Impairments of Land	Impairments of inventories	Impairments of receivables	Accrued expenses	Provisions	Other	Total
Balance at 1 January 2016	**(3.083.126)**	**(2.465.093)**	**(247.410)**	**(648.434)**	**(248.681)**	**(0)**	**(6.692.744)**
Charged / (credited) to the income statement	-	(587.858)	-	(6.830)	(4.284)	(3.010)	(601.982)
Charge in the other Comprehensive income	-	-	-	(7.984)	-	-	(7.984)
Balance at 31 December 2016	**(3.083.126)**	**(3.052.951)**	**(247.410)**	**(663.248)**	**(252.965)**	**(3.010)**	**(7.302.710)**
							-
Balance at 1 January 2017	**(3.083.126)**	**(3.052.951)**	**(247.410)**	**(663.248)**	**(252.965)**	**(3.010)**	**(7.302.710)**
Charged / (credited) to the income statement	-	44.057	26.930	2.312	(25.870)	(67.547)	(20.118)
Charge in the other Comprehensive income	-	-	-	(14.656)	-	-	(14.656)
Balance at 31 December 2017	**(3.083.126)**	**(3.008.894)**	**(220.480)**	**(675.593)**	**(278.835)**	**(70.557)**	**(7.337.484)**

10. Other non- current assets

	31/12/2017	31/12/2016
Guarantees	41.030	41.030
Prepayments to creditors	-	5.826.914
Total	**41.030**	**5.867.943**

The advance payments to creditors at 31/12/2017 are related to the implementation of the projects undertaken by the Company.

11. Inventories

	31/12/2017	31/12/2016
Raw & auxiliary materials	16.950.065	17.856.248
Semi-finished goods	13.414.626	12.572.588
Finished goods	2.477.451	1.852.965
Work in progress	876.445	929.701
Merchandise	8.102	8.773
Total	**33.726.689**	**33.220.276**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	6.997.039	7.363.361
Semi-finished goods	2.822.724	2.633.166
Finished goods	555.733	530.890
Total	**10.375.496**	**10.527.417**
Net realisable value	**23.351.193**	**22.692.859**

The movement of the provision is as follows:

	31/12/2017	31/12/2016
At the beginning of the year	10.527.417	8.500.321
Provision for impairment	430.814	2.083.720
Amount of provision reversed during the year	(582.734)	(56.624)
At the year end	**10.375.496**	**10.527.417**

12. Trade and other receivables

	31/12/2017	31/12/2016
Trade receivables	7.751.907	20.214.698
Less: provision for impairment	(297.108)	(276.171)
Trade receivables - net	**7.454.799**	**19.938.527**
Receivables from related parties (note 31)	173.882	125.514
Prepayments to creditors	8.645.911	16.085.359
Other prepayments	186.270	176.365
Accrued income	4.835	19.578
V.A.T. Receivables from Tax Authorities	1.316.508	2.037.305
Other receivables	96.145	343.346
Total	**17.878.350**	**38.725.994**

The decrease in trade receivables is due to receipts of invoiced claims.

The change in the amounts of advance payments to suppliers is related to the implementation of the projects undertaken by the Company.

The fair value of receivables approximates their carrying amounts.

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

	31/12/2017	31/12/2016
Not past due and not impaired at the balance sheet date (a)	**6.196.892**	**12.928.192**
Impaired at the balance sheet date	297.108	276.171
Provision made for the following amount:	-297.108	-276.171
Total (b)	**-**	**-**
Not impaired at the balance sheet date but past due in the following periods :		
< 90 days	1.074.866	3.092.023
90-180 days	39.612	356.133
180-270 days	6.384	53.555
270-365 days	17.288	40.200
1- 2 yrs	40.490	59.538
>2 yrs	79.267	3.408.887
Total (c)	**1.257.907**	**7.010.335**
Total (a+b+c)	**7.454.799**	**19.938.527**

As most of the receivables relate to a small number of customers, there is a limited dispersion of credit risk. These customers, however, are customers of high credit quality.

Trade and other receivables are denominated in the following currencies:

	31/12/2017	31/12/2016
Euro (EUR)	3.126.255	10.507.553
US Dollar (USD)	14.668.658	28.214.005
UK Pound (GBP)	51.445	4.436
Swiss Franc (CHF)	31.992	-
Total	**17.878.350**	**38.725.994**

13. Cash and cash equivalent

	31/12/2017	31/12/2016
Cash at bank and in hand	9.532.287	5.447.033
Short-term bank deposits	6.003.210	1.441.210
Total	**15.535.498**	**6.888.244**

The effective interest rate on short-term bank deposits in Euro and USD was 0,69% and 0,97% respectively (2016: 0,84% and 0,80% respectively).

The above amounts are the cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents are analysed in the following currencies:

	31/12/2017	31/12/2016
Euro (EUR)	6.454.658	1.237.806
US Dollar (USD)	9.078.970	5.649.030
UK Pound (GBP)	1.102	1.237
Swiss Franc (CHF)	20	9
Other	748	162
Total	**15.535.498**	**6.888.244**

14. Share capital

	Number of Shares	Common Shares	Total
Balance at 1 January 2016	**23.103.305**	**52.906.568**	**52.906.568**
Balance at 31 December 2016	**23.103.305**	**52.906.568**	**52.906.568**
Balance at 31 December 2017	**23.103.305**	**52.906.568**	**52.906.568**

15. Reserves

	Statutory reserves	Tax free reserves	Extraordinary reserves	Actuarial gains/ (losses) reserve	Total
Balance at 1 January 2016	**574.965**	**9.274.814**	**341.041**	**(878.443)**	**9.312.377**
Transfer from retained earnings	5.349	-	-	-	**5.349**
Actuarial gains/ (losses)	-	-	-	(19.546)	**(19.546)**
Balance at 31 December 2016	**580.314**	**9.274.814**	**341.041**	**(897.990)**	**9.298.180**
Balance at 1 January 2017	**580.314**	**9.274.814**	**341.041**	**(897.990)**	**9.298.180**
Statutory reserve formation	56.761	-	-	-	**56.761**
Actuarial gains/ (losses)	-	-	-	(35.882)	**(35.882)**
Balance at 31 December 2017	**637.075**	**9.274.814**	**341.041**	**(933.872)**	**9.319.059**

(a) Statutory reserve

A statutory reserve is created under the provisions of Greek Company law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the annual net profit shall be transferred to a statutory reserve until this reserve amounts to one third of the paid up share capital. This reserve can be used, upon resolution of the Annual General Meeting of shareholders, to offset accumulated losses and therefore cannot be used for any other purpose.

(b) Tax free reserve

This account includes reserves created from profits, which regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

(c) Extraordinary reserves

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

(δ) Actuarial gains/ (losses) reserve

In this reserve are recognized the actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in measuring the obligation for employee retirement benefits. (note 16)

16. Retirement benefit obligations

	31/12/2017	31/12/2016
Balance sheet obligations for :		
Pension benefits	2.329.630	2.287.064
Total	**2.329.630**	**2.287.064**
Income statement charge		
Pension benefits (note 22)	311.170	298.420
Total	**311.170**	**298.420**
Actuarial (gains) / losses (Other comprehensive income)		
Pension benefits	50.539	27.530
Total	**50.539**	**27.530**

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

	31/12/2017	31/12/2016
Present value of unfunded obligations	2.329.630	2.287.064
Liability in the Balance Sheet	**2.329.630**	**2.287.064**

The amounts recognized in Statement of Comprehensive Income are as follows:

	31/12/2017	31/12/2016
Current service cost	59.727	61.778
Interest cost	41.167	44.720
Losses from settlements	210.276	191.922
Total, included in staff costs (note 22)	**311.170**	**298.420**

The total charge is allocated as follows:

	31/12/2017	31/12/2016
Cost of goods sold	167.142	181.299
Selling and research costs	119.912	87.366
Administrative expenses	24.116	29.754
Total	**311.170**	**298.420**

The liability change recognized in the balance sheet is as follows:

	31/12/2017	31/12/2016
Balance at the beginning of the year	**2.287.063**	**2.235.981**
Total expense charged / (credited) in the income statement	311.170	298.420
Contributions paid	(319.142)	(274.867)
Total	**2.279.091**	**2.259.533**
Actuarial gains/ (losses) from changes in financial assumptions	30.288	60.884
Other Actuarial gains/ (losses)	20.250	(33.353)
Balance at the end of the year	**2.329.630**	**2.287.063**

The principal actuarial assumptions used are as follows:

	31/12/2017	31/12/2016
	%	%
Discount rate	1,70%	1,80%
Inflation rate	2,00%	2,00%
Future salary increases	2,00%	2,00%

The present value's sensitivity analysis for the changes in principal actuarial assumptions is as follows:

	Assumption Change	Assumption increase	Assumption decrease
Discount rate	0,50%	6% decrease	7% increase
Future salary increases	0,50%	6% increase	6% decrease

The average expected maturity of the retirement benefit obligation (plan duration) is 13,33 years.

17. Provision

	Warranties	Litigation & tax provisions	Other provisions	Total
Balance at 1 January 2016	**735.460**	**106.550**	**122.060**	**964.070**
Provisions for the year	399.695	-	-	399.695
Provisions used during the year	(384.922)	-	-	(384.922)
Balance at 31 December 2016	**750.233**	**106.550**	**122.060**	**978.843**
Additional provisions	225.586	-	117.179	342.765
Unused amount reversed	-	(106.550)	(122.060)	(228.610)
Provisions used during the year	(131.497)	-	-	(131.497)
Balance at 31 December 2017	**844.322**	**-**	**117.179**	**961.501**

Provisions for the unaudited fiscal year 2010 were reversed to the income tax for the current fiscal year due to limitation.

Analysis of total provisions:	31/12/2017	31/12/2016
Current liabilities		
Warranties	422.161	375.116
	422.161	**375.116**
Non- current liabilities		
Warranties	422.161	375.116
Litigation & tax provisions	-	106.550
Other provisions	117.179	122.060
	539.340	**603.727**
Total	**961.501**	**978.843**

Provisions for repairs or materials replacement concerning projects under warranty period are included in warranties.

18. Other non-current liabilities

	31/12/2017	31/12/2016
Advances from customers	3.114.884	12.673.447
Total	**3.114.884**	**12.673.447**

Customer advances are related to the implementation of the projects undertaken by the Company.

19. Trade and other payables

	31/12/2017	31/12/2016
Trade payables	5.321.477	6.354.164
Amounts due to related parties (note 31)	675.858	801.845
Accrued expenses	125.987	98.007
Social security and other taxes	1.168.065	1.092.706
Advances from customers	17.005.354	25.630.873
Other liabilities	6.516	19.471
Total	**24.303.256**	**33.997.066**

Trade and other payables are denominated in the following currencies:

	31/12/2017	31/12/2016
Euro (EUR)	4.826.727	3.037.455
US Dollar (USD)	19.471.653	30.934.684
UK Pound (GBP)	4.639	22.565
Swiss Franc (CHF)	237	2.361
Total	**24.303.256**	**33.997.066**

The average credit payment term of the Company's liabilities is 60 days.

20. Sales by category

Analysis of revenue by category is as follows:

	1/1-31/12/2017	1/1-31/12/2016
Sales of products	63.483.390	50.914.215
Revenue from services	2.372.767	6.523.002
Total	**65.856.157**	**57.437.217**

21. Expenses by nature

	Note	1/1-31/12/2017	1/1-31/12/2016
Employee benefit expense	22	(15.107.665)	(14.455.962)
Inventory cost recognised in cost of goods sold		(39.908.303)	(29.628.206)
Depreciation of PPE			
-Freehold property	6	(1.193.261)	(1.247.881)
-Leasehold property		-	-
Depreciation of investment property	8	(34.663)	(34.495)
Amortisation of intangible assets	7	(79.668)	(215.097)
Impairment of inventories		(430.814)	(2.027.096)
Reversal of Inventories write down		582.734	-
Impairment for doubtful debts		(20.937)	-
Subcontractors' fees		(1.571.492)	(2.971.577)
Repairs and maintenance		(902.888)	(892.957)
Operating lease payments			
-Vehicles and machinery		(133.419)	(151.899)
-Furniture and other equipment		(12.423)	(18.411)
Transportation and travelling expenses		(1.067.571)	(920.393)
Hospitality Expenses, conferences, exhibitions, advertising,		(459.543)	(300.482)
Telecommunication, lighting & heating		(821.374)	(843.366)
Third party fees		(1.908.921)	(1.954.301)
Taxes and duties		(7.108)	(4.121)
Other expenses		(620.785)	(504.910)
Total		**(63.698.100)**	**(56.171.155)**

		1/1-31/12/2017	1/1-31/12/2016
Split by function:			
Cost of goods sold		(49.601.071)	(43.719.801)
Selling and research costs		(10.238.223)	(8.403.824)
Administrative expenses		(3.858.806)	(4.047.531)
Total		**(63.698.100)**	**(56.171.155)**
Split of depreciation and amortisation by function:			
Cost of goods sold		(631.682)	(799.909)
Selling and research costs		(502.673)	(484.610)
Administrative expenses		(173.237)	(212.954)
Total		**(1.307.593)**	**(1.497.473)**

22. Employee benefits

	1/1-31/12/2017	1/1-31/12/2016
Wages and salaries	(11.587.670)	(11.132.049)
Social security costs	(2.738.089)	(2.604.300)
Other employers' contributions and expenses	(470.736)	(421.194)
Pension costs - defined benefit plans (note 16)	(311.170)	(298.420)
Total	**(15.107.665)**	**(14.455.962)**

The average number of staff employed in the years 2017 and 2016 was 389 and 376 respectively, while at at 31 December 2017 and 31 December 2016 the company employed 395 and 381 people respectively.

23. Other operating income

	1/1-31/12/2017	1/1-31/12/2016
Income from grants	38.361	174.363
Rental income	108.733	108.991
Insurance Compensation	-	1.317
Other	322.154	62.843
Total	**469.248**	**347.514**

24. Other gain / (losses) – net

	1/1-31/12/2017	1/1-31/12/2016
Net foreign exchange gains / (losses)	(106.201)	(70.510)
Gains/ (losses) from sale of PPE	(417)	5
Total	**(106.619)**	**(70.506)**

25. Finance costs – net

	1/1-31/12/2017	1/1-31/12/2016
Finance expenses		
- Letters of guarantee	(184.816)	(162.177)
- Other	(112.236)	(38.590)
- Net foreign exchange losses	(1.125.734)	-
Total	**(1.422.787)**	**(200.767)**
Finance income		
-Interest income	51.909	8.720
- Net foreign exchange gains	-	247.890
-Interest income from customers	2.056.016	-
Total	**2.107.925**	**256.610**
Finance costs – net	**685.138**	**55.843**

Foreign exchange differences classified in financial income refer to foreign exchange differences arising from the cash and cash equivalents of the Company.

Interest income from customers concerns the company's adjudged claim against the Greek State.

26. Income tax expense

	1/1-31/12/2017	1/1-31/12/2016
Current tax	(1.177.656)	(1.333.427)
Deferred tax (Note 9)	997	645.041
Total	**(1.176.659)**	**(688.385)**

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

	1/1-31/12/2017	1/1-31/12/2016
Profit before tax	**3.205.824**	**1.598.913**
	29%	29%
Tax calculated at tax rates applicable to Greece	(929.689)	(463.685)
Expenses not deductible for tax purposes	(353.520)	(224.701)
Other	106.550	-
Tax charge	**(1.176.659)**	**(688.385)**

Unaudited tax years

During the fiscal year, the provision formed for the unaudited fiscal year 2010 amounting to € 106,550 was reversed due to limitation.

Audit Tax Certificate

From the year ended 31 December 2011 onwards, in accordance with Law 4174/2013 (article 65A), as in force (and as defined by article 82 of Law 2238/1994), Greek limited companies (S.A) and limited liability companies (EPE) whose annual financial statements must mandatorily be audited by statutory auditors, were required until the years starting prior to 1st January 2016 to receive an "Annual Tax Certificate", issued after a relevant tax audit by the statutory auditor or audit firm auditing the annual financial statements. For the years starting from 1 January 2016 onwards, the "Annual Tax Certificate" is optional, but the Company has chosen to receive it.

The Compliance Reports for the years 2011 to 2016 were issued without reservation.

The tax audit by the company's auditors for the year 2017 is in progress and is expected to be completed after the publication of the Financial Statements; however any additional charges to arise after its completion are not expected to have a material effect on the Financial Statements.

According to the Greek tax legislation and the corresponding Ministerial Decisions, companies for which a tax certificate is issued without any indications of breaches of tax legislation are not excluded from the imposition of additional taxes and fines by the Greek tax authorities after the completion of a relevant tax audit in the framework of the law restrictions (as a general principle, 5 years as of the end of the fiscal year in which the tax return should have been submitted). The Company's Management estimates that in the case of tax audit by the tax authorities no additional tax liabilities will arise that may have a material effect beyond those recorded and presented in the financial statements.

27. Earnings / (Loss) per share

Basic earnings / (loss) per share

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

	1/1-31/12/2017	1/1-31/12/2016
Profit/(Losses) attributable to the equity holders of the Company	2.029.166	910.527
Weighted average number of shares	23.103.305	23.103.305
Earnings /(Losses) per share (euro per share)	**0,088**	**0,039**

The number of shares of the company has not changed during the year. The Company does not hold any treasury shares.

Diluted earnings / (loss) per share

Diluted earnings / (loss) per share is calculated by 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 a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) 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.

Diluted earnings per share of the Company do not differ from basic earnings per share.

28. Cash generated by operations

	Note	1/1-31/12/2017	1/1-31/12/2015
Profit for the year		**2.029.166**	**910.527**
Adjustments for:			
Tax	26	1.176.659	688.385
Depreciation of PPE	6	1.193.261	1.247.881
Depreciation of investment property	8	34.663	34.495
Amortisation of intangible assets	7	79.668	215.097
Impairment of inventories		(151.921)	2.027.096
(Gain) / Loss on sale of PPE	24	417	(5)
Interest income	25	(2.107.925)	(8.720)
Interest expense	25	297.052	200.767
Foreign exchange difference		673.766	(184.260)
		3.224.807	**5.131.264**
Changes in working capital			
(Increase) / decrease in Inventories		(506.413)	(4.522.755)
(Increase) / decrease in trade and other receivables		26.586.236	(28.453.016)
Increase/ (decrease) in trade and other payables		(19.718.650)	31.032.423
Increase/ (decrease) in provisions		(17.342)	14.773
Increase/ (decrease) in retirement benefit obligations		(7.972)	23.552
		6.335.858	**(1.905.023)**
Cash generated from operations		**9.560.665**	**3.226.241**

29. Commitments

Operating lease commitments– the Company as lessee

On December 31, 2017 and 2016 the Company has signed operating lease agreements regarding the lease of vehicles.

The future aggregate minimum lease payments under operating leases of the Company are as follows:

	31/12/2017	31/12/2016
No later than 1 year	97.012	94.004
Later than 1 year and no later than 5 years	146.147	208.884
Total	**243.159**	**302.887**

Operating lease commitments – the Company as Lessor

On December 31, 2017 and 2016 the Company has signed operating lease agreements concerning the lease of part of its premises presented as investment property.

The future aggregate minimum rental income is as follows:

	31/12/2017	31/12/2016
Up to 1 year	107.868	108.633
Later than 1 year and no later than 5 years	258.267	258.572
Later than 5 years	330.007	413.205
Total	**696.142**	**780.410**

Capital commitments

There are no capital commitments contracted for, but not yet incurred, by the balance sheet date.

30. Contingent liabilities/ receivables

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

Guarantees

	31/12/2017	31/12/2016
Guarantees for advance payments	8.033.154	6.890.785
Guarantees for good performance	2.555.413	552.934
Guarantees for participation in contests	257.764	1.271.990
Total	**10.846.331**	**8.715.709**

Outstanding legal cases

There are no legal or arbitration proceedings and decisions of judges or arbitrators which have or may have a material effect on the financial position or operations of the Company.

31. Related party transactions

The affiliated parties of the Company include:

(a) the parent company Intracom Holdings, the entities that are controlled, jointly controlled or significantly affected by it,

(b) affiliates and other related companies of the Intracom Holdings Group,

(c) the key members of the Company's Management, close relatives, and entities controlled or jointly controlled by such persons; and

(d) Persons or a close member of those person’s family (and entities controlled or jointly controlled by these persons) that control or jointly control or have a significant influence over the parent company Intracom Holdings.

The related parties Transactions for the current and prior period are as follows:

	1/1-31/12/2017	1/1-31/12/2016
Sales of goods / services:		
To INTRACOM HOLDINGS group Subsidiaries	770	90
To other related parties	215.904	198.098
Total	**216.674**	**198.188**
Purchases of goods / services:		
From parent company INTRACOM HOLDINGS	194.158	270.982
From INTRACOM HOLDINGS group Subsidiaries	653.554	737.755
From other related parties	705.067	697.959
Total	**1.552.779**	**1.706.696**
Purchases of fixed assets:		
From INTRACOM HOLDINGS group Subsidiaries	32.495	168.443
Total	**32.495**	**168.443**
Rental Income		
From other related parties	85.590	85.849
Total	**85.590**	**85.849**

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

	31/12/2017	31/12/2016
Receivables from related parties		
From INTRACOM HOLDINGS group Subsidiaries	9.185	12.660
From other related parties	164.697	112.854
Total	**173.882**	**125.514**
Payables to related parties		
To parent company INTRACOM HOLDINGS	41.589	80.029
To INTRACOM HOLDINGS group Subsidiaries	354.569	411.116
To other related parties	279.700	310.700
Total	**675.858**	**801.845**

Services by 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.

Key management compensation

Directors' remuneration and key management compensation amounted to € 1.139.048 during the year 2017 in comparison to € 456.121 during the previous year.

32. Independents auditor fees

The contractual fees of the auditing company "Associate Certified Accountants SA" for the current and previous years are as follows:

	2017	2016
Fees for the financial statements audit	30.000	33.000
Fees for the Annual Tax Certificate (article 65a, Law 4174/2013)	30.000	30.000
Σύνολο	**60.000**	**63.000**

33. Dividends

The company did not pay dividends in the current and prior year. The Board of Directors will propose to the Shareholders General Meeting not to distribute dividends for the current fiscal year 01.01.2017-31.12.2017.

34. Events after the balance sheet date

Further to those already referred there are no significant subsequent to 31 December 2017 events, which should either be referred or that should differ the items of the published financial statements.