PROFILE SYSTEMS & SOFTWARE SA

FINANCIAL STATEMENTS
From January 1 to December 31, 2018

(In accordance with article 4 of Law 3556/2007 and the decisions of the Hellenic CMC)

PROFILE SYSTEMS & SOFTWARE SA
COMPANY REGISTRATION NUMBER: 122141660000
NEA SMYRNI (SYGGROU AV. 199)

INDEX TO THE ANNUAL REPORT

STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS (IN ACCORDANCE WITH ARTICLE 4 § 2 OF LAW 3556/2007)

The following statements, which are effected in accordance with article 4 par. 2 of the L.3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. Charalampos Stasinopoulos of Panagiotis, resident in Glyfada Attica, Em. Kontou Str, 9, **Chairman of the Board of Directors and Chief Executive Officer**.
2. Spyridon Barbatos of Antonios-Ioannis, resident in Psychiko Attica, P. Chatzikonstanti Str 20, **Vice Chairman of the Board of Directors**.
3. Kostantinos Mantzavinatos of Georgios, resident in Ilioupoli Attika, Anexartisias Sq. 7, **Member of the Board of Directors**.

The undersigned, in our above-mentioned capacity, as Members of the Board of Directors, of PROFILE SYSTEMS & SOFTWARE S.A. (hereto the “Company”, or “PROFILE”), in accordance with the applicable law (article 4 par. 2c of L. 3556/2007), during the meeting of the Board of Directors of the 29th of March 2019, we state and assert that to the best of our knowledge:

(a) the Annual Financial Statements of the Company of the financial year 2018 (01.01.2018-31.12.2018), for the Parent and the Group, which were compiled according to the applicable International Financial Reporting Standards, as adopted by the European Union, provide a true and fair view of the assets and liabilities, the equity and the results of the Company, and its subsidiaries which are included in the consolidation, according to that stated in paragraphs 3 up to 5 of article 4 of Law 3556/2007 and the respective issued executive decisions of the Board of Directors of Hellenic Capital Market Commission

(b) The Annual Report of the Board of Directors of the Company provides a true and fair view of the significant events that took place during the financial year 2018 (01.01.2018-31.12.2018), their impact on the annual financial statements, including the description of the main risks and uncertainties that the Company faces, the material transactions that took place between the Company and its Subsidiaries (in accordance with their definition under IAS 24), as well as the evolution of the operations and performance of the Company and its Subsidiaries which are included in the Consolidated accounts which are required according to the paragraphs 6-8 of the article 4 of Law 3556/2007 and the respective issued executive decisions of the Board of Directors of Hellenic Capital Market Commission.

Nea Smyrni, 29th of March 2019
The declaring Members of the Board of Directors

Charalampos Stasinopoulos	Spyridon Barbatos	Konstantinos Mantzavinatos
ID. S 577589	ID. AE 077416	ID. P 280422

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018

The present Annual Management Report of the Board of Directors of "PROFILE SOCIETE COMMERCIAL AND INDUSTRIAL INFORMATICS SOCIETE ANONYME" hereinafter referred to as the "Report" or "Annual Report") for the fiscal year 2018 (01.01.2018-31.12.2018) has been prepared in accordance with the provisions of Codified Law 4548/2018 as well as of the Codified Law 2190/1920 which was applicable until 31 December 2018, of article 4 of Law 3556/2007, as well as the issued executive decision of the Board of Directors of Hellenic Capital Market Commission. The consolidated and separate financial statements were issued according to International Financial Reporting Standards (IFRS), as adopted by the European Union.

The present report includes the company's financial performance and the significant events , which are necessary, based on the above legal framework and it presents in a true and fair view all the relevant legal information required, in order to proper conclude for the Company's performance during the said period of the " PROFILE SOCIETE COMMERCIAL AND INDUSTRIAL INFORMATICS SOCIETE ANONYME ", (hereinafter referred to as "Company" or "PROFILE") and the PROFILE Group, in which the Group, except PROFILE, includes the following affiliated companies:

- "GLOBALSOFT SA", with headquarters in Nea Smyrni, Attica, in which the Company participates with a percentage of 97,09%;
- "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD", based in Cyprus, in which the Company participates with a percentage of 100%;
- "COMPUTER INTERNATIONAL FRANCHISE LTD", based in Nea Smyrni, Attica, in which the Company participates with a percentage of 50.18%.
  In relation to this Limited Liability Company, it is noted that under the Notarial Act No 5055 / 01.07.2008 of the Notary of Athens Chariklia Serveta-Filis, has been dissolved and is under liquidation which has not been completed yet;
- "PROFILE SYSTEMS & SOFTWARE (SUISSE) S.A.", based in Switzerland, in which the Cypriot subsidiary participates with a holding percentage of 60%,
- "PROFILE SOFTWARE (UK) LTD", located in the United Kingdom, in which the Cypriot subsidiary participates with a percentage of 100% and;
- "PROFILE DIGITAL SERVICES SA", with headquarters in Nea Smyrni, Attica, in which the Company participates with a percentage of 100% and;
- "LOGIN S.A.", based in France, in which the Cypriot subsidiary "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD") participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD. The acquisition of the company and the control of the company took place on July 6, 2017 and the completion at 100%, following the SPA, finalized in July 2018.

This Report with the accompanying annual financial statements, which compromise the separate and consolidated statements, for the year 2018 (01.01.2017-31.12.2018) and in the view that the Company prepares consolidated and non-consolidated financial statements, this Report is unified, with primary consolidated financial data of the Company and its affiliated companies and by reference to separate (unconsolidated) financial data of the Company, only where it is appropriate or necessary for the best understanding of Its content.

The Report is accompanying the Company's financial statements and other statutory requirements and statements in the Annual Financial Report for the year ended 2018. (01.01.2018-31.12.2018)

The themes and the content of this Report are as follows:

SECTION A

Evolution, performance and position of the Company and the Group – Key Financial and non-financial performance indicators

This section includes a fair and concise representation of the evolution, performance, activities and position of all the undertakings included in the consolidation. This depiction takes place in such a way as to provide a balanced and comprehensive analysis of the above categories of subjects, which corresponds to the size and complexity of the activities of those undertakings. Also, at the end of the relevant depiction are some indicators (financial and non-financial) that the Company's Management considers useful for the fuller understanding of the above issues.

1. Financial Data

In the financial year 2018, there was another special year for the Greek economy as political and economic developments were rapid and continuous. The partial lifting of restrictions on capital movements and capital controls as of 01.10.2018, with the exception on the transfer of capital abroad, is undoubtedly an important point of reference and is a precursor to the lifting of these restrictions in the future.

The Profile Group in this ominous environment succeeded to increase its turnover and profitability. An important role in this was played by the significant increase of the Group's activity in the international markets (a direction in which the Group has consistently invested over recent years), the acquisition of Login in France as well as the Group's ability to complete complex projects even within an unstable environment. At the same time, the Group continues to monitor the developments of the Greek economy and to take all necessary measures to ensure the smooth pursuit of its professional activity. Through the effort to increase the productivity of both human and financial capital, the Group aims in the stabilization of the financial indicators and in the improvement of the operational positive results.

2. Evolution and performance of the Group

Group's Key Performance Indicators over the past three years are as follows:

GROUP					
(Amounts in Euro)	**31.12.2018**	**31.12.2017**	**31.12.2016**	**2018-2017**	**2017-2016**
Total Assets	35,883,907	37,121,263	37,021,625	(3.33%)	0.27%
Total Equity	18,575,283	18,154,447	17,274,730	2.32%	5.09%
Revenue	13,829,001	11,556,502	9,292,681	19.66%	24.36%
Gross Profit	6,795,325	5,772,323	4,135,276	17.72%	39.59%
Profit before taxes	1,703,627	1,403,624	545,492	21.37%	157.31%
Profit after taxes	1,259,584	1,023,458	593,586	23.07%	72.42%
EBITDA	4,056,403	3,930,452	2,817,097	3.20%	39.52%

Revenue

The Group continued to develop, promote and distribute its own products in the closing year of 2018, retaining a gross profit margin of 50% which reflects the Group's dynamic and rewards Company's strategic direction in the development and production of new reliable products with emphasis on innovation and state-of-the-art technology. Sales increased by 20%, compared to the previous year, which is estimated to be quite significant. Profit after taxes increased, to € 1,260 thousand from € 1,023 thousand in the previous year.

3. Financial and non-financial performance indicators of the Group and the Company

Below are some financial and non-financial ratios that are relevant to the Group's, Company's and Company's key performance, position and financial position.

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Asset Capitalization: (The ratio measures the proportion of funds allocated to fixed assets)	37.53%	39.23%	43.39%	41.91%
Equity/ Fixed Assets: (The ratio measures the capital structure)	1.38	1.25	1.41	1.41
Days Sales Outstanding-DSO: (The ratio measures the days required to collect receivables from customers)	168	215	225	241
Total Liabilities / Total Equity & Liabilities: (The ratio measures the debt dependency)	48.24%	51.09%	38.67%	41.03%
Equity / Total Equity & Liabilities: (The ratio measures debt dependency)	51.76%	48.91%	61.33%	58.97%
Loans / Equity: (The ratio measures the proportion of equity in the total debt)	24.87%	28.73%	28.17%	32.27%

Current Assets / Short-Term Liabilities: (The ratio measures Group's and company's ability to cover short-term obligations with current assets)	1.85	1.85	1.96	1.98
Return on Assets: (The ratio measures net profit after taxes as a percentage of assets)	3.51%	2.76%	3.84%	(0.18%)
Return on Equity: (The ratio measures net profit after taxes as a percentage of Equity)	6.78%	5.64%	6.27%	(0.30%)
Gross Profit Margin: (The ratio measures Gross Profit as a percentage of sales)	49.14%	49.95%	46.39%	38.99%
Net Profit Margin: (The ratio measures net profit after taxes and minority interests as a percentage of sales)	9.11%	8.83%	11.98%	(0.60%)

4. Alternative Performance Meters

As an Alternative Performance Measurement Indicator, according to the definition of the European Securities and Markets Authority, a financial measure is used to measure historical or future financial performance, financial position or cash flows, but which is not defined or provided for in the current financial reporting framework. Although not included in IFRSs, Alternative Performance Measurement Indicators should be evaluated as ancillary and always in conjunction with IFRS results in order to better understand the Group's operating results and financial position in order to facilitate decision-making of the users of the financial statements.

The Group has not made adjustments to the amounts of the statement of Profit and Loss, statement of financial position or cash flow statements in the current financial period and the comparative period, and has not implemented any extraordinary or non-recurrent income or expense that would have a significant impact in the formation of these indicators.

In the context of the Alternative Performance Measurement Indicators, the Group quotes the "Earnings before Interest, Taxes, Depreciation and Impairment - EBITDA" ratio. EBITDA is calculated as the sum of the operating results (earnings before taxes, financing and investing results) and depreciation. Investment results include gains or (losses) on revaluation of fixed assets, grants, impairment of goodwill and intangible assets and gains or (losses) of subsidiaries held for sale. Furthermore, EBITDA excludes one-off and non-recurring charges which are not included in the normal operations of the company such as provisions for indemnity due to legal court cases, in addition to other one-off non-recurring items. These adjustments are required in order that the said financial indicator be comparative and historically consistent, in compliance and in accordance with the ESMA guidelines and the alternative performance measures (APM’s).

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Operating results (Profit before tax, financial & investment results) (A)	1,950,240	1,923,437	336,759	307,957
Total Depreciation (B)	2,106,163	2,007,015	714,180	706,607
EBITDA (A) + (B) = (C)	**4,056,403**	**3,930,452**	**1,050,939**	**1,014,564**
Revenue (D)	13,829,001	11,556,502	7,773,274	7,359,298
EBITDA margin (%) (C) / (D)	**29.33%**	**34.01%**	**13.52%**	**13.90%**

SECTION B

SIGNIFICANT EVENTS IN THE CURRENT YEAR

The significant events that took place during the fiscal year 01.01.2018-31.12.2018 at Group and Company and their possible impact on the financial statements are summarized below:

1. Completion of the acquisition of 100% of the shares of the French company Login SA

On July 10, 2018, the 100% Cypriot subsidiary of the Company, «Profile Systems & Software (Cyprus) Limited», exercised the right to acquire the remaining shares of the French company Login SA and now controls 99.92% (0.08% owned by Profile UK) of its shares. Login SA is based in Paris and is specialized in Treasury Software.

The acquisition took place in two stages on 6 July 2017, at which time 78.23% of the French subsidiary's shares were acquired and on 6 July 2018, when the remaining shares and voting rights of the company were acquired.

2. Launch new solutions

FMS.next Leasing solution presented with advanced features

FMS.next Leasing solution has been enriched to accommodate an advanced level of functional features to streamline the leasing process. It provides organizations with robust tools to monitor all types of leasing operations, while focusing on corporate risk management, rapid adaptation to market needs and the development of effective distribution network at low Cost of Ownership.

The FMS.next Banking platform available in Cloud και SaaS

FMS.next, the leading Core Digital Banking platform, is now available in the cloud, utilizing Microsoft Azure technology, FMS.next is now more suitable than ever to offer rich functionality to the Banking and FinTech industry combined with the benefits of IaaS as well as SaaS

Axia Robo Advisor solution delivers unique automation to address new markets

The solution Axia Robo Advisor automates all investment management operations targeted to wealth management firms and banks that want to address a wider market of investors.

3. Significant International Distinctions and Important Implementations

Recognition of Profile's «FinTech» from international organizations

A few of the company's latest awards and recognitions that showcase the systems' modular architecture, elegant design and robo-advisory capabilities, providing top quality services and complete automation include:

- ✓ "Emerging Partner award"by MetricStream at the "GRC Awards"",
- ✓ "Innovative Client Solution" - WealthBriefing GCC Region Awards 2018,
- ✓ "Most Innovative Investment Management Software Solutions Firm - 2018" - AI's Global Excellence Awards,
- ✓ "Most Outstanding for Financial Management Software - UK" – TMT's magazine 2018 Global Excellence Awards.

Nominations also include:

- ✓ "Technology Firm" - MENA Insurance Awards 2019,
- ✓ "Fintech Vendor of the Year" - Magic Circle Awards 2019,
- ✓ "Excellence in Customer Experience" - Private Banking & Wealth Management Switzerland Awards 2018,
- ✓ "Best International Market Award - 2018",
- ✓ "High Growth Award - 2018", "International Operations Award -2018",
- ✓ "Business Innovation Award - 2018" - MONEY magazine.

Profile Software has achieved impressive growth over the past decades maintaining a robust financial standing in the software sector while offering truly innovative solutions that result in exceptional user/client experience and business agility.

Important Implementations

Family Bank selected and deployed Acumen^{net}, the comprehensive Treasury Management system developed by Login SA, to effectively support Treasury Department's growing operations as well as to safeguard the business from counterparty risk, by utilizing the tools available to manage deriving risks. At the same time Family Bank will experience compliant workflow functionality for credit risk and settlement risk limits with a smooth monitoring of limit utilization.

IBG (Investment Bank of Greece) selected the RiskAvert platform and completed successfully the XBRL submission to the Bank of Greece (EBA Reporting framework 2.7.0.1). By using the solution above, it will achieve to cover its compliance requirements that pertain to the implementation of a robust efficient and automated risk management platform to manage the calculation, group consolidation and reporting of credit, market, operational and liquidity risk.

Axia Fund Management solution, part of Axia's omni-channel, web-based investment management platform, has been selected by several institutions in Europe (UK, France, Cyprus, etc.) and the Middle East (UAE, Qatar,etc.) and it was enriched with new functions which support asset και fund management. By using this solution fund managers automate the full trade workflow, with enhanced pre-trade compliance and post-trade limits according to the regulatory (e.g. UCITS) and fund's specific compliance guidelines.

Orient Bank, founded in 1993, is a leading commercial bank based in Kampala with 23 branches across the country. The bank provides all types of commercial and personal banking services with total assets of 680bn UGX (180mn USD) in December 2017. The Treasury Department is dealing in FX, MM, Repos/Reverse repos and Securities. The bank was looking for a flexible, easy to integrate and robust solution to support their operations. Following an international vendor assessment, the bank selected Acumen^{net} due to its real time, automated and powerful capabilities for reporting and STP (Straight Through Processing). In particular, Acumen^{net} as a front-middle office and risk management solution will enable them to efficiently manage all pertinent functions in the most advanced manner. The solution allows for STP handling of treasury transactions imported in real time from various platforms, including their existing Core banking Flexcube release 12.

Arrow Capital, an investment firm in the UAE and Mauritius, selected Axia to comprehensively address their wealth management operations, through the platform's advanced omni-channel functionality and reporting. H Arrow Capital was looking for an advanced web-based investment management platform which would support the automation of its functions but also the extension of its services for future development and at the same time offering unique user and client experience.

4. International events in which the group participated

- ✓ Co-partner at the Digital Integration in Wealth Management Conference at London
  Supporting as co-partner at Digital Integration in Wealth Management Conference, which took place 21-22 February 2018 at Chelsea Harbour in London.
- ✓ Sponsor at Compeer's Wealth Management Conference in London
  At Yearly Review, which took place on 27 June 2018 in London, showcasing its pioneering and award-winning Investment Management and Banking solutions.
- ✓ Technology Sponsor at European Investment Summit in Athens
  Technology Sponsor at Annual European Investment Summit which took place on 8-9 May 2018 in Athens at Royal Olympic hotel, showcasing its pioneering and award-winning Banking and Investment Management solutions.
- ✓ Sponsor at the 5th Digital Banking Forum in Athens
  Sponsor at the 5th Digital Banking Forum entitled "Banks in the Digital Age", which took place on 21 March 2018 in Athens.
- ✓ Silver Sponsor at the Finovate Europe in London
  Silver Sponsor at the innovative FinTech event Finovate Europe 2018, which took place on 6-9 March 2018 in ExCel London.
- ✓ Silver Sponsor at Finovate Middle East in Dubai
  Silver Sponsor at the innovative FinTech event Finovate Middle East 2018 which took place on 26 -27 February 2018 at the Madinat Jumeirah Conference & Events Centre in Dubai
- ✓ Silver Sponsor at 4th International Funds Summit in Cyprus
  Silver Sponsor at 4th International Funds Summit the company presented its pioneering and award-winning Investment Management.

- ✓ Sponsor at 6th Digital Banking Forum, in Athens
  Sponsor at 6o Digital Banking Forum which covered topics such as blockchain, AI, Big Data, trends in digital payments, PSD II as well as startups introducing new banking models.

SECTION C

Performance and development of the Group for the year 2019

For 2019, the strategy of the Group Profile aims at the further enhancement of the extraversion and the continuous development in new markets. The Group enhances its presence and its activities in markets abroad, in order to achieve a fully cover and satisfaction of the banking and investment sector in which has expertise.

Group’s priorities include the further improvement of this position in the markets of United Kingdom, France, Cyprus and United Arab Emirates, as well as the penetration in markets, mainly through:

- ✓ The constant investment in Research and Development,
- ✓ Targeting in new projects, complex IT projects,
- ✓ The further promotion of Login’ solutions through the commercial network of Profile,
- ✓ The development and presentation of new functions and innovative products on the domestic and international markets,
- ✓ By the contribution of new and specialized staff and
- ✓ Expenditure restraint, which is already being implemented through the reorganization of corporate functions and sub-directories

In this context, the strengthening of the Group's activities in the area of the United Kingdom, France, Asia as well as in the surrounding areas, the increase of the specialized personnel at the offices of London, Paris and Dubai for greater penetration in the wider region with local service and partnerships, while the strategy generally pursued aims at consolidating the presence of the Company and the Group in these markets of high interest and dynamics and in the promotion of specialized products In new markets

The flexibility of the internal structure and organization that has already been created by the Group allows it to adapt more quickly and efficiently to the new market conditions to effectively exploit substantial opportunities for growth if present.

The Group and the Management of the Company are expected to follow a developmental stance regarding the presentation of the new solutions developed and based on state-of-the-art technologies (FMS.next IMSplus, Axia, Acumen^{net}). In particular, they are oriented towards the creation of innovative technologies and integrated quality solutions, aiming at improving and continuously expanding the range of products produced, emphasizing their competitiveness, combined with the continuous and systematic monitoring of trends and market needs, using modern production methods And development in line with international standards.

In addition the Group Profile and Login, constantly invest in the development of Acumen^{net} in order to significantly improve the operation and the experience of the user in an environment with modern features, adapted to the current needs and the needs of technology, fully supporting STP (Straight Through Processing, providing modern and automatic support of the transactions among the banks.

It is particularly important that these efforts are recognized by international instruments with the award of business excellence awards for the development of new solutions, which prompts the Company to constantly watch for the development of new products, the improvement of the existing ones and the achievement of new beneficial collaborations, Aiming at enhancing the Company's financial value.

In addition, the investments of previous years to maintain the competitive advantage and to develop the Group's operations in sectors with high added value, are expected to have a beneficial effect on the profit margins, and on the Group's figures for the current fiscal year.

SECTION D

Major risks and uncertainties

The Company is operating in a highly competitive and highly demanding international environment, which is changing rapidly, and over the last few years systematically and with a specific development plan it has been trying to steadily and safely strengthen the international expansion, not in one way, but in the geographical areas of strategic interest, focusing on state-of-the-art technologies and the constant technological upgrading of the products and solutions it provides while parallel develop new activities and promotes entry into new markets, in order to further enhance its competitiveness, especially since the domestic market has, due to the ongoing recession, intense negative outlook.

Its specialized know-how, its years of experience and presence in the field, its organization and the intense activation of all its executives, its wide recognition in connection with the study, development and marketing of new products, as well as the continuous improvement and upgrading the existing ones, focusing on the quality and the ability to meet demand directly and the changing needs of end customers, as well as the creation of strong infrastructure and the penetration into new markets, helps the Company to remain competitive despite the inherent problems of the industry, which have been boosted during the economic crisis.

The controlled financial exposure of the Group and its significant qualitative and product diversification, combined with the continuous development and upgrading of its products, as well as the expansion of the Group in new geographic markets, constitute the main tools for the Group for the minimization of the negative effect of the economic crisis. However, it is expected that in the current period the Group's revenues and results will be affected by the intensity and the growth of the phenomenon and the general state of suffocation and the lack of liquidity in the market, whose situation has deteriorated considerably with the imposition of restrictions on the movement of capital and which leads a large part of the broad customer base to which the Group is seeking to suspend investment projects The postponement of programs for modernization.

The financial and other risks to which the Company and the Group are exposed, and which may be affected during the current year 2019 are the following:

1. Risk of the reduction in demand

Although this specific risk is limited due to the specific categories of software that developed and marketed by the Group, however, in order to avoid the reduction in demand which is mainly attributed to the general downturn in the Greek market and the consequent shrinking of the potential domestic customer base, The Group develops a wide range of products in different categories addressed to the international market in order to minimize the potential losses. The Company develops its software products based on a continuous and a day-to-day monitoring of the market and research as well as on new technologies, to minimize any potential losses by entering new markets.

However, in the view of the general negative conditions in the domestic and international markets, which have affected Company's operations, such a risk is considered actual. In this respect the Group and the Company emphasize on strengthening the International exposure.

In addition, the referendum held in the United Kingdom on 23 June 2016 and the decision to exit from the European Union, creates an uncertain environment in the global economy. Due to the uncertainty which exists even today with regards to the special terms and conditions for the implementation of the decision as well as the implementation the long-term timeline, the impacts to the markets are still unknown.

2. Risk of increased competition from imported companies

The specific risk is always present and measurable in the area where the Company operates, especially if it is taken into account that entry barriers are not so strong in this field, as the majority of the technical terms used for the implementation and integration of information Systems and customization of software products are widespread, which allows foreign companies to penetrate relatively easily to the market, taking advantage in particular of comparative advantages available, especially in sizes level. The Company addresses this risk with emphasis on the design and development of quality and modular products, the systematic and targeted improvement, upgrading and adaptability of the products it already markets, the representation of powerful and world-known companies, the creation of lasting and trustful relationships with its customers Basis and the expansion of its activities abroad. Nevertheless, the specific risk is a viable and potential risk at any time and this importance is addressed by the Company's Management, for which reason the Company always emphasizes its quality and product diversification and in general the provision High-level services to its customers, while systematically enhancing its outward-looking approach to overcoming this risk and upgrading its role and presence on the international market, which Makes it more resilient to address this risk. In addition, the steady increase in the global market size partially mitigates the impact of competition, so that activity outside Greece can offset any inevitable losses in the Greek market.

3. Risk of technological developments

Technological developments have a major impact on the competitiveness of companies active in the IT sector. Companies that are active in the IT industry must be constantly aware of possible variations in existing technology and make the necessary investments to ensure the high technological level.

Based on the above and to reduce as much as possible the risk of technological developments, the Group:

- ✓ develops products on highly efficient and internationally recognized platforms,
- ✓ Continuing training of staff on technological issues, in collaboration with internationally recognized organizations specialized in high technology industries,
- ✓ offers innovative applications commensurate with the needs and requirements of the market.

For these reasons, the specific risk is assessed as actual but in any case, as manageable over the given period.

4. Credit risk

Group's and Company's Management, based on its internal operating principles, ensures that sales of goods and services take place to customers of high creditworthiness and ability. Due to the expansion of the Company's activities abroad, this risk is real compared to customers from other countries (especially African and Asian countries) for whom it is not always easy to effectively control their creditworthiness Capacity and reliability. For this reason, the Company constantly develops and develops internal operating mechanisms (in terms of negotiation, contract and project management) in order to better address this risk. Within this framework and the valuation methods available to the Company, the Group has not yet addressed significant amounts of doubtful debts, for which no adequate provision has been made. Hence, this risk, although present in view of the overall negative economic climate, is currently being assessed as a controlled one. However, if there is a further deterioration in the conditions for the growth of economic activity in the coming months, and the Greek market as a consequence of the imposition and maintenance of capital restrictions, this risk may affect the Company's results. Note 15 of the financial statements provides an analysis of the receivables from customers

5. Liquidity risk

Management pays special attention to managing this risk, monitoring it by monthly and quarterly forecasting and cash flow monitoring, and continually evaluating and re-evaluating the strategy associated with its effective management. Notes 22 and 25 of the financial statements presents the Group's loans and other liabilities.

6. Foreign exchange risk

The Group operates internationally and therefore it is exposed to the foreign currency risk which is mainly derives from the US Dollar and British Pound. This type of risk is mainly occurring due to trade transactions in foreign currency as well as due to the investments in financial organizations abroad. Company's management monitoring such an exposure and evaluates the needs of additional actions. In this moment this particular risk is considered as not significant and manageable and controllable.

7. Interest rate risk

The interest rate risk for the Company is not particularly significant since the Company's borrowing is linked to Euribor and the Company has limited and controllable exposure to bank borrowing. The Group's policy is to keep the level of borrowing at a variable interest rate and to proceed in corrections whenever is need it, avoiding, as far as this is permissible in general business, exposure to additional borrowing.

The limited exposure of the Group in borrowing makes the change of interest rates not significant for the Group's results. It should be also noted that the cash and cash equivalents of the Group exceed the bank borrowing.

8. Risks from capital controls in the Greek banking system

Under the Legislative Content Act of 28-06-2015, Greek banks were placed in a public holiday while at the same time controls on capital movements were imposed in accordance with a decision of the Ministry of Finance. The bank holiday expired on 20-07-2015, while since 01.10.2018 all cash withdrawals from institutions in Greece are allowed without limitation, but except for the transactions being processed on a daily basis by the specialized Bank Subcommittees and the Bank Transactions Adoption Committee.

The Company, despite its volatility, liquidity and uncertainty, both on a political and financial level, continues to operate smoothly and without any significant impact on the Group's overall activity. However, the Management of the Company keeps an eye on the developments and assesses the situation and possible future consequences in order to ensure through timely planning the implementation of all the necessary actions and the implementation of the measures considered appropriate for the appropriate delays by the Domestic banks in the financing process and finding alternatives to minimize adverse effects In the operation, financial performance, cash flows and the financial position of the Company and the Group in general.

SECTION E

Significant transactions with related parties

The Company and the Group purchase goods and services from and provides services to certain related parties in the normal course of business. Transactions between the related parties and the Group and Company are disclosed according to IAS 24

This section includes:

(a) Transactions between the Company and each related party, that materially affected the financial position or performance of the Company during the year 2018; and

(b) Any changes in the transactions between the Company and any related party described in the last Annual Report which could have a material effect on the Company's financial position or performance in the year 2018.

The Group's transactions with related companies are as follows:

	Sales		Purchases	
Related party transactions	**2018**	**2017**	**2018**	**2017**
GLOBAL SOFT A.E.	144,416	148,004	258,687	309,875
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	671,227	1,036,040	-	-
COMPUTER INTERNATIONAL FRANCHISE LTD.	-	-	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	6,897	-	-
PROFILE SOFTWARE (UK) LTD	290,978	192,500	-	-
PROFILE DIGITAL SERVICES SA	1,449,106	1,433,229	-	-
LOGIN S.A.	140,161	-	139,438	54,040
Total	**2,695,888**	**2,816,670**	**398,125**	**363,915**

The Group's account balances with related companies are as follows:

	Receivables		Payables	
Related party balances	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
GLOBAL SOFT SA	21,228	25,141	343,731	182,787
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	95,106	281,789	-	-
COMPUTER INTERNATIONAL FRANCHISE LTD.	171,433	170,425	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	-	-	-
PROFILE SOFTWARE (UK) LTD	81,000	-	912	-
PROFILE DIGITAL SERVICES SA	-	52,047	201,691	-
LOGIN S.A.	-	-	106,121	152,977
Total	**368,767**	**529,402**	**652,458**	**335,764**

Transactions with related persons as defined by IAS 24 for the year ended 2018 are as follows:

Year end 2018:	**Group**	**Company**
Remuneration of directors and members of the Management	1,006,492	1,006,492

In addition to the above, it is noted that:

- There are no transactions with other parties related to the Company within the meaning of International Accounting Standard 24 other than the above.
- No loans or credit facilities in general have been granted to members of the Board of Directors or other Company executives and their families;
- The amounts mentioned in the above table refer to fees for the personal services-work they provide to the Company, fees for these performances and transactions of the members of the Company's Management and its directors during the said period;
- These transactions do not contain any extraordinary or personalized trait, which would make it necessary for the further and per associated person to analyze them;
- Except for the aforementioned fees, there are no other transactions between the Company and these directors and members of the Board of Directors;
- There is no transaction occurred against the usual terms of the market.
- There is no transaction, the value of which exceeds 10% of the value of the Company's assets, as reflected in the latest published financial statements.
- There is no transaction that is assessed as significant as it is specified in the meaning of the Circular of the Capital Market Commission No. 45/2011.

SECTION F

BOARD OF DIRECTORS' EXPLANATORY REPORT (according to Article 4(7) &(8) of Law 3556/2007)

This Explanatory Report of the Board of Directors to the Ordinary General Meeting of Shareholders includes additional detailed information in accordance with paragraphs 7 & 8 of Article 4 of Law 3556/2007 and constitutes a single integral part of the Annual Report of the Board of Directors.

1. Structure of the share capital of the Company

The structure and the way in which the Company's share capital is formed is submitted in detail in Article 5 of the Company's Articles of Association. The last approved codification of the Company's Articles of Association with respect to Article 5 thereof took place on 30.12.2014 as a result of the decision taken by the Extraordinary General Meeting of Shareholders meeting on the same date. The share capital of the Company today amounts to € 5,551,730.71, divided by 11,812,193 common registered shares of a nominal value of € 0.47 each, following the last decision of the Extraordinary General Meeting of Shareholders of 30.12.2014.

It is noted that the relevant amendment of article 5 of the Company's Articles of Association following the decision taken by the above Extraordinary General Meeting of Shareholders was approved by the decision of the Deputy Minister of Development and Competitiveness of the Hellenic Ministry of Development and Competitiveness No. 7470 / 22.01.2015, which was legally registered in the General Electronic Commercial Registry (G.E.MI.) on 22.01.2015 with Registration Code (CIS) 295881.
Each share derives all rights and obligations defined by the law and the Articles of Association of the Company. Ownership of the share automatically implies the acceptance of the Company's Articles of Association and of the decisions taken in accordance with the law and the Articles of Association by the various bodies of the Company. Each share entitles to one (1) vote.

The shares of the Company are intangible, common nominal with voting rights, freely tradable and transferable and listed on the Athens Stock Exchange and traded on the Main Market. The Company's shares were listed on the Athens Stock Exchange on October 29, 2003 and have been traded on that basis since then.

At the time of approval of this Report (in particular, following the ASE session on Friday, March 29, 2019), the Company holds 492,035 treasury shares, representing approximately 4.17% of its share capital and the resulting voting rights.

2. Limitations on the transfer of Company shares

The transfer of Company shares takes place as stipulated by Law and there are no limitations on their transfer imposed by the Articles of Association, given that these are dematerialized shares listed on the Athens Exchange.

3. Significant direct or indirect holdings within the meaning of Law 3556/2007

The data on the number of shares and voting rights of the persons with significant holdings have been drawn from the Company's shareholders book and the notifications received by law from the Company. The Company's significant investments are as follows:

- "GLOBALSOFT SA OF DEVELOPMENT AND TRADING OF SOFTWARE AND COMPUTER SYSTEMS", with headquarters in NEA Smyrni, Attica, in which the Company participates with a participation of 97, 09%;
- "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD", based in Cyprus, in which the Company participates with 100%;
- "COMPUTER INTERNATIONAL FRANCHISE SA", located in Nea Smyrni Attica, in which the Company participates with a participation of 50.18%. It is noted that the Company has been dissolved and is in a liquidation procedure which has not yet been completed;
- "PROFILE SYSTEMS & SOFTWARE (SUISSE) S.A.", based in Switzerland, in which the Cypriot subsidiary participates with a participation percentage of 60%;
- "PROFILE SOFTWARE (UK) LTD", located in the United Kingdom, in which the Cypriot subsidiary participates with a 100% stake;
- "PROFILE DIGITAL RECORDING, STORAGE AND DISTRIBUTION OF PRACTICAL MEETINGS OF COURTS", with headquarters in Nea Smyrni, Attica, in which the Company participates with 100% participation; and
- «LOGIN S.A.», based in France, in which the Cypriot subsidiary "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD") participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD. The acquisition of the company and the control of the company took place on July 6, 2017 and the completion at 100%, following the SPA, finalized in July 2018.

Furthermore, the significant direct or indirect holdings in the Company's share capital and voting rights within the meaning of Articles 9 to 11 of Greek Law 3556/2007 are the following:

- Charalampos Stasinopoulos: 4,116,197 shares and voting rights (34.85%).
- Latover Holdings Limited (interests of Mr. Charalampos Stasinopoulos): 1,771,830 shares and voting rights (15.00 %).

4. Shares providing special control rights

There are no Company shares providing special control rights to their holders.

5. Restrictions on the right to vote

It is not allowed by the Articles of Association and there are no known restrictions on voting rights in the Company's shareholders.

6. Company Shareholders' Agreements

There has been no communication to the Company for any agreement in force with its shareholders, which entail restrictions on the transfer of shares or restrictions on the exercise of voting rights.

7. Rules for the appointment and replacement of Board members and amendment of the Articles of Association

Regarding the appointment and replacement of members of the Company's Board of Directors as well as the amendment of the Articles of Association, there are no rules that differ from those provided by the Codified Law 4548/2018, as currently in force.

8. Competence of the Board of Directors for the issuance of new shares or the purchase of treasury shares

There is no special competence of the Board of Directors or certain members of the Board of Directors for the issue of new shares or the purchase of treasury shares according to article 49 of Codified Law 4548/2018.

The Annual Ordinary General Meeting of the Company's shareholders on 11 May 2018 already decided, inter alia, to purchase the Company in accordance with the provisions of article 16 of Codified Law 2190/1920 within twenty-four (24) months of the date of the decision, i.e. no later than 11 May 2020, a maximum of one million shares (1,000,000) which corresponds to less than 10% of the existing shares, with a market price range of fifty cents (€ 0.50) per share (minimum) and five Euros (€ 5.00) per share (maximum), while the Board was authorized to properly implement this process.

Until the date of approval of the present Report (in particular, following the ASE session on Friday 29.03.2019), the Company has purchased 492,035 own common registered shares at an average purchase price of 1,2328 Euros per share, which correspond to 4.17% of the share capital.

9. Significant agreements that enter into force, are amended or expire in the event of a change in the control of the Company following a public offer.

There is no significant agreement entered into by the Company that enters into force, is amended or terminates in the event of a change in the Company's control following a public offer.

10. Significant agreements with members of the Board of Directors or the Company's staff.

Between the Company and the members of the Board of Directors or its staff, only one agreement exists (and in particular between the Company and the Chairman of the Board of Directors and its CEO), which provides a compensation in case of termination or dismissal without reason or termination of office or employment due to any public offer.

SECTION G

Other information - Significant events after 31 December 2018 and until the preparation of this Annual Report

1. The Company through the constant market monitoring, aims to develop new products and to upgrade and further develop the existing ones, aiming at the fuller coverage of the ever-changing market needs and adaptation to the requirements of the customers. Research and Development work is carried out by specialized consultants of the Company in individual Units with vertical and perfect knowledge and experience for each product or solution being developed as well as in cooperation with the Sales and Marketing Departments for the necessary market research and customer inquiries where required.

2. None of the companies participating in the consolidation holds shares or units of paragraph 1e of article 26 of Law 4308/2014, except for the parent company. The own shares held by the Company are set out hereof, in Section F.

3. Regarding the foreseen evolution of the Company as well as of the companies included in the consolidation, a relevant analysis is presented in Section C of this Report.

4. There are no other significant events occurring after the end of the current year 2018 up to and including the date of approval of this Report and which have a material impact on the financial statements and therefore require mention and reference in this Report.

SECTION H

Information on labor and environmental issues

(1) As of 31.12.2018 the Group employs a total of 134 persons and the Company 93 persons respectively, compared to 127 and 87 persons employed in 31.12.2017.

It should be noted that the Company's relations with its staff are excellent and that there are no general labor problems, as one of the Company's main priorities is to preserve and strengthen the climate of labor peace. Every day the Company takes care of taking all necessary measures and adopting practices in order to fully comply with the applicable provisions of the labor and insurance legislation. One of the key principles governing the Group's operations is the continuous training of staff and the enhancement of corporate consciousness at all levels of the Group's operations and operations.

(a) policy of diversification and equal opportunities

Group Management does not discriminate in terms of recruitment, emoluments and promotions based on gender, race, religion, color, nationality, religious beliefs, age, marital status, sexual preferences, trade union membership, or any other characteristics. The only factors to be taken into account are the training, expertise, experience, efficiency and overall capabilities of the individual, while encouraging and recommending to all employees to respect the diversity of each employee, customer and supplier of the Group and not accept any conduct that may be discriminatory in any form.

(b) respect for employees' rights

The Group's management strictly enforces current labor legislation and respects the relevant provisions and provisions for child labor, human rights and the possibility of employee participation in trade union bodies.

(c) Health and safety at work

Health and safety at work is a top priority for Group Management, which systematically monitors and controls all risks that may arise from this activity and takes all necessary preventive measures to avoid accidents, while the total of employees attend training seminars on health and safety at work.

Group Management also ensures that the fire safety rules and contingency requirements are met and that personnel are trained in fire protection, firefighting, use of portable fire extinguishers, and preparedness exercises to prevent and respond to emergencies.

(d) training and development of workers

The business success for the Group and the Company is based on its people. The Company provides a stable work environment so that all employees are motivated to be productive and oriented to achieving optimum results, to take initiatives to the benefit of the corporate interest and to manage their personal development with zeal and integrity.Through Human Recourses department , the Management of the Company distinguishes the skills of employees and put them in positions at which they can contribute at the highest level and they will have the potential to be distinguished.

(2) The Group recognizes the need for continuous improvement of environmental performance based on the principles of sustainable development and in compliance with legislation and international standards aims at a balanced economic development in harmony with the natural environment. Following a course of sustainable development, it carries out its activities in a way that ensures both the protection of the environment and the hygiene and safety of the workers.

The Group seeks to improve the overall behavior of its employees in terms of both environmental pollution prevention and recycling and environmental management issues and seeks to consolidate the concept of ecological sensitivity across the pyramid of workers.

In collaboration with "CLIMAKA", a non-profit organization that takes care of the socially weak, gathers and squeezes paper for recycling, an energy that not only contributes to environmental protection but also provides food and shelter to the homeless who are involved in recycling and collection. Furthermore, the Company is an active supporter of “Think Before Printing”, including its logo on all its electronic communications.

<u>SECTION I</u>

CORPORATE GOVERNANCE DECLARATION

(This Statement is prepared in accordance with article 152 of Codified Law 4548/2018 and forms part of the Annual Report of the Company's Board of Directors)

Introduction

The term "corporate governance" describes how companies are managed and controlled. Corporate governance is articulated and structured as a system of relations between the Company's Management, the Board of Directors, the shareholders and other interested parties, constitutes the structure through which the Company's objectives are approached and set, the means of achieving and evaluating these objectives , Identifies the main risks it faces in its operation and enables efficient and systematic monitoring of the performance of the Management during the implementation process of the above.

Efficient and effective corporate governance plays an essential and primary role in promoting enterprise competitiveness and improving their operational infrastructure and developing innovative actions, and the increased transparency that it promotes results in improved transparency across the whole economic activity of private companies but also of public institutions and institutions for the benefit of all the shareholders of the companies but also of the partners with them.

In October 2013 the new Corporate Governance Code, which was drafted on the initiative of the Federation of Enterprises and Industries, was published and amended in the context of its first revision by the Greek Council for Corporate Governance.

1. Code of Corporate Governance

1.1 Notification of Voluntary Compliance of the Company with the Corporate Governance Code
In our country, the corporate governance framework has been developed mainly through the adoption of mandatory rules such as Law 3016/2002, as currently in force, requiring the participation of non-executive and independent executive members in the Boards of Directors of Greek companies whose shares Are traded on an organized stock market, the establishment and operation of an internal control unit and the adoption of internal rules of operation. Subsequently, other later legislation incorporated into Greek law European Company Law Directives, creating new corporate governance rules, such as Law 4449/2017, which requires the establishment of audit committees as well as important disclosure obligations regarding the ownership and governance of a Company and Greek Law 3884/2010 concerning shareholder rights and additional corporate disclosure obligations to shareholders during the preparation of a general meeting. Finally, Greek Law 3873/2010 incorporated into the Greek legal order the no. EU Directive 2006/46 / EC, thus operating as a reminder of the need to establish a Corporate Governance Code and at the same time forming the foundation stone.

The Company fully complies with the requirements and regulations of the above-mentioned legislative texts (in particular Codes 4548/2018, 3016/2002 and 4449/2017, which replaced Law 3693/2008), which are the minimum content of any Corporate Governance Code and constitute (such provisions) an informal Code of Conduct.
Following the above, the Company also declares in the current year that it continues to adopt as the Corporate Governance Code the Code of Corporate Governance formulated by the Hellenic Council for Corporate Governance (available at http://www.helex.gr/el/esed), to which the Code also declares this Declaration to be subject to the following discrepancies and exceptions.

1.2 Deviations from the Corporate Governance Code and justification thereof. Specific provisions of the Code that the Company does not apply and an explanation of the reasons for non-application
The Company first confirms with this Statement that it faithfully applies and follows strictly all the provisions of the applicable Greek legislation regarding corporate governance (Codified Law 4548/2018, Law 3016/2002 and Law 4449/2017), which form the minimum content of any Corporate Governance Code addressed to companies whose shares are admitted to trading on a regulated market.

An important addition, however, to the new Code of Corporate Governance formed in the above and to which the Company belongs is the adoption of the standard of explanation of the Company's non-compliance with certain specific practices of the Code. This means that the new Code follows the "Compliance or Explanation" approach and requires the listed companies that choose to apply it to disclose that intention and either to comply with all the specific practices established by the Code or to explain the Reasons for not complying with specific practices.

In relation to these additional practices and principles introduced by the new code, there are currently some discrepancies (including non-application), for which deviations follow a brief explanation.

Section A
The Board of Directors and its members

I. Role and responsibilities of the Board of Directors
Until today, the Board of Directors has not established a separate committee, which oversees the procedure for submitting applications for election to the Board of Directors. And prepares proposals to the Board of Directors. As regards the remuneration of executive members and senior executives.

This discrepancy is due to the fact that the Company's policy in relation to the remuneration of executive members of the Board of Directors. And the main senior executives are, as evidenced by the historical data, consistent and reasoned, adapted to the current economic conditions and to the financial capabilities of the Group, always with a view to serving the corporate interests. Ensures that it is faithfully and strictly observed in order to avoid the phenomenon of overpayment of fees that are not in line with the services provided on the one hand and the general economic situation prevailing in the country. The aforementioned fixed policy of the Company is also one of the axes that ensure its balanced development and the implementation of its investment programs with the greatest possible success.
At this time, however, it should be noted that in view of the changes in the Remuneration Policy established by Codified Law 4548/2018, the Management of the Company essentially examines the possibility of establishing such a Commission.

Furthermore, the absence of a separate committee which is headed by the procedure for submitting candidacies for election to the Board of Directors. Is explained by the fact that the candidates for election to the Board of Directors Members of the Company, up to now, meet all the necessary conditions and provide all the guarantees for the granting of membership of the Board of Directors, distinguished for their high professional training, knowledge, qualifications and experience They stand out for the ethos and the integrity of their character and therefore no need for such a committee has arisen so far.

II. Size and composition of the Board of Directors
The BoD does not consist of seven (7) to fifteen (15) members.
According to the Company's Articles of Association and Article 19 (1) thereof, "the Company is managed by a Board of Directors consisting of five (5) to eleven (11) consultants, natural or legal persons". This discrepancy is due to the fact that the size and overall organization of the Company at this time does not justify the existence of such a large Council, but they advocate the existence of a smaller and more flexible BoD, which can meet and it decides with speed and efficiency. Moreover, the flexible structures adopted by the Company in terms of composition of the Board of Directors allow for rapid decision making and effective monitoring of their implementation and implementation. In view of the extroverts and systematic effort of internationalization of the Company, the possibility of immediate enlargement of this structure is examined, through the necessary amendments to the Company's Articles of Association.

The BoD it is not a majority of non-executive members.
The current Board of Directors of the Company currently consists of seven (7) members, of which four (4) are executive and the other three (3) non-executive, including two (2) independent non-executive members. The present composition of the existing Board of Directors has ensured, with practical and tangible results, during all the previous years the productive operation of the Company, the effective promotion of corporate goals and activities and the reconciliation of all views regarding the Company's Policies.

The service of the company's interests and needs of the Company and of the Group that it is headed can only be achieved through the presence of a sufficient number of executive members on the Board of Directors, given the Company's extroversion and the need for parallel close monitoring of corporate Activities in different geographical areas.

Besides, the presence of the two (2) independent non-executive members of the Board of Directors ensures the required objectivity and neutrality in the decisions taken, without psychological, professional, family or financial influences, by persons exercising the Company's Management and is a sufficient counterweight to the Proper and efficient operation of the Governing Board.

The abovementioned deviation from the provisions of the Corporate Governance Code cannot be considered to be subject to a time limit since the Company, based on its current structure and operation, does not intend to directly comply with the above requirement as it considers that the requirement (The constitution of the Board of Directors by a majority of non-executive members) does not meet its needs, its structure and its organizational function, and in any case the overall success of the Board of Directors, is in itself a reason to prevent any change or diversification.

The policy of diversity including the gender balance for BoD members as adopted by the Board of Directors will be posted on the corporate website. The corporate governance statement should include a specific reference to: (a) the diversity policy applied by the Company as regards the composition of the Board of Directors and senior management; and (b) the proportion of each gender representation respectively.

The present Board of Directors of the Company consists of a majority of men, i.e. out of a total of seven (7) members of the Board of Directors. The six (6) are men and only one (1) is a woman. This discrepancy is justified by the failure to find, at this time, executives in the sector in which the Company operates and belonging to the female sex and to meet, in terms of skills, abilities, qualifications, availability and experience, at the level established in relation to the Members of the Board of Directors But also due to the increased requirements associated with this property, due to the special characteristics of the Company and the necessity (due to the increased extroversion acquired by the Company) of their frequent presence in different countries around the world. Among the priorities of the Company in the near future is the finding and addition of competent representatives of the female sex among the members of the Board but it is not possible to determine with absolute precision the time of compliance of the Company with the above established practice JHA, since this is a function of both the expression of relevant interest and the finding of persons fulfilling the above conditions. In any case, however, it is estimated that this deviation is cyclical and will be balanced in the future.

III. Role and required qualities of the Chairman of the Board of Directors

There is no explicit distinction between the responsibilities of the Chairman and the Managing Director. This discrepancy is due to the fact that it is not considered appropriate to create this distinction in view of the organizational structure and operation of the Company. As the Company further enhances its extroverts, gains a stronger international presence and greatly increases the volume of its activities, the need to establish an explicit distinction between the responsibilities of the President and the CEO is to be re-evaluated. In any case, the existence of an executive vice-chair essentially satisfies the above requirement as it creates a peer-to-peer management and representation of the Company, and in view of the expanding strengthening of the Company's extroversion, the above distinction is very likely to materialize over the next few years.

The BoD does not appoint an independent Vice-President from its independent members.
This deviation is offset by the appointment of an executive vice-president, as the essential contribution of the Chairman of the Board of Directors is considered to be of prime importance. On behalf of the Vice-Presidents and the provision of every possible help to him in order to effectively perform his / her executive duties and responsibilities and contribute to the achievement of corporate goals. In any event, the fact that the Vice-President is not assigned to any of the independent members of the Board does not in any way deprive them of the ability to exercise their duties effectively and directly, nor does it exercise any influence on the operational independence of which they enjoy.

IV. Duties and behavior of the members of the Board of Directors

The BoD has not adopted as part of the Company's internal regulations policies to ensure that the Board of Directors Has sufficient information to base its decisions on related party transactions in accordance with the prudent business model. These policies should also be applied to the transactions of the Company's subsidiaries with related parties. The CED. Should include a specific reference to the policies implemented by the Company in relation to the above. Although there is no specific and specific policy in this direction, which forms the framework for obtaining sufficient information from the Board of Directors to base its decisions on related parties' transactions on the prudent business model, the Board of Directors in the management of corporate affairs and therefore also in transactions between the Company and its affiliated parties, pays the diligence of the prudent businessman so that the transactions in question are on the one hand, totally transparent and in accordance with market conditions and conditions, on the other hand, in full compatibility with the current regulatory framework as defined by the relevant provisions of both corporate and tax legislation. The same diligence is followed with respect to the transactions of the subsidiaries of the Company with the related parties.

If deemed necessary, the Company will proceed with the establishment of a working group to determine the applicable procedures for obtaining sufficient information from the Board of Directors to base its decisions on related party transactions on the model of the prudent businessman, At the moment, in view of the integrated structures of the Company's organization and operation, such a need does not exist.

There is no obligation to disclose any professional commitments of the members of the Board of Directors. (Including significant non-executive commitments to companies and non-profit institutions) prior to their appointment to the Board of Directors. This deviation is explained by the fact that the members of the Board of Directors They are distinguished for their high level of education, professionalism and practical commitment to the Company and therefore despite the lack of a statutory obligation to provide detailed disclosure of any professional commitments of the members of the Board of Directors. Before they were elected, would proceed without delay to the relevant disclosure if they considered that there was any risk of conflict of interest or of a psychological, professional or economic nature.

V. Election of Candidate Members of the Board of Directors

BoD members are not elected with a maximum term of four (4) years. According to article 19 par. 2 of the Company's Articles of Association, "the members of the Board of Directors are elected by secret ballot and by an absolute majority of the General Meeting of the Company's shareholders for five (5) years, with a term extended automatically until the first Ordinary General Meeting after their term of office, which can not in any case exceed the six years'. The discrepancy is due to the necessity Board election avoidance at shorter intervals, which means the charge the Company with costs for compliance with the publication formalities and continuous submission of legal documents before the partner bank, credit institutions and other legal entities or natural persons.

Moreover, the provision for a maximum term of four (4) years' term of office for the members of the Board of Directors carries out the risk that the elected BoD will not be prevented. to complete his work and put in jeopardy the effective administration of the affairs and management of the assets due to the frequent switching administrations and any divergence of views that may exist concerning the promotion of the Company's interests and activities.

There is no nomination committee for the BoD. This discrepancy is justified by the size, structure and operation of the Company at the present time, which do not necessitate the existence of a nomination committee. Moreover whenever a question election of a new Board of Directors, the Management Company takes care to ensure the existence and application fully transparent procedures, evaluate the size and composition of the Election Board, examines the skills, knowledge, opinions, Skills, experience, ethos and integrity of the candidate's membership, and therefore fully fulfills the work of the nomination committee if it existed.

VI. Functioning of the Board of Directors

There is no specific regulation of the Board of Directors. This discrepancy is explained by the fact that the provisions of the Articles of Incorporation of the Company, in combination with the provisions of Codified Law 2190/1920 and the other regulatory framework are assessed as fully adequate for the organization and overall functioning of the Board of Directors and ensure the full, correct and timely fulfillment of its tasks and an adequate examination of all issues on which it is called upon to take decisions.

The BoD at the beginning of each calendar year does not adopt a calendar of meetings and a 12-month action plan, which may be revised according to the needs of the Company. This discrepancy is easily understood by the fact that all members of the Board of Directors Of the Company are residents of the prefecture of Attica and the headquarters of the Company are easily accessible and therefore it is easy to convoke and the meeting of the Board whenever the Company's needs or the law require it without the need The existence of a predetermined action program.

No provision for support of the Board of Directors In the performance of his work by a competent, qualified and experienced corporate secretary, who will be present at his meetings. This deviation is due to the existence of a perfect technological infrastructure for the accurate recording and recording of the meetings of the Board of Directors. Furthermore, all members of the Board of Directors have the possibility, if necessary, of recourse to the services of the legal advisors of the Company in order to ensure the compliance of the Board of Directors with the current legal and regulatory framework. It is noted that according to the new JEP, the duties of a corporate secretary can be performed either by a senior officer or by a legal counsel while the work of the corporate secretary is to provide practical support to the President and the other members of the Board individually and collectively, with ultimate aim and target the full compliance of the Board of Directors. The Company intends to examine soon the necessity to establish a position of corporate secretary with a view to the further effective operation of the Board of Directors and to provide any necessary assistance to its members.

There is no provision for introductory information programs for the new members of the Board of Directors. But also, the continuing vocational training and training for the other members. This discrepancy is explained by the fact that elected members of the Board are proposed by persons with a good and proven experience, a high educational level and established organizational and administrative capacities. Besides, a basic principle governing both the Company and the Group is the continuous training and education of its personnel and executives and the enhancement of corporate consciousness at all levels by conducting regular training sessions according to the sector in The activity of the member and the duties with which he has been assigned, namely continuous training, governs as a principle the whole philosophy and function of the Company and is not limited to the members of the Board of Directors.

There is no provision for providing enough resources to the BoD Committees. To perform their duties and to recruit outside consultants to the extent they are needed. This discrepancy is due to the fact that the Management of the Company examines and approves on a case-by-case basis the expenses for the possible recruitment of external consultants based on the company's needs, for the purpose of constant control and moderation of the Company's operating expenses.

VII. Evaluation of the Board of Directors

Evaluation of the efficiency of the Board And its committees does not take place at least every two (2) years and is not based on a specific procedure. The Board of Directors. Does not assess the performance of his / her President in a process in which the independent Vice-Chairman or another non-executive member is headed, in the absence of an independent Vice-President. At present, there is no institutionalized procedure for the evaluation of the effectiveness of the Board of Directors and its committees, nor is the performance of the Chairman of the Board evaluated. During a process under the chairmanship of the independent Vice-Chairman or another non-executive member, in the absence of an independent Vice-President.

This procedure is not considered necessary in view of the organizational structure of the Company, since there are no leeway between the members of the Board of Directors and whenever there is a need or weaknesses or malfunctions regarding the organization and operation of the Board of Directors, meetings and detailed discussions take place, Analyzing in detail the problems presented, criticisms of decisions taken and other actions or statements by the members of the Board of Directors, an exception. Moreover, the Board of Directors regularly monitors and revises the appropriate implementation of its decisions, on the basis of the timetables, while the efficiency and overall performance of the Board of Directors itself is assessed on an annual basis by the Ordinary General Meeting of its shareholders According to the principles and procedure described in detail in the Codified Law 2190/1920, as well as in the Articles of Association of the Company. The Company, in view of its compliance with this practice introduced by the new Corporate Governance Code, is in the process of examining the feasibility of establishing a control and evaluation system of the Board of Directors, the completion of which cannot be determined with absolute timeliness.

Section B
Internal Audit

I. Internal Audit- Audit Committee

The Audit Committee does meet at least four (4) times a year.

There is no special and specific regulation of the Audit Committee. This discrepancy is due to the fact that the main tasks, powers and powers of the Audit Committee are adequately described in the existing legislative provisions and therefore the Company does not consider it necessary at this moment to draw up a more specific regulation for the functioning of the Committee, That what is important is the strict observance and strict implementation of the existing regulatory framework and not the imposition of additional obligations which may not be respected.

No funds are allocated to the Audit Committee for its use of external consultancy services. This discrepancy is justified by the current composition of the Audit Committee, the specialized knowledge and experience of its members, which ensure the proper and effective functioning of the Commission and the fulfillment of its tasks in full, with the result that it is not necessary to use external services Consultants. In any event, however, if it is advisable and appropriate to have external consultants, in order to further improve the structure and functioning of the Commission, it is self-evident that the Company will make available all the necessary funds.

Section C
Remuneration

I. Level and Structure of Remuneration

There is no remuneration committee, consisting exclusively of non-executive members, most of them independent, whose purpose is to determine the remuneration of the executive and non-executive members of the Board of Directors. And therefore, there are no arrangements for the duties of the Commission in question, the frequency of its meetings and other matters relating to its operation. This discrepancy is due to the fact that the establishment of the said Commission, in view of the structure and overall functioning of the Company, has not been assessed as necessary so far, because the Management of the Company, which manages the process of determining the remuneration and the submission of the relevant Ensure that this (remuneration process) is characterized by objectivity, transparency and professionalism, free from conflicts of interest. Regarding the determination of the remuneration of the members of the BoD, executive and non-executive, the Management of the Company acts in the direction of creating long-term corporate value, maintaining the necessary balances and promoting meritocracy, so that the company attracts executives the appropriate qualifications for the efficient operation of the Company.

Management ensures that the remuneration of the executive members of the Board of Directors (E.g. basic salary), performance-related variables (e.g. bonuses) and other contractual arrangements (e.g., bonus payments). Retirement allowance, additional benefits including benefits in kind, etc.) and the remuneration of non-executive members reflecting their actual employment and responsibilities and not directly related to the performance of the ETA Fetal order not to discourage disposal possible challenge choices and other decisions by the Administration.

It is noted that the total amount of the remuneration of executive and especially the non- executive members of Board of Directors are under revaluation, according to the regulations of the article 110 of Codified Law 4548/2018, based on which it is imposed the responsibility to regulate a policy regarding the remunerations of the member of Board of Directors.

The Board of Directors. When determining the remuneration of the members of the Board of Directors. And in particular the executive, takes into account their duties and responsibilities, their performance in relation to predetermined quantitative and qualitative objectives, the financial situation, the performance and the prospects of the Company, the level of remuneration for the provision of similar services to similar companies As well as the remuneration of employees in the Company and throughout the Group.

It is clear from the procedure described above for determining the remuneration of executive and non-executive members of the BoD, and the criteria taken into account to determine them, that there is no need to set up a special remuneration committee, as the duties and its responsibilities are effectively exercised by the Management of the Company.

The contracts of executive members of the Board of Directors Do not foresee that the Board of Directors May require the reimbursement of all or part of the bonus awarded due to misconduct or inaccurate financial statements of previous years or generally based on incorrect financial data used to calculate this bonus. This discrepancy is explained by the fact that any bonus rights mature only after the audit and final approval of the annual financial statements of the financial statements and, to date, due to the proper organization and control procedures, the calculation phenomenon of the issuer Bonus based on inaccurate financial statements or incorrect financial data.

However, for the purpose of complying with the aforementioned requirement of the Corporate Governance Code the Management of the Company is seriously considering the possibility of entering into the relevant contracts the executive members of the Board of Directors. Provision of the right of the Board of Directors to demand the refund of all or part of the bonus awarded due to misconduct or inaccurate financial statements and other financial information.

The remuneration of each executive member of the Board of Directors is not approved by the Board of Directors. On a proposal from the Remuneration Committee, without the presence of its executive members. This discrepancy is due to the fact that there is no Remuneration Committee according to the above mentioned.

Section D
Relations with shareholders

I. Contact with shareholders
The Company has not adopted a specific practice regarding its communication with shareholders, which includes the Company's policy regarding the submission of questions by the shareholders to the Board of Directors. At this time, there is no institutionalized special procedure for shareholders to submit questions to the Board of Directors, since any of the shareholders may contact the Shareholder Service by submitting requests and queries which, if deemed necessary, Shall be forwarded together to the Management Board for further processing and the relevant reply or update shall be sent without delay to the person concerned.

The direct communication of the shareholders with the Board of Directors could create difficulties in the smooth operation of the Board as it would burden its members with a considerable amount of work inefficiently and at the same time such communication would be assessed negatively also in the light of the principle of equivalent information to the shareholders of the Company. In addition, the institutionally operating and operating Service serves this purpose, and is responsible for the flow of information to the shareholders.

Moreover, the provisions of article 141 of the Codified Law 4548/2018 describe in detail the procedure for the participation of minority shareholders in the General Meetings of Shareholders, a procedure which is strictly observed in every Ordinary or Extraordinary General Meeting, in order to ensure the proper, valid and timely information of the shareholders regarding With the course of corporate affairs.

However, despite the existence of the aforementioned safeguards, the Company considers the possibility of adopting a specific policy regarding the upgrading of the shareholder's questioning process to the Company through the Shareholder Service, but still considers that direct communication of any Shareholder with the members of the BoD is neither necessary nor appropriate as such communication would disproportionately burden the members of the BoD on the performance of their main tasks.

II. The General Meeting of Shareholders
No substantial discrepancy was observed.

1.3 General note regarding the timing of removal of the Company's non-compliance with the specific practices adopted by the new Corporate Governance Code

As stated in the Introduction of this Corporate Governance Statement, as in force since October 2013, follows the "Compliance or Explanation" approach and requires listed companies that choose to apply it to disclose that intention and either comply with all the specific practices of the Code, or explain the reasons for not complying with specific practices.

Furthermore, the relative explanation of the reasons for non-compliance with specific practices is not limited simply to a mere reference to the general principle or specific practice with which the Company does not comply but must, inter alia, indicate whether the deviation from the provisions of the Code is limited in time and when the Company intends to comply with the provisions of this Code.

The Company's deviations from the practices established cannot be considered to be subject to a strict time limit as these practices do not correspond to the nature, function, structure, organizational structure, delivery, corporate principles and the Company's property and needs, and possibly their compliance, make it more difficult to apply the substance of the principles of the Code, as is the case, as the possible attachment to the press with such deviations) will not be beneficial to the Company.

In any case, any Code cannot, nor is it intended to, substitute the framework of the principles, values and structures of organization and operation of any Company and consequently does not mean adopting provisions that are incompatible with those principles. However, if the circumstances make this imperative, the Company will proceed to the preparation and formulation of its own Code of Corporate Governance, the identity and arrangements of which will primarily address the individual needs and particularities of the Company and will enhance the competitiveness and long success of the Company.

1.4 Corporate governance practices applied by the Company in addition to the provisions of the law

The Company faithfully applies the provisions of the text of the above legislative framework on corporate governance. At present, there are no practices in place of these provisions.

2. Board of Directors

2.1 Composition and manner of operation of the Board of Directors

The Board of Directors is the Company's top management body, which is solely responsible for defining the Company's strategy and development policy. The pursuit of enhancing the long-term financial value of the Company, safeguarding the general corporate interest and interests of the shareholders, ensuring compliance of the Company with the applicable legislation, enhancing transparency and corporate values in all the Group's operations and activities , The monitoring and resolution of any cases of conflict of interest between the members of the Board of Directors, directors and shareholders with the interests of the Company are essential tasks of the Board of Directors.

The Company's Board of Directors, in accordance with article 19 of this Statute, consists of five (5) to eleven (11) members, natural or legal persons, elected by the General Meeting of Shareholders by secret ballot and by an absolute majority of Votes, represented in the Assembly. The members of the Board of Directors are unrestrictedly re-elected and freely revoked by the General Meeting regardless of the end of their term of office.

The Board of Directors duration term is five (5) years and is automatically extended to the first Ordinary General Meeting after their term of office, which can not in any case exceed six years.

The General Meeting may also elect alternate members whose number is determined by the relevant decision of the General Assembly elected by them and may not exceed the maximum number of elected members of the Board of Directors. The alternate members may only be used for replenishment in accordance with article 22 of this article, member or members of the Board of Directors who resigned or died or lost their status in any other way.

On taking up their duties, the members of the Board of Directors receive official briefing and during their term of office, the President ensures the continuous expansion of their knowledge on matters concerning the Company, their familiarity with it and its executives, so that they can contribute effectively and creatively to the work of the Board of Directors.

The Board of Directors meets whenever the law, these Articles of Association or the Company's requirements require it at the invitation of its Chairman or alternate or two (2) of its members either at the Company's headquarters or in the region of another Municipality within the prefecture of that place. The agenda must clearly indicate the items on the agenda, otherwise decision making is only allowed if all the members of the Board of Directors are present or represented, and no one opposes decision making.

It is also convened at any time by its Chairman or at the request of two of its members, according to the provisions of article 91 of the codified law 4548/2018, as in force. The Board of Directors validly meets outside its headquarters in another place, either in the country or abroad, if all its members are present or represented at this meeting and none of them opposes the holding of the meeting and the decision making.

The Board of Directors may meet by teleconference. In this case the invitation to the members of the Board of Directors includes the necessary information for their participation in the conference call. The meetings of the Board of Directors are chaired by its Chairman or his / her legal substitute.

The Board of Directors is in quorum and meets validly when present or represented in this half (1/2) plus one of the advisors, but never the number of present counselors may be less than three (3). The decisions of the Board of Directors are taken by an absolute majority of the counselors who are present and those represented, except in the case of paragraph 3 of article 7 of the Articles of Association. A missing counselor may be represented by another counselor. Each counselor can represent only one missing counselor.

The minutes and the decisions of the Board of Directors are kept in minutes. Copies and extracts from the minutes of the Board of Directors are validated by the Chairman or his / her alternate in case of impediment or by the General Manager of the Company. The drawing up and signing of minutes by all members of the Board of Directors or their representatives is equivalent to a decision of the Board of Directors, even if there is no precedent.

It is not allowed for the members of the Board of Directors as well as the Directors of the Company to act without the permission of the General Meeting and for their own account or for the account of third parties, except for the Companies that are already involved, acts that fall under one of the purposes pursued by the Company, or to participate as general partners in Companies pursuing such purposes. In case of violation of the above provision, the Company is entitled to compensation according to article 98 par. 2 of Codified Law 4548/2018.

The Board of Directors may entrust the exercise of all or some of its powers and responsibilities (other than those requiring collective action) as well as the internal control of the Company and its representation to one or more non-members, or the law also does not prohibit members of the Board of Directors, while defining the extent of this assignment. Such persons may, by providing for such a provision in the decisions of the Board of Directors, to further delegate the exercise of the powers entrusted to them or part thereof to third parties. However, the responsibilities of the Board of Directors are without prejudice to Articles 19 and 99-10 of Codified Law 4548/2018, as are in force.

If, for any reason, a vacancy for a Director is resigned due to resignation, death or loss of membership in any other way, the remaining Directors, if at least three, are to be elected as interim replacements for the remainder of the Advisory Board's term of office. Provided that such replacement is not feasible by the alternate members elected by the General Assembly. The decision of the election is made public by article 13 of Codified Law 4548/2018 and is announced by the Board of Directors at the next general meeting, which may replace the elected, even if no relevant item has been placed on the agenda.

In case of resignation, death or any other loss of membership or members of the Board of Directors, the remaining members may continue to manage and represent the Company and without replacing the missing members according to the previous paragraph, provided that the number of such members exceeds half of the members, as they had before the above events occurred. In any case these members may not be less than three (3). In any case, the remaining members of the Board of Directors, irrespective of their number, may convene a general meeting for the sole purpose of electing a new Board of Directors. The acts of the councilors elected in this way are considered valid, even if their election is not approved by the General Assembly.

2.2 Information on the members of the Board of Directors

The current Board of Directors of the Company is seven members and consists of the following members:

1) Charalampos Stasinopoulos, Panayiotis, Chairman and Chief Executive Officer, Executive Member.
2) Spyridon Barbatos of Antonios-Ioannis, Vice-Chairman, Executive Member.
3) Konstantinos Mantzavinatos of Georgios, Executive Member.
4) Aikaterini Philippi of Nicholas, Executive Member.
5) Aristides Iliopoulos of Spyridon, Non-Executive Member.
6)Emmanuel Tsiritakis of Dimitriou, Independent Non-Executive Member.
7) Antonios Roussos of Antonios, Independent Non-Executive Member.

The above Board of Directors was elected by the Annual General Meeting of Shareholders of the Company held on 23 June 2015 with a five-year term ending on 30 June 2020. On July 02, 2015 it was registered in the General Commercial Register with a Registration Code (BIC) 380965, the Board of Directors' report dated 23-06-2015, according to which the Board of Directors elected by the above Ordinary General Assembly was constituted in a body and granted rights of engagement and Representation of the Company.

2.3 Audit Committee

The Company, in full compliance with the provisions and the requirements of Law 3693/2008 (now replaced by Law 4449/2017), elected at the Annual Ordinary General Meeting of Shareholders that took place on 23 June 2015 Audit Committee Committee) consisting of the following non-executive members of the Company's Board of Directors:

1) Mr. Emmanuel Tsiritaki, independent non - executive member
2 Mr. Antonios Roussos, independent non-executive member, and
3) Mr. Aristides Iliopoulos, non-executive member.

It is noted that of the above members, the two (2) first are also independent non-executive members of the Board of Directors.

The responsibilities of the Audit Committee are:

A. Monitoring the financial reporting process,
B. To monitor the effective functioning of the internal control system and the risk management system, as well as to monitor the proper functioning of the unit of internal auditors of the Company,
C. Monitoring the course of the statutory audit of the Company's separate and consolidated financial statements,
D. Reviewing and monitoring issues relevant to the existence and preservation of the objectivity and independence of the statutory auditor or audit firm, regarding the provision of other services by the statutory auditor or audit firm to the Company.
E. informing the Board of Directors of the Company about the outcome of the statutory audit and explaining the contribution of the statutory audit to the integrity of the financial information and
F. active participation in the process of selecting the Chartered Auditors Accountants and in the drafting of a proposal regarding the Auditing Company which will be entrusted with the statutory audit of the financial statements

The Audit Committee's mission is to ensure the efficiency and effectiveness of corporate operations, to verify the credibility of the financial information provided to the investing public and shareholders, to comply with the applicable legal and regulatory framework, to safeguard investments And the Company's assets and identifying and addressing the most significant risks.

The Audit Committee's wide controlling jurisdictions include, inter alia, monitoring the sound and efficient operation of the internal control and risk management system, auditing the financial statements prior to their approval by the Board of Directors, monitoring the financial reporting process, to ensure the coordination of audit work, quality, independence and performance of auditors.

The Audit Committee during the financial year 2018 (01.01.2018-31.12.2018) met 4 times.

It should be clarified that the Company's statutory auditor who performs the audit of the annual and interim financial statements has not provided any prohibited non-audit services to the Company nor is related with the Company in order to ensure objectivity , impartiality and independency, with the sole exception of the assurance services related to the special tax audit as required under the provisions of Article 65A of Law 4174/2013, under which is issued the "Annual Tax Certificate".

3. General Meeting of Shareholders

3.1 The General Assembly's functioning and basic powers

The General Meeting of the Company's shareholders is its supreme body and is entitled to decide on any matter concerning the Company and to rule on all matters submitted to it. The General Assembly is the only competent person to decide on the:

A. Extension of the duration, merger, division, conversion, revival or dissolution of the Company,
B. Amendment of the Articles of Incorporation (as amendments may be also considered the increases, ordinary or not ordinary, as well as decreases of equity),
C. Election of members of the Board of Directors, except for the cases of article 22 of the Articles of Association,
D. Election of Auditors,
E. Appointment of liquidators,
F. Disposing of annual net profits,
G. Approval of the annual and consolidated (if any) financial statements; and,
H. Approval of the overall management according to the article 108 of Codified Law 4548/2018 and the exemption of Auditors.
I. Approval of the salaries or the salary prepayments according to the article 109 of Codified Law 4548/2018
J. Approval of the remuneration policy of article 110 and the remuneration Report of article 112 of Codified Law 4548/2018.

The lawful decisions of the General Meeting are also mandatory for shareholders who are absent or disagree.

The General Meeting of Shareholders is always convened by the Board of Directors and meets regularly at the headquarters of the Company or in the region of another Municipality within the Prefecture, at least once in each corporate year, and the latest until the tenth (10th) calendar day of the ninth month after the end of the fiscal year. The General Meeting may also be placed in the district of the Municipality where the Athens Stock Exchange is located. The Board of Directors may convene an Extraordinary Meeting at the General Meeting of Shareholders when it deems it appropriate or if so, requested by shareholders representing the statutory and the present Articles of Association, in accordance with the provisions of Article 8 of the Articles of Incorporation.

The General Meeting, with the exception of the repeat assemblies and those assimilated to them, must be convened at least twenty (20) days before the date fixed for its meeting. It is clarified that also non-working days are included. The date of publication of the invitation of the General Assembly and the day of its meeting are not counted.

The invitation of the shareholders to the General Meeting, should be clearly stated the date, the day, the time and the place where the meeting will be convened, the agenda must be clearly stated, the shareholders entitled to participate, as well as precise instructions for the How shareholders will be able to participate in the assembly and exercise their rights in person or through a proxy or, possibly, remotely.

The General Meeting is in quorum and validly meets on the items on the agenda when at least one fifth (1/5) of the paid-up share capital is represented. If such a quorum does not occur at the first meeting, a recurring assembly shall meet within twenty (20) days of the date of the session canceled at least ten (10) days prior to the meeting. This repeat assembly is in quorum and validly meets on the issues of the original agenda, whatever the share of the paid-up share capital represented in it.

The decisions of the General Assembly are taken by an absolute majority of the votes represented in the Assembly. Exceptionally, the General Meeting is in quorum and validly meets on the items on the agenda if the half (1/2) of the paid-up share capital is represented in the case of decisions concerning:

A. A change in the nationality of the Company,
B. Change of the object of the Company's business,
C. An increase in the liabilities of the shareholders
D. Increase of the share capital with the exception of the increases of article 6 par. 1 of the Articles of Incorporation or statutory provisions, or the capitalization of reserves or reduction of the share capital, unless it is made in accordance with paragraph 5 of article 21 or the paragraph 6 of Codified Law 4548/2018,
E. Issuance of a loan with convertible bonds, in accordance with articles 71 of Codified Law 4548/2018,
F. Change in the way profits are allocated
G. Extension of the duration or dissolution of the Company,
H. Merging, splitting, transformation, revival of the Company,
I. provision or renewal of power to the Board of Directors to increase share capital in accordance with paragraph 1 of article 24 of Codified Law 4548/2018,
J. Any other case in which the law stipulates that the adoption of a decision by the General Assembly requires the quorum of this paragraph.

If the quorum of the preceding paragraph does not occur at the first meeting within twenty (20) days of such meeting and at least ten (10) days' call, subject to paragraph 4 of this Article, a first repeat assembly shall be held, which is in quorum and validly meets on the issues of the original agenda when it is represented At least one-fifth (1/5) of the share capital paid.

Additional invitation is not required if the original invitation specifies the place and time of legally scheduled meetings in the event of failure to reach a quorum. All decisions referred to in paragraph 1 of this Article shall be taken by a majority of two thirds (2/3) of the votes represented in the Assembly. The General Meeting is chaired provisionally by the Chairman of the Board of Directors or, when he is prevented, by his deputy. A Secretary-General shall be provisionally appointed by the President. Once the list of shareholders entitled to vote has been approved, the Assembly proceeds to the election of its President and a Secretary, who also carries out debtor duties.

The discussions and decisions of the General Assembly are limited to the items on the agenda. The issues discussed and decided at the General Meeting are kept and signed the President and the Secretary.

The copies and extracts of the minutes of the General Meeting are ratified by its Chairman and in case of impediment or refusal by the Chairman of the Board of Directors or by his deputy or by the General Manager of the Company.

3.2 Rights of shareholders and how they are exercised

Participation and voting rights

Shareholders exercise their rights in relation to the Management of the Company only in the General Meetings and in accordance with the provisions of the law and the Articles of Association. Each share entitles one vote to the General Meeting, subject to the provisions of article 50 of Codified Law 4548/2018, as currently in force.

At General meeting of Shareholders, the person is entitled to participate at the beginning of the fifth (5th) day before the date of the General Meeting (record date) of the Company. The above recording date also applies in the case of a postponement or a recurring session, considering that the postponement or the repeat session is not more than thirty (30) days from the recording date. If this is not the case or if in the case of the repeat General Meeting a new invitation is published, according to the provisions of article 130 of Codified Law 4548/2018, the shareholder holding the share capital at the beginning of the third (3rd) day before the day of the postponement or the repeat General Meeting. The proof of shareholder's right can be done by any legal means, however, based on information received by the Company from the Central Securities Depository if it provides registry services or through the participants and registered intermediaries in the Central Securities Depository in any other case.

The Company is deemed to be entitled to participate and vote in the General Meeting only those who have the status of shareholder at the respective recording date. In case of non-compliance with the provisions of article 124 of Codified Law 4548/2018, the shareholder participates in the General Meeting unless the General Meeting rejects his/her participation due to important reason which justifies the rejection.

It should be noted that the exercise of such rights (participation and voting) does not require the holder to be free of shares or to comply with any other similar procedure which restricts the possibility of selling and transferring them during the period between the date of registration and the date Of the General Assembly.

The shareholder participates in the General Meeting and votes either in person or through representatives. Each shareholder may appoint up to three (3) proxies. Legal entities participate in the General Meeting appointing as their representatives up to three (3) persons. However, if the shareholder owns shares of the Company that appear in more than one securities account, this limitation does not prevent that shareholder from designating different proxy for the shares appearing in each securities account in relation to the General Meeting. A representative acting for more than one shareholder may vote differently for each shareholder. The shareholder's representative is required to disclose to the Company, prior to the start of the General Meeting, any specific event that may be useful to shareholders to assess the risk that the agent may serve interests other than the interests of the represented shareholder.

For the purposes of this paragraph, a conflict of interest may arise, in particular when the proxy:

A. Is a shareholder exercising control over the Company or is another legal entity or entity controlled by that shareholder,
B. is a member of the Board of Directors or the general management of the Company or a shareholder exercising control over the Company or any other legal person or entity controlled by a shareholder exercising control over the Company,
C. is an employee or the statutory auditor of the Company or a shareholder exercising control over the Company or any other legal person or entity controlled by a shareholder exercising control over the Company,
D. Is a spouse or relative of first degree with one of the natural persons referred to in (A) to (C) above.

The appointment and revocation of a shareholder's representative is made in writing and notified to the Company in the same form at least three (3) days before the date of the General Meeting.

3.2.2 Other Shareholders' Rights

Ten (10) days prior to the Ordinary General Meeting, each shareholder may receive from the Company copies of its annual financial statements and the reports of the Board of Directors and the auditors. These documents must be filed promptly by the Board of Directors at the Company's office.

At the request of shareholders, representing one twentieth (1/20) of the paid up share capital, the Board of Directors is obliged to convene an Extraordinary General Meeting of Shareholders, appointing a meeting date, which shall not be longer than forty five (45) From the date of the application to the Chairman of the Board of Directors. The request contains the subject of the agenda. If no General Meeting is convened by the Board of Directors within twenty (20) days from the service of the relevant application, the convocation shall be conducted by the applicant shareholders at the expense of the Company, by decision of the one-member court of first instance of the Company's registered office. Interim measures. This decision defines the place and time of the meeting, as well as the agenda. The decision can not be infringed by legal remedies.

At the request of shareholders, representing one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to add additional issues to the agenda of the General Meeting already convened, if the relevant request is received by the Board of Directors at least fifteen (15) days prior to the General meeting. The additional issues must be published or disclosed under the responsibility of the Board of Directors in accordance with article 122 of Codified Law 4548/2018, at least seven (7) days prior to the General Meeting. If these issues are not published, the requesting shareholders are entitled to request the postponement of the General Meeting in accordance with paragraph 5 of article 141 of Law 4548/2018 and to make the publication themselves, as per the previous paragraph, at the expense of the Company.

By request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors makes available to shareholders, as defined in article 123 par.3 of Codified Law 4548/2018, at least six (6) days prior to the date of the General Meeting, draft decisions on matters included in the original or revised agenda if the relevant application is received by the Board of Directors at least seven (7) days before the date of the General Meeting. Date of the General Assembly.

At the request of any shareholder submitted to the Company at least five (5) full days before the General Meeting, the Board of Directors is obliged to provide the General Meeting with the required specific information on the Company's affairs, insofar as they are useful for the actual An assessment of the items on the agenda.

In the event of a request by a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the President of the Assembly shall be obliged to postpone, for only one time, the decision-making for all or certain matters by the Extraordinary or Ordinary General Meeting, defining a day to continue the meeting in order to take the respective decisions, as the one specified at the shareholder's request, which may not be more than thirty (20) days from the date of the postponement. The postponement of the General Meeting is a continuation of the previous one and no repetition of the publication formalities of the shareholders' invitation is required, and new shareholders cannot participate in it, in compliance with the respective provisions of participation.

In case of a request of shareholders representing one twentieth (1/20) of the paid up share capital, which must be submitted to the Company five (5) full days prior to the regular General Meeting, the Board of Directors is obliged to announce to the General Meeting The amounts that have been paid in the past two years for any reason by the Company to members of the Board of Directors or to its Directors or other employees, as well as any other contract of the Company drawn up for any reason with the same persons. In addition, at the request of any shareholder submitted above, the Board of Directors is obliged to provide the specific information requested regarding the Company's affairs insofar as they are useful for the actual assessment of the items on the agenda. The Board of Directors may refuse to give the requested information for good reason, stating the reasons in the minutes. Such a reason may be, in the circumstances, the representation of the requesting shareholders in the Board of Directors, according to the articles 79 or 80 of Codified Law 4548/2018, since the respective members of the Board of Directors have received the relevant information in any aspect.

At the request of shareholders, representing one tenth (1/10) of the paid up capital submitted to the company within the time limit of the above paragraph, the Board of Directors is obliged to provide the General Assembly with information on the course of corporate affairs, and the assets of the company. The board of directors may refuse to provide said information for substantive reasons, which shall be recorded in the minutes. Such a reason could be Shareholder's proxy in the Board of Director, according to the articled 79 or 80 of the Codified Law 4548/2018, in the course that the related member of the Board of Director has such an information.

In the case of a request of shareholders representing one twentieth (1/20) of the paid-up share capital, the decision on any issue on the agenda of the General Meeting is made by roll call.

Shareholders of the Company, representing one twentieth (1/20) of the paid-up share capital, have the right to request control of the Company from the One-Member Court of First Instance of the region in which the Company is located, which is the subject of proceedings in the voluntary procedure. Control is ordered if acts that violate provisions of the laws or the Articles of Association or the decisions of the General Assembly are suspected.

Shareholders of the Company, representing one fifth (1/5) of the paid-up share capital, have the right to request a review of the Company from the competent court in the previous paragraph, if it is believed from the whole course of corporate affairs that the management Of corporate affairs is not exercised as required by sound and prudent management. This provision shall not apply as often as the minority requesting the audit is represented in the Company's Board of Directors.

4. Internal control and risk management system

4.1 Main features of the internal control system

The internal audit of the Company is carried out by the Internal Audit Service and is carried out in accordance with the control program contained in the Internal Rules of Operation adopted and approved by the Company. It is noted that the audit on which it is based and the relevant Report is carried out within the regulatory framework of Law 3016/2002, as currently in force, and in particular in accordance with Articles 7 and 8 of that Law, as well as on the basis of the In the Decision 5/204/2000 of the Board of Directors, of the Capital Market Commission, as in force after its amendment by the Decision of the Board of Directors. Of the Hellenic Capital Market Commission under number 3/348 / 19.07.2005

The main concern of the Company's Management is to ensure through the implementation of appropriate internal control systems that the entire organization of the Group has the ability to rapidly and efficiently address the risks in their generation and in any case to take appropriate and appropriate measures for Mitigating the consequences and their adverse effects.

During the audit, the Internal Audit Service receives all the necessary books, documents, records, bank accounts and portfolios of the Company and requests the full and continuous cooperation of the Administration in order to provide all the requested information and data for the purpose of acquiring Part of the reasonable assurance that a Report will be prepared that will be free of material inaccuracies regarding the information and conclusions contained therein. The audit does not include any assessment of the appropriateness of the accounting policies that have been applied and the reasonableness of the estimates made by the Management as these are subject to audit by the Company's statutory auditor.

The purpose of the audit is to assess the overall level and the operating procedures of the internal control system. In each controlled period certain control areas are selected, while on a permanent and permanent basis are examined and examined the operation and organization of the Company's Board of Directors and the operation of the two basic Services operating according to the provisions of Law 3016 / 2002, i.e. the Shareholder Service and the Corporate Announcements Service.

It should be noted, however, that internal control and risk management systems provide reasonable and not absolute security because they are designed to limit the likelihood of the risks involved, but they cannot completely exclude them.

4.2 Risk management of the Company in relation to the financial statements preparation process.

The Group has invested substantial amounts of money in the development, upgrading and maintenance of advanced IT infrastructures that ensure accurate and accurate depiction of financial figures and data through a range of IT procedures, safeguards and security levels and at the same time everyday their back-up storage. The policies and procedures that have been established are evaluated at regular intervals and redefined if it is found that they are not enough or are enforced by existing legislation.

At the same time, the analysis and processing of the results takes place daily, covering all the important fields of the business activity. Contradictions are made between actual, historical and budgeted income and expense accounts with a enough detailed explanation of all significant deviations.

Through all the above procedures and security mechanisms, any risk associated with the preparation of the financial statements (corporate and consolidated) of the Company is minimized.

5. Other management or supervisory bodies or committees of the Company.

At present, there is no other management or supervisory bodies or committees of the Company.

6. Additional information

6.1 Article 10 (1) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids provides for the following to companies whose securities are listed for trading: organized market:

“1. Member States shall ensure that the companies referred to in Article 1 (1) publish detailed information on:

(a) a structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State and, where appropriate, an indication of the different classes of shares with the rights and obligations attached to each class of shares and the percentage of the total share capital that represent,
(b) Any restrictions on the transfer of securities, such as restrictions on the holding of securities or the obligation to obtain authorization from the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34 / EC,
(c) significant direct or indirect holdings (including indirect participations through pyramid structures or mutual participation) within the meaning of Article 85 of Directive 2001/34/EC,
(d) holders of all types of securities offering special control rights and a description of those rights,
(e) The control mechanism provided for in a worker participation scheme, where the control rights are not exercised directly by the employees,
(f) any restrictions on the right to vote, such as restrictions on the voting rights of holders of a given percentage or number of votes, the time limits for the exercise of Voting rights or systems in which, with the cooperation of the company, the financial rights deriving from securities are separated from the possession of the securities,
(g) Agreements between shareholders which are known to the company and may entail restrictions on the transfer of securities and / or voting rights within the meaning of Directive 2001/34 / EC,
(h) The rules concerning the appointment and replacement of members of the Council and the amendment of the statutes,

(i) the powers of the members of the Board, in particular as regards the possibility of issuing or repurchasing shares,

(j) any significant agreement to which the Company is a party and which becomes effective, amended or terminated in the event of a change in control of the company following a public takeover bid and the effects of that agreement unless, by its nature, disclosure would cause serious damage to the company. This exception does not apply when the company is expressly obliged to disclose similar information under other legal requirements,

(k) any agreement entered into by the company with the members of its board or its staff, which provides for compensation in the event of resignation or dismissal for no valid reason or if their employment is terminated as a result of the takeover bid."

6.2 Concerning the items c, d, f, h and i of paragraph 1 of article 10, the Company declares the following:

- With regard to point c: the significant direct or indirect participations of the Company are analyzed in Section E - Significant transactions with related parties.

- With respect to point d: there are no securities of any kind (including shares) that provide special control rights.

- With regard to point f: there are no known restrictions on voting rights (such as restrictions on the voting rights of holders of a given percentage or number of votes, voting time limits or systems in which, with the cooperation of the Company, the financial rights deriving From securities are separated from the possession of securities). Regarding the exercise of the voting rights during the General Meeting, an extensive reference is made in Module 3 of this Corporate Governance Statement.

- With regard to point h: Regarding the appointment and replacement of the members of the Company's Board of Directors as well as the amendments to the Company's Articles of Association, there are no rules that differ from the provisions of the Codified Law 4548/2018, as currently in force. These rules are described in detail in Section 2.1 of this Corporate Governance Statement.

- With respect to point i: there are no special powers of the members of the Board of Directors regarding the issue or repurchase of shares. It is noted that according to the relevant decision of the Annual General Meeting of Shareholders dated on 11.05.2018, the Board of Directors was granted the power to purchase from the Company in accordance with the provisions of article 16 of Codified Law 2190/1920 within a period of twenty-four (24) months from the date of the decision, i.e. no later than 11.05.2020, a maximum of one million shares (1,000,000),corresponding to less than 10 % of existing shares of the Company, with a market price range of fifty cents (EUR 0.50) per share (minimum) and five (5.00) EUR per share (maximum) while at the same time the authorization was granted to the Board of Directors for the proper implementation of this procedure.

At the time of approval of this Report (in particular, following the ASE session on Friday, March 29, 2019), the Company holds 492,035 treasury shares, with an average price of 1.2328€ per Share, representing approximately 4.17% of its share capital and the resulting voting rights.

Nea Smyrni, 29 March 2019
The Board of Directors of the Company

The Chairman of the Board of Directors
Charalampos Stasinopoulos

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of «Profile Systems & Software S.A.»

Audit Report on the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of the company "Profile Systems & Software S.A." (the Company), which comprise the separate and consolidated statements of financial position as at December 31,2018, the separate and consolidated statement of Profit and Loss, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recognition and impairment of intangible assets & goodwill.

Key Audit Matter	How our audit addressed the key audit matter
On 31.12.2018, in the financial statements' presentation, the Group's goodwill value amounted to € 1,452 thousand and intangible assets value amounted to € 5,632 thousand.	Our audit procedures regarding the procedure of intangible assets recognition and impairment included, amongst others:

According to the requirements of IAS 36 the goodwill and the intangible assets with unidentified useful life are tested for impairment at least in annual basis, while the intangible assets with defined useful life are tested for impairment when there are indications for impairment.

The intangible assets which were acquired separately are recognized as cost, while these which were acquired through company's merge are recognized at fair value during the date of acquisition. For an intangible asset which does not create significant cash flows, the recoverable value is determined for each unit of cash flows in which the intangible asset belongs to.

It is noted, that the most important asset which is included in the line of the financial position "intangible assets", refers to the cost for Software development, which is recognized at cost and it has defined useful life.

We focused on this topic because of the materiality of the amount in the consolidated financial statements, as well as of the estimations and the assumptions that management used regarding the impairment test.

More details regarding this mater, are included in the notes 3.2,11 and 12 of the financial statements.

- Regarding the recognition of the intangible assets, we examined the application of the criteria recognition which are stated in IAS 38 "Intangible assets".

- We assessed the management's estimation about whether indications of intangible assets impairments exist.

- Regarding the audit of goodwill impairment, we assessed the validity of the assumptions of the value estimation models (standard cash flows etc.) and in general which was used for the determination of the current value.

- We assessed the reliability and trustworthiness of managements' provisions, through the comparison between actual yield and the prior provisions.

In addition, we examined the adequacy and the appropriateness of the information provided in notes 3.2,11 and 12 of the financial statements.

2. Recoverability of trade receivables

Key audit matter

On 31.12.2018 the Group's trade receivables amounted to € 6,436 thousand (€ 6,895 thousand at 31.12.2017). In these receivables included provisions for impairment amounted to € 4,375 thousand (€4,361 thousand at 31.12.2017).

From 1st of January 2018 by adopting the new accounting standard IFRS 9, the management assesses the recoverability of company's trade

How our audit addressed the key audit matter

Our audit procedures for the recoverability of trade receivables included, amongst others:

- Understanding the processes of credit control and the main safeguards regarding the credit liability of the customers.

- Understanding of the process regarding the monitoring of trade receivables and other factors

receivables and estimates the required provisions for impairments regarding the expected credit losses. The management in order to estimate the required provision for impairments of the trade receivables, monitors customers' outstanding balances and their credit liability through the time as well as the expected period of receipts and in general takes into consideration its experience regarding the current financial conditions of the sector as well as these of the economy as whole. We consider that the assessment of the recovery of the company's trade receivables is one of the most critical matters regarding the audit because the trade receivables are the most important assets. Information regarding the company' accounting policies for the trade receivables are mentioned in notes 3.8 and 15 of the financial statements.	which are taken into consideration for the estimation of the impairment provision. We examined that the process which was applied by the management is in line with the standards included in IFRS 9. - Examination of lawyers' reply letters to identify issues indicating remaining trade claims that may not be recoverable in the future. - Receiving confirmation letters from third parties for a representative sample of trade receivables and performing procedures after the date of the financial statements for receipts versus other end-of-year financial statements. - Assessing the analysis of customer aging balances and the Company's estimate of the provision. Assessment of the adequacy and the trustworthiness of the disclosures in the notes 3.8 and 15 of the financial statements

Other information

Management is responsible for the other information in the Financial Statements. The other information, included in the Annual Report, comprises of the Board of Directors Report for which reference is also made in the section "Report on Other Legal and Regulatory Requirements", the Statements of the Members of the Board of Directors, and other complementary information that are required or the Company individually adopt based on the L.3556/2007, but does not include the separate and consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the management and those charged with governance for the separate and consolidated financial statements

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

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

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in the Greek Law, 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 based on these separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's and the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2018.

c) Based on the knowledge and understanding concerning the Company and the Group and their environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

4. Appointment of the Auditor

We were first appointed as auditors of the Company by the General Assembly on June 30, 2006. Since then, our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 13 years.

Athens, April 2, 2019

ΣΟΛ Crowe SOL

ΟΡΚΩΤΟΙ ΛΟΓΙΣΤΕΣ

Nikolaos A. Nikolopoulos

Certified Auditor

AM SOEL20961

Associate Certified Accountants S.A.

Member of Crowe Horwath International

Fok. Negri 3, 11 257 Athens

A.M. SOEL 125

ANNUAL FINANCIAL STATEMENTS OF THE YEAR 2018

STATEMENT OF FINANCIAL POSITION

	NOTES	GROUP		COMPANY	
ASSETS		**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Non-current assets					
Tangible assets	10	5,594,866	6,051,045	4,544,931	4,649,534
Goodwill	11	1,452,159	1,452,159	-	-
Intangible assets	12	5,632,576	6,247,519	2,019,495	1,914,586
Investments in subsidiaries	13	-	-	3,431,834	3,431,834
Other non-current assets		53,743	50,413	6,928	4,034
Deferred tax assets	8	735,554	760,202	506,678	527,161
Total non-current assets		**13,468,898**	**14,561,338**	**10,509,866**	**10,527,149**
Current assets					
Inventories	14	183,636	187,928	152,883	157,175
Trade receivables	15	6,436,486	6,894,610	4,855,569	4,933,123
Other receivables	16	1,981,966	2,373,920	1,277,453	1,212,319
Prepayments	16	71,237	18,393	61,900	11,988
Short term investments	17	5,895,321	6,984,486	4,400,555	5,289,458
Cash and cash equivalents	18	7,846,363	6,100,588	2,963,208	2,988,483
Total current assets		**22,415,009**	**22,559,925**	**13,711,568**	**14,592,546**
TOTAL ASSETS		**35,883,907**	**37,121,263**	**24,221,434**	**25,119,695**
LIABILITIES					
Equity					
Share capital	19	5,551,731	5,551,731	5,551,731	5,551,731
Share premium	19	2,925,510	2,925,510	2,925,510	2,925,510
Treasury shares	20	(467,731)	(32,629)	(466,634)	(31,532)
Reserves	21	5,577,204	5,632,051	5,505,821	5,560,668
Retained earnings		5,066,180	4,155,067	1,337,847	806,151
Equity attributable to owners		**18,652,894**	**18,231,730**	**14,854,275**	**14,812,528**
Non-controlling interests		(77,611)	(77,283)	-	-
Total shareholder's equity		**18,575,283**	**18,154,447**	**14,854,275**	**14,812,528**
Non-current liabilities					
Long-term borrowings	22	1,500,000	2,000,000	1,500,000	2,000,000
Other non-current liabilities		-	-	3,500	3,500
Deferred tax liability	8	37,905	-	-	-
Provision for employees' indemnities	23	857,287	764,933	355,338	300,238
Grants	24	2,724,602	3,981,351	492,824	582,056
Other Provisions		44,131	42,772	35,000	35,000
Total non-current liabilities		**5,163,925**	**6,789,056**	**2,386,662**	**2,920,794**
Current liabilities					
Trade & other Payables	25	8,740,229	8,826,965	4,114,134	4,535,115
Short -term borrowings	22	3,120,357	3,216,560	2,683,880	2,779,956
Income tax payable		284,113	134,235	182,483	71,302
Total current liabilities		**12,144,699**	**12,177,760**	**6,980,497**	**7,386,373**
Total equity and liabilities		**35,883,907**	**37,121,263**	**24,221,434**	**25,119,695**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

GROUP	NOTES	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Revenue	6	13,829,001	11,556,502
Cost of sales	7	(7,033,676)	(5,784,179)
Gross profit		**6,795,325**	**5,772,323**
Other operating income		204,083	414,848
Selling and distribution expenses	7	(2,293,876)	(1,862,666)
General and administrative expenses	7	(1,535,701)	(1,366,417)
Research and Development expenses	7	(1,209,810)	(904,340)
Other expenses		(9,781)	(130,311)
Operating profit		**1,950,240**	**1,923,437**
Financial income / (expenses)		(246,613)	(519,813)
Profit before income tax		**1,703,627**	**1,403,624**
Income tax	8	(444,043)	(380,166)
Profit after tax (A)		**1,259,584**	**1,023,458**
Non-controlling interests		(1,395)	3,084
Profit attributable to Equity holders of the parent		**1,260,979**	**1,020,374**
Other Comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Currency translation differences		57,341	(159,674)
Remeasurement gain/(loss) of employees' indemnities provision		2,931	22,442
Related tax		(850)	(6,509)
Other comprehensive income, net of taxes (B)		**59,422**	**(143,741)**
Total comprehensive income (A+B)		**1,319,006**	**879,717**
Equity holders of the parent		1,319,334	879,259
Non-controlling interests		(328)	458
Earnings per share	9	**0.1061**	**0.0867**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

COMPANY	NOTES	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Revenue		7,773,274	7,359,298
Cost of sales	7	(4,167,108)	(4,489,739)
Gross profit		**3,606,166**	**2,869,559**
Other operating income		130,680	232,751
Selling and distribution expenses	7	(1,602,232)	(1,210,140)
General and administrative expenses	7	(981,449)	(965,053)
Research and development expenses	7	(815,354)	(604,308)
Other expenses		(1,052)	(14,852)
Operating profit		**336,759**	**307,957**
Finance income /(expenses)		(310,097)	(306,618)
Investment Income		1,117,838	-
Profit before income tax		**1,144,500**	**1,339**
Income tax	8	(213,443)	(45,785)
Profit/(Loss) after tax (A)		**931,057**	**(44,446)**
Non-controlling interests		-	-
Profit/(Loss) attributable to Company		**931,057**	**(44,446)**
Other Comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain/(loss) of employees' indemnities provision		12,479	17,496
Related tax		(3,619)	(5,074)
Other comprehensive income, net of taxes (B)		**8,860**	**12,422**
Total comprehensive income (A+B)		**939,917**	**(32,024)**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Share premium	Treasury shares	Legal reserve (5%)	Other reserves	Greek legislation reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 1 January 2017	**5,551,731**	**2,925,510**	**(32,629)**	**655,420**	**2,025,536**	**2,951,095**	**3,275,808**	**(77,741)**	**17,274,730**
Profit /(loss) for the year	-	-	-	-	-	-	1,020,374	3,084	1,023,458
Other comprehensive income, net of taxes	-	-	-	-	-	-	(141,115)	(2,626)	(143,741)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**879,259**	**458**	**879,717**
Balance as at 31 December 2017	**5,551,731**	**2,925,510**	**(32,629)**	**655,420**	**2,025,536**	**2,951,095**	**4,155,067**	**(77,283)**	**18,154,447**
Profit /(loss) for the year	-	-	-	-	-	-	1,260,979	(1,395)	1,259,584
Other comprehensive income, net of taxes	-	-	-	-	-	-	58,355	1,067	59,422
Total Comprehensive income after tax	**-**	**-**	-	-	-	-	**1,319,334**	**(328)**	**1,319,006**
Acquisition of treasury shares	-	-	(435,102)	-	-	-	-	-	(435,102)
Dividends	-	-	-	-	(1,172,685)	-	709,617	-	(463,068)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,117,838	-	(1,117,838)	-	**-**
Balance as at 31 December 2018	**5,551,731**	**2,925,510**	**(467,731)**	**655,420**	**1,970,689**	**2,951,095**	**5,066,180**	**(77,611)**	**18,575,283**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital	Share premium	Treasury shares	Legal reserves (5%)	Other reserves	Greek legislation reserves	Retained earnings	Total equity
Balance as at 1 January 2017	**5,551,731**	**2,925,510**	**(31,532)**	**639,790**	**1,968,765**	**2,952,113**	**838,175**	**14,844,552**
Profit /(loss) for the year							(44,446)	(44,446)
Other comprehensive income, net of taxes	-	-	-	-	-	-	12,422	12,422
Total comprehensive income	-	-	-	-	-	-	**(32,024)**	**(32,024)**
Balance as at 31 December 2017	**5,551,731**	**2,925,510**	**(31,532)**	**639,790**	**1,968,765**	**2,952,113**	**806,151**	**14,812,528**
Profit /(loss) for the year	-	-	-	-	-	-	931,057	931,057
Other comprehensive income, net of taxes	-	-	-	-	-	-	8,860	8,860
Total comprehensive income after tax	-	-	-	-	-	-	**939,917**	**939,917**
Acquisition of treasury shares	-	-	(435,102)	-	-	-	-	(435,102)
Dividends	-	-	-	-	(1,172,685)	-	709,617	(463,068)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,117,838	-	(1,117,838)	**-**
Balance as at 31 December 2018	**5,551,731**	**2,925,510**	**(466,634)**	**639,790**	**1,913,918**	**2,952,113**	**1,337,847**	**14,854,275**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	01.01.2018-31.12.2018	**01.01.2017-31.12.2017**	**01.01.2018-31.12.2018**	**01.01.2017-31.12.2017**
Cash flows from operating activities				
Profit before income tax	**1,703,627**	**1,403,624**	**1,144,500**	**1,339**
Adjustments for:				
Depreciation and Amortization	2,106,163	2,007,015	714,180	706,607
Provisions	135,614	57,319	106,550	50,116
Non-cash items (income) / expenses	(1,256,749)	(1,401,000)	(89,232)	(189,950)
Investing activities (gains) / losses	84,464	69,470	(1,038,958)	73,771
Foreign Exchange (gains) / losses	(118)	76,281	8,860	74,325
Financial expenses	125,366	154,818	158,032	158,623
Operating profit before working capital changes	**2,898,367**	**2,367,527**	**1,003,932**	**874,831**
(Increase)/Decrease in:				
Inventories	4,293	120,389	4,293	120,389
Receivables	501,267	735,122	(348,256)	(192,992)
(Decrease) / increase:				
Liabilities (except bank loans)	(5,107)	(1,818,225)	(212,363)	(907,309)
Paid Employees indemnities	(38,971)	(39,200)	(38,971)	(39,200)
Paid Financial expenses	(397,871)	(333,643)	(365,736)	(319,704)
Paid Taxes	(29,445)	(305,732)	-	(206,405)
Total cash inflows / (outflows) from Operating activities (a)	**2,932,533**	**726,238**	**42,899**	**(670,390)**
Investment activities				
Short term Investments in securities, JV	(20,159,815)	(9,535,715)	(11,564,239)	(4,424,945)
Purchase of Tangible & Intangible fixed assets	(1,036,218)	(481,254)	(714,486)	(363,553)
Interest received	185,105	97,033	125,479	83,018
Dividends received	42,638	53,813	1,158,444	49,899
Proceeds from disposal of investments	21,122,403	9,469,385	12,333,658	6,034,921
Total cash inflows / (outflows) from Investing activities (b)	**154,113**	**(396,738)**	**1,338,856**	**1,379,340**
Financing activities				
Acquisition of treasury shares	(435,102)	-	(435,102)	-
Proceeds from borrowings	-	1,300,000	-	1,000,000
Dividends paid	(463,068)	-	(463,068)	
Repayments of borrowings	(500,000)	(2,175,000)	(500,000)	(2,175,000)
Receipt of government grants	-	654,097	-	491,305
Total cash inflows / (outflows) from Financing activities (c)	**(1,398,170)**	**(220,903)**	**(1,398,170)**	**(683,695)**
Net increase / (decrease) in Cash & equivalents for the period (a) + (b) + (c)	**1,688,476**	**108,597**	**(16,415)**	**25,255**
Cash & equivalents at the beginning of the period	**6,100,588**	**6,227,778**	**2,988,483**	**3,037,553**
Exchange gains / (losses)	57,299	(235,787)	(8,860)	(74,325)
Cash & equivalents at the end of the period	**7,846,363**	**6,100,588**	**2,963,208**	**2,988,483**

The accompanying notes are an integral part of the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company, PROFILE SYSTEMS & SOFTWARE SA. with the distinctive name PROFILE SYSTEMS & SOFTWARE (hereafter referred to as the ‘‘Company’’ or the ‘‘Parent’’) and its subsidiaries, hereafter referred to as the ‘‘Group’’) have principal activities, in accordance with article 3 of its Articles of Incorporation, in the manufacturing and marketing of software and PCs, providing data transmission services through selected and other communication networks. The Company’s registered office is at 199 Syngrou Avenue, Nea Smyrni and has 93 employees, while the Group has 134 employees in total.

The Company’s shares are traded on the Athens Stock Exchange. The annual financial statements of the Company and the Group for the year ended 31 December 2018, have been approved by the Board of Directors on 29 March, 2019.

2. BASIS OF PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union (“EU”), and present the financial position, results of operations and cash flows of the Group on a going concern basis and the accrual principle. Management has concluded that the going concern basis of preparation of the accounts is appropriate. The consolidated financial statements have been prepared in accordance with the historical cost basis except for the financial instruments which are measured at fair value through profit and loss.

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.4 “Significant accounting estimates and judgements”. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

2.2 Group structure and basis of consolidation

The attached Group financial statements comprise the financial statements of the Parent Company in addition to the consolidated financial statements of the Group and its subsidiaries on which Profile has the ability to exercise control. All subsidiaries (companies in which the Group has direct or indirect ownership of 50% or more voting interest or has the power to control the Board of the investees) have been consolidated. At each reporting period, the Group reassesses whether it exercises effective control over the investments, in case there are events and circumstances indicating a change in effective

control's indications. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.
The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.
Gain or Losses of subsidiaries, along with other income, are attributed to the non-controlling interest even if that results in a deficit balance.

All intra-group balances transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full in the consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ✓ Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- ✓ Derecognizes the carrying amount of any non-controlling interest
- ✓ Recognizes the fair value of any investment retained
- ✓ Recognizes any surplus or deficit in profit or loss
- ✓ Reclassifies the parents' share of components previously recognized in other comprehensive income to profit and loss

Investments in subsidiaries in the separate financial statements are accounted for at cost less any accumulated impairment.

The following table shows the subsidiaries included in the consolidation together with the relative Group participation rates as well as the activity of each subsidiary.

Name of Company	Headquarter Country	Activity	% Group Participation	Relationship	Type of Consolidation
GLOBAL SOFT SA	Greece	IT Company	97.09%	Direct	Full
COMPUTER INTERNATIONAL FRANCHISE LTD	Greece	Computer Seminars	50.18%	Direct	Full
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	Cyprus	IT Company	100.00%	Direct	Full
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA *	Switzerland	IT Company	60.00%	Indirect	Full
PROFILE SOFTWARE (UK) LTD***	United Kingdom	IT Company	100.00%	Indirect	Full
PROFILE DIGITAL SA	Greece	IT Company	100.00%	Direct	Full
LOGIN S.A.**	France	IT Company	100.00%	Indirect	Full

** Participation in PROFILE SYSTEMS & SOFTWARE (SUISSE) SA amounts to 60% through the participation of the subsidiary PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD.*
*** Profile Cyprus participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD. The acquisition of the company and the control of the company took place on July 6, 2017 and the completion at 100%, following the SPA, finalized in July 2018.*
*** Participation in PROFILE SOFTWARE (UK) LTD is 100% through the participation of subsidiary PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD. Please note that the affiliate PROFILE SOFTWARE (UK) LTD -9931929 is not audited under Article 479A of the United Kingdom Act, 2006 Act.

2.3 Foreign Currency

a) Functional currency and presentation currency
The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency since 1 January 2002 is Euro ("EUR"), as a result, for each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

b) Foreign currency transactions
Transactions in foreign currencies are translated at Euro based on the exchange rates prevailing at the dates of the transactions. Claims and liabilities denominated in a foreign currency at the date of preparation of the financial statements are adjusted to reflect the exchange rates at the date of preparation. Gains and losses arising from such transactions (and from the translation of assets and liabilities denominated in a foreign currency) are recognized in the income statement except when they are included in equity as recognized cash flow hedges.

c) Subsidiaries of the Group
The translation of the financial statements of the Group companies that have a different functional currency from the Parent company is as follows:

- Assets and liabilities are translated at the exchange rates effective at the balance sheet date.
- Equity funds are converted using the exchange rates that existed at the date they were created.
- Revenues and expenses are translated at the average exchange rates of the reporting period.

Foreign currency difference are recognized in the equity reserve and transferred to the profit and loss statement together with sale transactions. Goodwill and fair value adjustments arising from the acquisition of foreign operations are translated using the effective exchange rates as at the balance sheet date.

2.4 Significant Accounting Estimates and Judgements

The preparation of financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as, revenue and expenses as of the reporting period. Actual results may differ from those estimates.

The Group makes accounting estimates, assumptions and judgments in order to apply the most appropriate accounting principles in relation to the future development of events and transactions. These estimates, assumptions and judgments are periodically reviewed to reflect current data and reflect current risks and are based on management's previous experience of the level / volume of related transactions or events. The key estimates and judgments that refer to data the evolution of which could affect the items of the financial statements in the next 12 months are as follows:

(a) Income tax:
According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits (Note 8). The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.

(b) Deferred tax assets:
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits together with future tax planning strategies.

(c) Provision for doubtful receivables:
The Group periodically reassesses the adequacy of the provision for doubtful receivables in relation to its credit policy and taking into account the legal advisor's data that arise from the processing of historical data and recent developments in the affairs it manages. The doubtful receivables are assessed by the management case by case.

With respect to non-doubtful trade receivables, the Group applies the simplified approach of IFRS 9 and calculates the expected credit losses over the life of the receivables. To this end, it uses a table to measure the projections in a way that reflects past experience and forecasts of the future financial situation of customers and the economic environment. At each balance sheet date, the historical percentages used, and the estimates of the future financial situation are updated. The correlation between the historical data, the future financial situation and the expected credit losses includes significant estimates. The amount of expected credit losses depends to a large extent on changes in the conditions and forecasts of the future financial situation.

(d) Internally produced intangible assets:
Development costs associated with internally generated intangible assets are capitalized in accordance with the Company's accounting policies. The initial capitalization of costs is based on management's judgment that future economic benefits will flow to the Company from the use of internally generated intangible assets.

(e) Impairment testing on goodwill and intangibles assets:
The Company and the Group examine and reassess the fair value and useful life of intangible assets when there are indications of a change in value. The Group and the Company assess whether there is impairment of goodwill and intangible assets at least once a year and examine the events or conditions that render the possibility of impairment, such as a significant adverse change in the business environment or a decision to sell or dispose a unit or segment (Note 11). For the purpose of impairment testing, the value in use of each cash generating unit (CGU) to which an amount of goodwill and intangible assets has been allocated, must be assessed. If there is evidence of impairment, the recoverable amount (which is the greater of the fair value less costs to sell and the value in use) of the respective cash-generating unit in which the goodwill has been allocated is calculated. Value in use is estimated using the method of discounted cash flow. In applying this methodology, account is taken of historical operating results, future corporate plans, economic extensions as well as market data (statistical and not) that are estimated by the management. If the recoverable amount is lower than the carrying amount, then the carrying amount needs to be reduced to the recoverable amount and such difference is recognized to the statement of Profit and Loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the consolidated financial statements and the separate financial statements of the parent are set out below.

Tangible assets
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are expensed as incurred. Significant improvements are capitalized to the cost of the related asset if such improvements increase the life of the asset, increase its production capacity or improve its efficiency. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the statement of Profit and Loss. Profit and losses arising from the write-off of assets are included in the statement of Profit and Loss this asset is written-off.

The land is not depreciated. Depreciation is calculated using the straight-line method over its estimated useful lives, as follows:

Tangible assets	Years
Buildings	36
Cars	5-10
Equipment	4-5

The residual values and useful lives of tangible assets are reviewed in each annual balance sheet. When the carrying values of tangible assets exceed their recoverable amount, differences (impairment) are recognized as expense in the profit or loss statement.

Intangible assets

Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the Group's share of the net assets of the subsidiary at the acquisition date. Goodwill on the acquisition of subsidiaries is included in intangible assets. At the end of each period, the Group carries out an analysis of the assessment of the recoverability of the carrying amount of goodwill. If the carrying amount exceeds the recoverable amount, a provision for devaluation is immediately formed. The gain or loss on the sale of a company includes the book value of the goodwill associated with the company sold.

Intangible assets

The software programs concern the cost of purchasing or self-production, software such as payroll, materials, services, and any expense incurred in developing software in order to put it into operation. Costs that enhance or extend the performance of software programs beyond their original specifications are recognized as capital expenditure and added to the original cost of the software. The cost of acquiring and developing software recognized as intangible assets is depreciated using the straight-line method over its useful life (5-6 years).

The expenditures for software development which are controlled by the Group, are recognized as intangible assets when the Group can demonstrate:

- ✓ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ✓ Its intention to complete the intangible asset in order to use it or sell it
- ✓ Its ability to use it or sell it
- ✓ How the asset will generate future economic benefits
- ✓ The availability of resources to complete the asset and
- ✓ The ability to measure reliably the expenditure during development.

The other intangible assets are initially recognized during the date of acquisition and they are carried at cost less any accumulated amortization throughout their useful life (6-8 years).

Impairment of Non-Current Assets:

With the exception of goodwill, which is tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the statement of Profit and Loss.

The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost is the amount for which the asset could be exchanged in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances, the related reversal is recognized as income. The carrying amount of a non-current asset after the reversal of the impairment loss, cannot exceed the carrying amount of the asset, if the impairment loss had not been recognized. Probable impairment of goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. It does not include borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, where applicable.

Financial assets-Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Measurement

The Group and the Company classifies the Financial assets in the below categories:

- ✓ Financial assets measured at fair value through profit or loss (please see note 17. Short-term Investments and note 27. Fair Value Measurement);
- ✓ Financial assets designated at fair value through OCI; and
- ✓ Financial assets measured at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at a fair value through profit or loss, transaction costs. The transaction costs of financial assets measured at fair value through profit or loss. Trade receivables are initially measured at the transaction price.

Under IFRS 9, debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification is based on two criteria: a) the business model for managing the assets and b) whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's and the Company's debt financial assets are, as follows:

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives including separated embedded derivatives area also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b)Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met: • The financial asset is held within a business, model with the objective to hold financial assets in order to collect contractual cash flows • The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade receivables.

(c)Financial assets at fair value through OCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:
Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other
income in the statement of profit or loss when the right of payment has been established, except when the Group
benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are
recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition and impairment

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Group and the Company recognize impairment losses for expected credit losses for all financial assets other than those measured at fair value through profit or losses.

For trade receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL

Loans and borrowings

Loans are initially recognized at their fair value, less any direct expense arising from the transaction. Subsequently, they are measured at amortized cost based on the effective interest rate method.

Any gain or loss arising on de-recognition or on amortized cost is recognized directly in the income statement

Trade receivables

Trade receivables, which generally have 30 to 120-day terms, are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Trade receivables include bills of exchange and promissory notes from customers.

For trade receivables, which are not in default the Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed on a case by case basis. The amount of the provision is recognized in the statement of Profit and Loss and is included in "Selling and distribution expenses".

IFRS 9

The Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs on Trade Receivables based on lifetime expected credit losses. The Group uses the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, policy that the Group also used to have in the previous years. The policy for the determination of doubtful trade receivables that the Group used until December 31, 2017 also took into account forward-looking factors such as the ability of customers to meet their obligations towards the Company. As a result, the total effect for the year 2018 is € 14 thousand, which is not significant for the Company and the Group and is recognized in the income statement.

Cash and cash equivalents

The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents. For the purpose of the cash flow statement, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

Leases

Company as lessee

Leases of property plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "liabilities". The interest element of the finance cost is charged to the statement of Profit and Loss over the lease period. The depreciation method of leased depreciable assets is consistent with the method used for the same depreciable assets belonging to the entity.

Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of Profit and Loss on a straight-line basis over the period of the lease.

Company as lessor

The respective leased assets are included in the balance sheet under Investment Properties.

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term.

Income Taxes (Current and Deferred):

Current and deferred income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which entities operate.

Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from the audits of the tax authorities and deferred income taxes, using substantively enacted tax rates.

Deferred income taxes are provided using the liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences

Deferred tax assets are reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial position date.

Reserve for Staff Retirement Indemnities:
Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated based on financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method (Project United Credit Method). Actuarial gains and losses are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

Provisions and Contingencies:
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Government grants
Grants, which are related to the subsidization of tangible fixed assets, are recognized when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. Grants relating to assets are recognized as deferred income and amortized in accordance with the useful

life of the related asset. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue Recognition

Revenue is measured at the fair value of sales of goods and services excluding taxes or rebates. Revenue within the Group is eliminated.

Revenue recognition is as follows:

Sale of goods: Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and the collection of the receivable is reasonably secured. Retail sales are usually made in cash or through credit cards. The recognized revenue in these cases is the amount received by the customer.

Services: Revenue of services is recognized by reference to the stage of completion of the service in relation to its estimated total cost.

Interest income: Interest income is recognized on a time proportion basis using the effective interest rate.

Dividends: Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend

Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred.

Dividend distribution

The distribution of dividends to the parent's shareholders is recognized as a liability in the financial statements when the distribution is approved by the Shareholders' Regular General Meeting.

Fair value measurement

The Group measures financial instruments at fair value through profit or loss at fair value at each balance sheet date (please see note 17 "Short term investments" and note 27 "Fair Value MEasurment)). The fair value of an asset is the value considered to be received for the sale of an asset or paid for the settlement of a liability in a normal transaction and in the open market at the valuation date. Fair value measurement is based on the assumption that the transaction of the sale of the asset or the transfer of the liability occurs either:

- In the primary market for the asset or liability, or;
- In the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market should be accessible to the Group. The fair value of an asset or liability is measured on the basis of all assumptions that market participants use in the valuation of an asset or liability, provided that the market participants act on their financial interest.

Measuring the fair value of a non-financial asset takes into account the ability of market participants to generate economic benefits from the use of the asset in its highest and best use or sale to another market participant that will use the asset for Higher and better use. The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities for which the fair value was measured or disclosed in the financial statements are classified within the fair value hierarchy as follows:
Level 1 - Observed / Listed (unadjusted) market prices in active markets for similar assets or liabilities.
Level 2 - Valuation techniques for which inputs that are relevant to fair value measurement, except for official stock prices included in Level 1, are directly or indirectly observable.
Level 3 - Valuation techniques for which inputs that are relevant to measuring fair value are not observable.

For the assets and liabilities recognized in the financial statements, the Group determines on a regular basis whether transfers have occurred between the levels of the hierarchy at the end of each reporting period.

For the purpose of fair value disclosures, the Group determines the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Segment reporting

A business segment is defined as a group of assets and functions which provide products and services that are subject to different risks and returns than those of other business segments. A geographic segment is defined as a geographical area, where products and services are provided, and which is subject to different risks and returns from other areas.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP.

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2017 and have been consistently applied in all periods presented in this report except for the following IFRS’s which have been adopted by the Group as of 1 January 2018. The Group applied for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial

Instruments and disclosed below, as required by IAS8, the nature and effect of these changes. Several other amendments and interpretations apply for the first time in 2018 but do not have a significant impact on the consolidated financial statements of the Group for the
year ended 31 December 2018.

- **IFRS 9 Financial Instruments**

  IFRS 9 replaces the provisions of IAS 39 on Classification and Measurement of Financial Assets and Financial Liabilities, and also includes a model of expected credit loss that replaces the pattern of realized credit losses under IAS 39. In addition, IFRS 9 establishes an approach based on principles of hedge accounting and addresses inconsistencies and weaknesses in the previous model of IAS 39. The Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs on Trade Receivables based on lifetime expected credit losses. The Group uses the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, policy that the Group also used to have in the previous years.
  The policy for the determination of doubtful trade receivables that the Group used until December 31, 2017 also took into account forward-looking factors such as the ability of customers to meet their obligations towards the Company. As a result, the total effect for the year 2018 is € 14 thousand, which is not significant for the Company and the Group and is recognized in the income statement.

- **IFRS 15 Revenue from Contracts with Customers**

  IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., sales of property, plant and equipment or intangibles).
  From 1 January 2018, the Group adopted the new standard by applying the modified retrospective approach without any adjustment to comparative information. The new standard did not have a significant impact on the consolidated financial statements when it was applied, since there were no significant differences in the application of the new accounting policies. Therefore, the application of IFRS 15 had no impact on the Group retained earnings or required adjustments for its transition. Although IFRS 15 does not introduce material differences from the Group's current accounting policies, the related accounting policy was stated as follows:

  The Group recognizes revenue when a contractual obligation to the individual customer is met by the delivery of the good or the service (which is the same as when the control over the good or service passes to the customer). If a contract includes more than one contractual obligation, the total value of the contract is allocated to the individual obligations on the basis of the individual sales values. The amount of revenue recognized is the amount attributed to the corresponding contractual obligation that has been settled, based on the consideration expected to be received by the Group in accordance with the terms of the contract. Any variable fee is included in the amount of revenue recognized, to the extent that it is unlikely that this amount will be reversed in the future.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**
  The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The above amendments have no impact on the results of the Group and company

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that 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. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The above amendments have no impact on the results of the Group and company

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The above interpretation has no impact on the results of the Group and company.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs.

- ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Standards issued but not yet effective and not early adopted.

The Group has not early adopted any other of the following standard, interpretation or amendment that has been
issued but is not yet effective. In addition, the Group assessed all standards, interpretations and amendments issued but not yet effective, and concluded that, they will not have any significant impact on the consolidated financial statements.

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in

particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that

occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

5. MAJOR RISKS AND UNCERTAINTIES

The Group and the Company are operating in a highly competitive and highly demanding international environment, which is changing rapidly and rapidly. The Group and the Company over the last few years systematically and with a specific development plan it has been trying to steadily and safely strengthen its extroverts, not in one way, but in the geographical areas of strategic interest, focusing on state-of-the-art technologies and the constant technological upgrading of the products and solutions it provides while parallel develop new activities and promotes entry into new markets, in order to further enhance its competitiveness, especially since the domestic market has, due to the ongoing recession, intense negative outlook.

Its specialized know-how, its years of experience and presence in the field, its organization and the intense activation of all its executives, its wide recognition in connection with the study, development and marketing of new products, as well as the continuous improvement And upgrading the existing ones, focusing on the quality and the ability to meet demand directly and the changing needs of end customers, as well as the creation of strong infrastructure and the penetration into new markets, an assistant The Company remains competitive despite the inherent problems faced by the industry, which have intensified particularly in the context of the protracted economic crisis.

The limited and in any case controlled financial exposure of the Group and its significant qualitative and product diversification, combined with the continuous development and upgrading of its products, as well as the expansion of the Group in new geographic markets, constitute the main equipment for the Group To minimize the negative effects of the unprecedented economic crisis, but it is expected that in the current period the Group's revenues and results will inevitably be affected by the intensity and The increase in the phenomenon and the general state of suffocation and the lack of liquidity in the market, whose situation has deteriorated considerably with the imposition of restrictions on the movement of capital and which leads a large part of the broad customer base to which the Group is seeking to suspend investment projects The postponement of programs for modernization.
The usual financial and other risks to which the Company and the Group are exposed, and which risks it may encounter during the current year 2018 are market risks, credit risk, liquidity risk, etc. Specifically:

a. Risk of falling of demand due to the general recession
Although this specific risk is limited due to the specific categories of software developed and marketed by the Company, however, in order to avoid demand reduction due to the general downturn prevailing in the Greek market and the consequent shrinking of the potential customer base in the domestic market, The Company develops a large and wide range of products in different categories addressed to the international market in order to compensate for potential losses in specific market sectors let. The Company develops and develops its software products based on continuous and day-to-day market monitoring and research, as well as new technologies, so as to equalize potential losses by entering new markets.

However, in view of the general negative conditions that inevitably affect the Company's activity as well as the particularly unfavorable economic environment prevailing in the domestic and world markets, this risk is judged to be real and capable of affecting the results The Group and the Company during the current year. For this reason, given that the crisis appears to be more prominent in the domestic market, special emphasis is placed on strengthening the company's outward focus and expanding the international presence of the Group.
In addition, the referendum held in the United Kingdom on 23 June 2016 resulting in the UK's decision to exit the European Union causes a climate of uncertainty in the global economy. Due to the ambiguity in the implementation of the decision and the long-term implementation timetable, the effects on markets are still unknown.

b. Risk of increased competition from firms of international agency representations

The specific risk is always present and measurable in the area where the Company operates, especially if it is taken into account that entry barriers are not so strong in this area, as the majority of the technical terms used to implement and integrate information Systems and customization of software products are widespread, which allows foreign companies to penetrate relatively easily into the market, taking advantage in particular of comparative available, especially in sizes level. The Company addresses this risk with emphasis on the design and development of quality and modular products, the systematic and targeted improvement, upgrading and adaptability of the products it already markets, the representation of powerful and world-known companies, the creation of lasting and trustful relationships with its customers Basis and the expansion of its activities abroad.

Nevertheless, the specific risk is a viable and potential risk at any time and this importance is addressed by the Company's Management, for which reason the Company always emphasizes its quality and product diversification and in general the provision High-level services to its customers, while systematically enhancing its outward-looking approach to overcoming this risk and upgrading its role and presence on the international market, which Makes it more resilient to address this risk. In addition, the steady increase in the global market size partially mitigates the impact of competition, so that activity developed outside Greece compensates for any inevitable losses on the Greek market.
που αναπτύσσεται εκτός Ελλάδος να αντισταθμίζει τις αναπόφευκτες απώλειες στην ελληνική αγορά.

c. Risk of technological developments

Technological developments have a major impact on the competitiveness of companies active in the IT sector. Companies operating in the IT sector must be constantly aware of possible variations in existing technology and make the necessary investments to ensure the high technological level.

On the basis of the above and to reduce as much as possible the risk of technological developments, the Group:

- ✓ develops products on highly efficient and internationally recognized platforms.
- ✓ Continuing training of staff on technological issues, in collaboration with internationally recognized organizations specialized in high technology industries.
- ✓ offers innovative applications commensurate with the needs and requirements of the market.

For these reasons, the specific risk is not considered to be particularly significant in the given time period.

d. Credit risk

Company Management, based on its internal operating principles, ensures that sales of goods and services take place to customers of high creditworthiness and ability. Due to the expansion of the Company's activities abroad, this risk is real compared to customers from other countries (especially African and Asian countries) for whom it is not always easy to effectively control their creditworthiness Capacity and reliability.

For this reason, the Company constantly develops and develops internal operating mechanisms (in terms of negotiation, contract and project management) in order to better address this risk. Within this framework and the valuation methods available to the Company, the Group has not yet addressed significant amounts of doubtful debts, for which no adequate provision has been made. Hence, this risk, although, present in view of the overall negative economic climate, is currently being assessed as a controlled one. If the worsening of the conditions for the growth of economic activity, and in particular the Greek market as a consequence of the imposition of capital restrictions, diffuses, this risk may affect the Company's results.

For a better presentation of the above we list the following tables:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Clients and other receivables	6,436,486	6,894,610	4,855,569	4,933,123
Other financial data	53,743	50,413	6,928	4,034
Short term investments	5,895,321	6,984,486	4,400,555	5,289,458
Cash & cash equivalents	7,846,363	6,100,588	2,963,208	2,988,483
Total	**20,231,913**	**20,030,097**	**12,226,260**	**13,215,098**

Clients Analysis:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Neither past due nor impaired	4,250,554	4,694,610	2,699,637	2,763,123
Past due balances	6,561,425	6,561,425	6,227,615	6,227,615
Balance	**10,811,979**	**11,256,035**	**8,927,252**	**8,990,738**
Less: Allowance for doubtful accounts receivable	(4,375,493)	(4,361,425)	(4,071,683)	(4,057,615)
Fair Value of receivables	**6,436,486**	**6,894,610**	**4,855,569**	**4,933,123**

Of the outstanding and non-impaired balances, the amount of € 2.15 million relates to litigation claims from public sector bodies which have not yet been finalized and can be enforced. so that they can be enforced. As the decision is expected in the mid-2019 and also because of the fact that the court claim is interest-bearing, the Company has not proceeded to discount this claim. Furthermore, the Company considers that the receivables are reasonable, well-founded and documented, as on the one hand there are the evidence of delivery of equipment and services and on the other hand the borrower continues to function normally on its market, there is therefore no objective evidence of impairment on those requirements. As far as the maturity of these claims is concerned, they are in arrears for more than 5 years.

e. Liquidity risk

It does not appear at the time of this writing, that there is particular liquidity risk for the Company. Loans and other liabilities are less than available cash, short-term investments and receivables, which ensure the smooth financing of the Company.

However, it should be noted that there are delays in payments for projects in the broader public sector. If the current conditions of general credit crunch continue for a long time, delays in disbursements involving public sector projects may have some negative effects on the overall operation of the Company, which may affect to a certain extent the cash flows Of the Group.

In Notes 22 and 25 of the annual financial statements there is a table showing the Group's loans and other liabilities. It should be noted that the undiscounted contractual cashflow are in line with the current value of loans and other commitments. The table below summarizes the maturity profile of the financial liabilities that arise from contractual agreements (amounts discounted):

GROUP 31.12.2018					
	Contractual Cash Flow	**1-3 months**	**3-12 months**	**1-5 years**	**Liabilities**
Loans	4,654,925	96,380	3,023,976	1,500,000	4,620,356
Other commitments	6,345,328	3,033,686	3,311,642	-	6,345,328
Subtotal: Cash Flow	**11,000,253**	**3,130,066**	**6,335,618**	**1,500,000**	**10,965,684**
plus:					
Grants Received	3,854,587	-	1,129,985	2,724,602	3,854,587
Deferred income	1,631,066	1,041,307	589,759	-	1,631,066
Provision for staff retirement indemnities and unaudited TAX year	857,287	-	-	857,287	857,287
Subtotal: Cash Flow	**6,342,940**	**1,041,307**	**1,719,744**	**3,581,889**	**6,342,940**
Total	**17,343,193**	**4,171,373**	**8,055,362**	**5,081,889**	**17,308,624**

GROUP 31.12.2017					
	Contractual Cash Flow	**1-3 months**	**3-12 monts**	**1-5 years**	**Liabilities**
Loans	5,332,416	98,706	3,117,854	2,115,856	5,216,560
Other commitments	6,331,436	2,347,125	3,984,311	-	6,331,436
Subtotal: Cash Flow	**11,663,852**	**2,445,831**	**7,102,165**	**2,115,856**	**11,547,996**
plus:					
Receipt of government grants	5,111,336	-	1,129,985	3,981,351	5,111,336
Deferred income	1,499,779	762,064	737,715	-	1,499,779

Provision for staff retirement indemnities and unaudited TAX years	807,705	-	-	807,705	807,705
Subtotal: Cash Flow	**7,418,820**	**762,064**	**1,867,700**	**4,789,056**	**7,418,820**
Total	**19,082,672**	**3,207,895**	**8,969,865**	**6,904,912**	**18,966,816**

Long-term loans are simply bilateral loans (not bonds, convertible, etc.) of floating interest rates in the range of 4.0-5.0%, which are considered and indeed are market rates, with not very distant endings (gradually until 2020).

f. Foreign exchange risk

The Group operates in an international level and therefore it is exposed to the foreign currency risk which is mainly comes from the US Dollar and British Pound. This type of risk it mainly occurs due to trade transactions in foreign currency as well as due to the investments in financial organizations which are based abroad. The Company's management constantly keeps an eye the foreign exchange risks which may occur and evaluates the possible needs of taking respective measures, besides the fact that in this moment this particular risk is considered as not significant and in any case it is absolutely managed and controlled.

g. Interest rate risk

The interest rate risk for the Company is not particularly high given that the Company's borrowing is linked to Euribor and that the Company has limited exposure to bank debt. The Group's policy is to keep the amount of total borrowing at a variable interest rate and to take corrective action whenever necessary while avoiding, as far as this is permissible in general business, the exposure to further lending. The limited exposure of the Group to borrowed funds makes the change in interest rates insignificant for the Group's results. It is noted that the cash and cash equivalents of the Group exceed the total bank borrowing.

6. SEGMENT REPORTING

For administrative purposes, the group is organized into business centers and business units. The Group's activities are in two business areas, the one of financial solutions and business solutions.

The results of the Group's segments are analyzed as follows:

01.01-31.12.2018	Financial Solutions	Business Solutions	Total
Sales	13,417,648	3,761,339	17,178,987
Less: Intercompany	1,911,919	1,438,067	3,349,986
Sales to third parties	11,505,729	2,323,272	13,829,001
Gross profit	**5,997,545**	**797,780**	**6,795,325**
Other income			204,083
Operating costs (disposal, administration and research)			(5,039,387)
Other operating expenses			(9,781)
Operating result			**1,950,240**
Financial income / (cost)			(246,613)
Profit before tax			**1,703,627**
Income taxes			(444,043)
Results after taxes			**1,259,584**
Non-controlling interests			(1,395)
Net Results after Tax attributable to the Shareholders of the Parent Company			**1,260,979**

31.12.2018	Financial Solutions	Business Solutions	Unallocated	Total Amounts
Intangible assets	5,164,806	1,919,929	-	7,084,735
Tangible assets	-	1,046,896	4,547,970	5,594,866
Other assets	9,436,417	4,839,413	8,928,476	23,204,306
Total liabilities	(6,298,772)	(4,614,291)	(6,395,561)	(17,308,624)
Net asset value	8,302,451	3,191,947	7,080,885	18,575,283

01.01-31.12.2017	Financial Solutions	Business Solutions	Total
Sales	11,402,894	3,526,833	14,929,727
Less: Intercompany	(1,951,036)	(1,422,189)	(3,373,225)
Sales to third parties	9,851,858	1,704,644	11,556,502
Gross profit	**5,516,115**	**256,208**	**5,772,323**
Other income			414,848
Operating costs (disposal, administration and research)			(4,133,423)
Other operating expenses			(130,311)
Operating result			**1,923,437**
Financial income / (cost)			(519,813)
Profit before tax			**1,403,624**
Income taxes			(380,166)
Results after taxes			**1,023,458**
Non-controlling interests			(3,084)
Net Results after Tax attributable to the Shareholders of the Parent Company			**1,020,374**

31.12.2017	Financial Solutions	Business Solutions	Unallocated	Total Amounts
Intangible assets	5,102,132	2,597,546	-	7,699,678
Tangible assets	-	1,411,305	4,639,740	6,051,045
Other assets	10,475,053	3,936,780	8,958,707	23,370,539
Total liabilities	(6,304,416)	(5,689,634)	(6,972,766)	(18,966,815)
Net asset value	**9,272,769**	**2,255,997**	**6,625,681**	**18,154,447**

It is noted that there is no question of the dependence of the Group on significant customers as, apart from a major foreign bank, which contributed 11% of sales in the year 2018, and a public sector customer who contributed 12%, all other customers are below the level of 10% of the total sales of the Group. It is noted that both aforementioned customers have long-term implementation contracts that are in progress and are not considered as dreadful customers.

The Company has chosen to organize its entity according to the categories of products and services. In particular, in the case of the Company, there are two main categories, that of the solutions addressed to the financial sector (such as FMS.next, RiskAvert, IMSplus, Axia, Nowennet) and solutions addressed to public (mainly ad hoc projects such as meeting logging courts) and private organizations (such as UTS).

The Company has chosen to organize its entity by product categories as above rather than geographically, as it does not consider it representative because "research and development" that is an important factor for the Company is not geographically related, and also results per geographic area are likely to be affected from short-term reasons and thus not provide reliable information. For example, a new customer in a particular geography is billed with licenses that do not repeat next year, although the same customer is retained the following year and priced with maintenance contracts, which are lower in value than licenses. However, it is disclosed that in 2018 64% of the Group's income came from non-Domestic customers.

7. EXPENSE ANALYSIS

The expenses of the Group and the Company for the year ended 2018, are analyzed as follows:

	GROUP	COMPANY
Cost of goods sold	11,451	11,451
Remuneration and staff costs	6,548,536	3,456,537
Fees and expenses of third parties	3,418,218	2,756,211
Third party benefits	486,265	237,728
Taxes Fees	221,837	34,546
Other Expenses	1,188,151	830,490
Depreciation of fixed assets	2,106,163	714,180
Total	**13,980,621**	**8,041,143**

The distribution of costs, is as follows:

	GROUP	COMPANY
Cost of Sales	(7,033,676)	(4,167,108)
Distribution costs	(2,293,876)	(1,602,232)
Administrative expenses	(1,535,701)	(981,449)
Research Expenses	(1,209,810)	(815,354)
Depreciation of Subsidized Assets	(1,132,558)	-
Total	**(13,205,621)**	**(7,566,143)**
Capitalized Expenses		
Program Development Costs	(775,000)	(475,000)
Total	**(13,980,621)**	**(8,041,143)**

The number of personnel, for the Group and the Company, as at 31 December 2018 and 31 December 2017 and the payroll cost for the years 2018 and 2017 are analyzed as follows:

	2018		2017	
	GROUP	COMPANY	GROUP	COMPANY
Number of personnel	134	93	127	87
Total cost	**6,548,536**	**3,456,537**	**4,949,219**	**3,073,006**

8. INCOME TAX

The income tax of the financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Current income tax	342,340	210,022	156,579	65,900
Deferred income tax	101,703	170,144	56,864	(20,115)
Income taxes reported in the statement of profit and loss	**444,043**	**380,166**	**213,443**	**45,785**
Other Comprehensive Income				
Net (loss)/gain on actuarial gains and losses	(850)	(6,509)	(3,619)	(5,074)
Total income taxes reflected in the statements of income	**444,893**	**386,675**	**217,062**	**50,859**

The amount of taxes has been calculated using the actual tax rates for each fiscal year. Non-deductible expenses include mainly provisions that are reversed by management when calculating income tax.

Income tax declarations are filed on a yearly basis, but profits and losses reported for tax purposes remain temporary until the tax authorities review the tax returns and taxpayers' books at the time that the related tax liabilities will be settled. Tax losses, to the extent that are recognized by the tax authorities, may be used to offset profits for the five following fiscal years after the current fiscal year.

The following is a reconciliation for nominal and effective tax rates for the Group and the Company:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Profit before tax	1,703,627	1,403,624	1,144,500	1,339
Income tax calculated at the nominal applicable tax rate (2017,2018: 29%)	494,052	407,051	*331,905*	388
Tax effect of non -taxable income	(74,849)	(24,025)	(324,173)	-
Revaluation of deferred tax assets	44,808	-	25,444	-
Tax effect of different tax rates applicable to other countries where the Group operates	(221,626)	(82,127)	-	-
Tax effect of non-tax deductible expenses	174,818	79,499	166,170	50,797
Prior year tax differences	13,098	(1,448)	13,098	(5,400)
Differences of tax audit and other taxes	13,741	1,216	1,000	-
Income taxes that reported in the Income Statement	444,043	380,166	213,444	45,785

Deferred tax accounts for the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Deferred tax asset	735,554	760,202	506,678	527,161
Deferred tax liabilities	37,905	-	-	-
	697,649	**760,202**	**506,678**	**527,161**

The fact that in some cases, income and expenses are accounted for in a different time from the date when such income is tax charged or the expenses are deducted for the purpose of determining the taxable income, creates the need to account for deferred tax assets or deferred tax liabilities.
The movement of the deferred tax asset (liability) is as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Beginning balance	760,202	820,112	527,160	512,119
Purchase of subsidiary credit / (charge)	-	116,742	-	
Income tax (debit)/ credit	(61,703)	(170,144)	(16,864)	20,115
Income tax (debit)/ credit through OCI	(850)	(6,509)	(3,619)	(5,074)
Ending balance	**697,649**	**760,202**	**506,678**	**527,160**

The nature of the temporary differences and the breakdown of the financial year 01.01.2018-31.12.2018 for the Group is as follows:

GROUP	Beginning Balance	Acquisition of subsidiary	Debits / Credits (-) of Results	Debits/ Credits (-) Other Income
Provisions for doubtful	666,496	(192,532)	-	473,964
Intangible asset write-offs	(281,723)	121,862	-	(159,861)
Provisions for Staff Compensation	268,847	(37,867)	(850)	230,129
Land-building revaluation adjustment	(351,928)	38,720	-	(313,208)
Difference in depreciation rates	140,128	(23,849)	-	116,279
Deferred expenses	1,239	-	-	1,239
Revenues / expenses accrued	(84,848)	78,634	-	(6,214)
Demand for tax loss	321,446	(48,466)	-	272,980
Impairment on Inventories	50,748	2,735	-	53,483
Deferred income	-	5,996	-	5,996
Other impairment provisions	29,798	(6,937)	-	22,861
Total	**760,202**	**(61,703)**	**(850)**	**697,649**

The nature of the temporary differences and the breakdown of the financial year 01.01.2018-31.12.2018 for the Group is as follows:

COMPANY	Beginning balance	Debits / Credits (-) of Results	Debits/ Credits (-) Other Income	Ending Balance
Provisions doubtful	620,096	(186,131)	-	433,964
Intangible asset write-offs	145,820	85,553	-	231,373
Provisions for Staff Compensation	87,069	5,384	(3,619)	88,834
Land-building adjustment	(351,928)	38,667	-	(313,261)
Difference in accounting depreciation	(13,584)	-	-	(13,584)
Revenues / expenses accrued	(35,256)	35,256	-	-
Deferred income	-	5,996	-	5,996
Forecast stock devaluation	24,650	5,350	-	30,000
Other impairment provisions	50,291	(6,937)	-	43,354
Total	**527,161**	**(16,864)**	**(3,619)**	**506,678**

9. EARNINGS PER SHARE

The earnings per share are by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of the basic earnings per share at 31.12.2018 and 31.12.2017 is as follows:

GROUP	31.12.2018	31.12.2017
Net profit attributable to the shareholders of the parent	1,260,979	1,020,374
Weighted average number of shares in circulation	11,558,196	11,763,038
Earnings per share	**0.1091**	**0.0867**

10. TANGIBLE FIXED ASSETS

Tangible assets of the Group are presented as follows:

GROUP	Land	Buildings	Mechanical Equipment	Means of transportation	Furniture and other equipment	Total
Cost or estimate **01.01.2017**	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,831,631**	**10,129,761**
Acquisition of Subsidiary	**-**	-	-	-	34,118	34,118
Additions in period	**-**	-	-	-	22,558	22,558
Disposals/ Write-offs	**-**	-	-	-	(708)	(708)
Balance 31.12.2017	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,887,599**	**10,185,729**
Additions in period	**-**	-	-	-	64,921	64,921
Disposals/ Write-offs	**-**	-	-	-	(1,215)	(1,215)
Balance 31.12.2018	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,951,305**	**10,249,435**
Accumulated depreciations 01.01.2017	-	**(1,535,897)**	**(1,062)**	**(36,985)**	**(2,046,874)**	**(3,620,818)**
Disposals/ Write-offs	**-**	-	-	-	370	370
Depreciations in period	**-**	(127,337)	-	(243)	(386,656)	(514,236)
Accumulated depreciations 31.12.2017	-	**(1,663,234)**	**(1,062)**	**(37,228)**	**(2,433,160)**	**(4,134,684)**
Disposals/ Write-offs	**-**	-	-	-	39	39
Depreciations in period	**-**	(127,364)	-	(243)	(392,317)	(519,924)
Accumulated depreciations 31.12.2018	**-**	**(1,790,598)**	**(1,062)**	**(37,471)**	**(2,825,438)**	**(4,654,569)**
Net book value 01.01.2017	**2,050,000**	**2,673,155**	**-**	**1,031**	**1,784,757**	**6,508,943**
Net book value 31.12.2017	**2,050,000**	**2,545,818**	**-**	**788**	**1,454,439**	**6,051,045**
Net book value 31.12.2018	**2,050,000**	**2,418,454**	**-**	**545**	**1,125,867**	**5,594,866**

Property, plant and equipment of the Company is analysed as follows:

COMPANY	Land	Buildings	Mechanical Equipment	Means of transportation	Furniture and other equipment	Total
Cost or estimate 01.01.2017	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,730,979**	**8,008,078**
Additions in period	-	-	-	-	21,435	21,435
Disposals/ Write-offs	-	-	-	-	-	-
Balance 31.12.2017	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,752,414**	**8,029,513**
Additions in period	-	-	-	-	48,532	48,532
Disposals/ Write-offs	-	-	-	-	-	-
Balance 31.12.2018	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,800,946**	**8,078,045**
Accumulated depreciations 01.01.2017	-	**(1,523,855)**	**-**	**(35,810)**	**(1,671,950)**	**(3,231,615)**
Disposals/ Write-offs	-	-	-	-	-	-
Depreciations in period	-	(125,681)	-	(243)	(22,440)	(148,364)
Accumulated depreciations 31.12.2017	-	**(1,649,536)**	**-**	**(36,053)**	**(1,694,390)**	**(3,379,979)**
Disposals/ Write-offs	-	-	-	-		
Depreciations in period	-	(125,707)		(243)	(27,185)	(153,135)
Accumulated depreciations 31.12.2018	**-**	**(1,775,243)**	**-**	**(36,296)**	**(1,721,575)**	**(3,533,114)**
Net book value 01.01.2017	**2,050,000**	**2,666,402**	**-**	**1,032**	**59,029**	**4,776,463**
Net book value 31.12.2017	**2,050,000**	**2,540,721**	**-**	**789**	**58,024**	**4,649,534**
Net book value 31.12.2018	**2,050,000**	**2,415,014**	**-**	**546**	**79,371**	**4,544,931**

Land and buildings were revalued on 01.01.2004 by independent appraisers at their fair value and the differences were recognized in retained earnings. Historical cost is selected as the basis for the subsequent valuation of these items.

The Company's property is underwritten to secure a bank loan that has been fully redeemed during the fiscal year 2012. The formal procedure for lifting this real burden has not been completed.

11. GOODWILL

Goodwill for the Group is analyzed as follows:

Group	Balance 31.12.2017	Increase	Decrease	Balance 31.12.2018
LOGIN S.A.	687,350	-	-	687,350
GLOBAL SOFT A.E.	764,809	-	-	764,809
Goodwill	**1,452,159**	**-**	**-**	**1,452,159**

As stated in Note 2.2 of the financial statements, on July 6, 2017, the Group acquired through its wholly owned subsidiary PROFILE SYSTEMS & SOFTWARE (CYPRUS) Limited the total of shares of the French company LOGIN S.A., a specialized treasury software development company.

On 31 December 2018, the Group conducted the annual impairment test for goodwill.

The recoverable amount of the assets of the above cash-generating units has been determined based on the value-for-use calculation using estimated cash flows from financial budgets approved by management for a period of five years. The pre-tax discount rate used and the growth rate of the cash flow beyond the forecast period was calculated as follows:

	Greece	France
Discount rate before tax	11,8%	7,7%
Growth rate to perpetuity	2%	2%

As a result of the analysis, the Company's management did not recognize any impairment of goodwill as the use value was greater than the carrying amount.

The key assumptions used by the management in the calculation of the cash flow forecasts in the context of the annual audit of impairment of goodwill and in which the value of use is also more sensitive are as follows:

- Sales and Gross profit margins
- Discount rates
- Growth rates used to calculate cash flows beyond the forecast period.

Sales forecasts are based on careful estimates of various factors, such as past performance, market growth assessments where it is active, or whether the Group is planning to operate and where competition exists.

The profit margins are based on estimates during the five-year budget period with regard to the formation of prices and sales volumes, market shares and production and operating costs and no substantial change is expected compared to 2018.

The discount rate represents the present market estimates for the individual risks of each cash-generating unit. The calculation of discount rates is based on the specific conditions that the Group operates and is derived from the weighted average cost of capital. The weighted average cost of capital takes into account both borrowing and equity. The cost of equity is derived from the expected return on the investment of the Group's investors. The cost of borrowing is based on the interest rate on loans that the Group owes to serve.

Growth in perpetuity is mainly based on published studies and surveys.

On 31.12.2018 the Group analyzed the sensitivity of the recoverable amount in relation to a reasonable and probable change in some of the underlying assumptions (indicatively the change of a percentage point in the interest rate or growth rate in perpetuity). These analyzes indicate that the use value would be greater than the book value

12. INTANGIBLE ASSETS

The intangible assets of the Group are analyzed as follows:

GROUP	Development expenses	Purchased Software	Other intangible assets	Total
Net book value 01.01.2017	**5,828,875**	**54,218**	**-**	**5,883,093**
Acquisition of Subsidiary	964,812	7,225	426,472	1,398,509
Additions in period	411,376	47,320	-	458,696
Amortizations in period	(1,438,497)	(18,736)	(35,546)	(1,492,779)
Net book value 31.12.2017	**5,766,566**	**90,027**	**390,926**	**6,247,519**
Additions in period	965,954	5,342	-	971,296
Amortizations in period	(1,525,492)	(25,201)	(35,546)	(1,586,239)
Net book value 31.12.2018	**5,207,028**	**70,168**	**355,380**	**5,632,576**

The intangible assets of the Company are analyzed as follows:

COMPANY	Development expenses	Purchased Software	Total
Net book value 01.01.2017	**2,119,839**	**10,872**	**2,130,711**
Additions in period	300,288	41,829	342,117
Amortizations in period	(551,477)	(6,765)	(558,242)
Net book value 31.12.2017	**1,868,650**	**45,936**	**1,914,586**
Additions in period	665,954	-	665,954
Amortizations in period	(547,155)	(13,890)	(561,045)
Net book value 31.12.2018	**1,987,449**	**32,046**	**2,019,495**

Intangible assets mainly include the cost of developing banking platforms and investment management, as well as purchased software. The software development costs of the year include expenses of the Company and the Group (see note 7), as well as software development costs by third parties on our behalf.

13. Investments in Subsidiaries

The change in the value of investments in affiliated companies is analyzed as follows:

COMPANY	Balance 31.12.2017	Increases (Decreases) in period	Balance 31.12.2018
GLOBAL SOFT A.E.	1,351,639	-	1,351,639
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	1,500,195	-	1,500,195
PROFILE DIGITAL SERVICES A.E.	580,000	-	580,000
Total	**3,431,834**	**-**	**3,431,834**

The investment in the affiliated company COMPUTER INTERNATIONAL FRANCHISE Ltd amounting to € 138,416 has been written off from previous years due to the fact that it has entered into liquidation but has not been completed for typical reasons.

14. INVENTORIES

The Group's and Company's inventories are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Inventories	303,636	307,928	272,883	277,175
Impairment provision	(120,000)	(120,000)	(120,000)	(120,000)
Total	**183,636**	**187,928**	**152,883**	**157,175**

The Group's and Company's stocks mainly include electronic equipment and ready-to-use software that are used in the projects that are being implemented.

15. TRADE RECEIVABLES

The trade receivables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Clients	10,365,767	11,017,386	8,533,129	8,804,179
Billing notes received	7,104	7,104	3,696	3,696
Postdated cheques	439,108	231,545	390,427	182,863
Minus: Provision for impairment	(4,375,493)	(4,361,425)	(4,071,683)	(4,057,615)
Total	**6,436,486**	**6,894,610**	**4,855,569**	**4,933,123**

The account receivable from clients is non-interest-bearing and usually settled in 30 - 120 days. The time of collection of claims from ongoing projects depends on the progress of the works. The provision for impairment is based on the maturity of the debts in accordance with the adopted credit policy in conjunction with the historical consistency and solvency of the clients, taking into account the current economic circumstances.

At December 31, 2018 trade receivables and the related Impairment are analyzed as follows

	Group		Company	
	Trade Receivable	**Impairment**	**Trade Receivable**	**Impairment**
No due	3,990,739	(4,076)	2,539,327	(4,076)
past due more than 120 days	147,340	(5,666)	206,877	(5,666)
past due more than 240 days	112,474	(4,326)	157,922	(4,326)
past due more than 360 days	6,561,425	(4,361,425)	6,227,615	(4,057,615)
Total	**10,811,979**	**(4,375,493)**	**9,131,741**	**(4,071,683)**

The Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs on Trade Receivables based on lifetime expected credit losses. The Group uses the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, policy that the Group also used to have in the previous years.
The policy for the determination of doubtful trade receivables that the Group used until December 31, 2017 also took into account forward-looking factors such as the ability of customers to meet their obligations towards the Company. As a result, the total effect for the year 2018 is € 14 thousand, which is not significant for the Company and the Group and is recognized in the income statement.

Of the above outstanding and non-impaired balances an amount of € 2.15 million relates to litigation claims from the public sector that have not yet been finalized so that they can be enforced. As the court decision is expected in the mid of 2019 and also because of the fact that the court claim is interest-bearing, the Company has not proceeded to discount this claim. Furthermore, the Company considers that the receivables are reasonable, well-founded and documented, as on the one hand there are the evidence of delivery of equipment and services and on the other hand the borrower continues to function normally on its market, there is therefore no objective evidence of impairment on those requirements.
As far as the maturity of these claims is concerned, they are in arrears for more than 5 years.

The movement in the provision for impairment of trade receivables is set out below:

	Group	Company
Beginning balance31.12.2016	**4,361,425**	**4,057,615**
Provision for the period 2017	-	-
Less: Utilization 2017	-	-
Ending balance 31.12.2017	**4,361,425**	**4,057,615**
Provision for the period 2018	-	-
Effect from the change in accounting policy (IFRS 9)	14,068	14,068
Less: Utilization 2018	-	-
Ending balance 31.12.2018	**4,375,493**	**4,071,683**

16. PREPAYMENTS AND OTHER RECEIVABLES

Advance payments and other receivables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Advances	71,237	18,393	61,900	11,988
Greek state	880,417	843,959	562,650	637,020
Other debtors	186,955	291,238	264,950	308,225
Future expenses	346,186	383,167	249,438	164,091
Revenues receivable	568,408	855,556	200,415	102,983
Total	**2,053,203**	**2,392,313**	**1,339,353**	**1,224,307**

These other requirements are considered to be short-term. The fair value of these are considered to approximate their book value.
In 2016, following partial control, the Company charged a tax charge of € 303 thousand plus penalties for a pending case for the years 2005-2006. The results of this partial control have been brought by the Complaints Company to the Administrative Courts, whose appeal is pending for the trial that is expected to take place in 2 years. Based on the suggestions made by its legal advisers, the Company considers that there is a considerable and well-founded probability that this appeal will be successful, as the tax authorities themselves in the Audit Report have acknowledged that the Company operates in its entirety correctly, has no overdue debt to the public and that the particular case was not in the area of its own responsibility. Nevertheless, in the context of the mandatory procedural and procedural conditions for the exercise of its legal rights through the above application, the Company initially initialed an overall settlement of the above charged charges, which until 31/12/2018 was fully paid. Pending the return of these payments back to the Company at the end of the legal proceedings, a claim was entered into an account "Receivables from the Greek State". It is noted that there is no other development until the date of preparation and approval of the financial statements.

17. SHORT-TERM INVESTMENTS

The short-term investments of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Opening Balance	**6,984,486**	**7,181,161**	**5,289,458**	**6,973,205**
Additions in period	20,159,123	9,342,180	11,564,239	4,424,945
Sales in period	(21,122,403)	(9,399,634)	(12,333,658)	(6,016,303)
Total short-term investments	**6,021,206**	**7,123,707**	**4,520,041**	**5,381,847**
Revaluation at fair value	(125,885)	(139,221)	(119,486)	(92,389)
Ending balance	**5,895,321**	**6,984,486**	**4,400,555**	**5,289,458**

The amounts of short-term investments refer to financial placements in securities, mutual funds and other securities traded on regulated markets. They primarily aim to place part of the Group's liquidity on safe investments in order to ensure the adequacy of the financing of the investment program for the Group's development and as a "natural" foreign exchange risk offset by the Group's non-euro projects. An important part of these additions and sales concerns the recycling / reinvestment of these short-term placements

The short-term investments are calculated at fair value through profit or loss.

18. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Cash on hand	11,330	13,770	3,240	2,488
Cash in banks	7,835,033	6,086,818	2,959,968	2,985,995
Total	**7,846,363**	**6,100,588**	**2,963,208**	**2,988,483**

Available cash and cash equivalents represent cash in the Group and Company funds and bank deposits available on demand. Bank deposits are charged with interest at floating rates based on monthly bank rates.

19. SHARE CAPITAL AND SHARE PREMIUM

Company's Share Capital movement is as follow:

	Shares	Share Capital	Share Premium
Balance 01.01.2017	**11,812,193**	**5,551,731**	**2,925,510**
Share Capital Increase	**-**	-	-
Share Capital Increase of Reserves L.4172/2013	**-**	-	**-**
Balance 31.12.2017	**11,812,193**	**5,551,731**	**2,925,510**
Share Capital Increase	-	-	-
Balance 31.12.2018	**11,812,193**	**5,551,731**	**2,925,510**

The share capital of the Company as at 31 December 2018 amounted to € 5,551,731 (31 December 2017: €5,551,731**)** divided into 11,812,193 common registered shares of nominal value € 0.47 each, During the fiscal year 2018 the Company has not proceed in Share Capital Increase.

20. TREASURY SHARES

The change in the Group's and Company's own shares is analyzed as follows

	GROUP		COMPANY	
	Shares	**Value**	**Shares**	**Value**
Balance 01.01.2017	**49,155**	**32,629**	**49,155**	**31,532**
Purchase of treasury shares during the year 2017	**-**	-	-	-
Balance 31.12.2017	**49,155**	**32,629**	**49,155**	**31,532**
Purchase of treasury shares during the year 2018	363,064	435,102	363,064	435,102
Balance 31.12.2018	**412,219**	**467,731**	**412,219**	**466,634**

21. RESERVES

The change in the Group's and Company's reserves is analyzed as follows:

GROUP	01.01.2018	Change	31.12.2018
Legal reserve	655,420	-	655,420
Tax free reserve of special tax regulations	2,905,301	-	2,905,301
Other Reserves	45,794	-	45,794
Reserves from taxable income	-	1,117,838	1,117,838
Special own-equity reserve of Greek Law 3299/2004	1,172,685	(1,172,685)	-
Special investment reserve cover ICT4GROWTH	852,851	-	852,851
Σύνολο	**5,632,051**	**(54,848)**	**5,577,204**

COMPANY	01.01.2018	Change	31.12.2018
Legal reserve	639,790	-	639,790
Tax free reserve of special tax regulations	2,906,319	-	2,906,319
Other Reserves	45,794	-	45,794
Reserves from taxable income	-	1,117,838	1,117,838
Special own-equity reserve of Greek Law 3299/2004	1,172,685	(1,172,685)	-
Special investment reserve cover ICT4GROWTH	796,080	-	796,080
Σύνολο	**5,560,668**	**(54,848)**	**5,505,821**

22. LONG-TERM AND SHORT-TERM BORROWINGS

The long-term and short-term loans of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Long-term debt	1,500,000	2,000,000	1,500,000	2,000,000
Long term bank loans	**1,500,000**	**2,000,000**	**1,500,000**	**2,000,000**
Short- term debt				
Short term Bank loans	**2,605,887**	**2,604,099**	**2,169,410**	**2,167,495**
Current portion of Long-term loans	514,470	612,461	514,470	612,461
Total Short-term Bank loans	**3,120,357**	**3,216,560**	**2,683,880**	**2,779,956**
Total debt	**4,620,357**	**5,216,560**	**4,183,880**	**4,779,956**

The companies make provisions for the accrued interest on servicing their loans and pay the relevant operating expenses for the period. The amounts of long-term loans that are payable within 12 months of the date of preparation of the financial statements have been transferred and presented to short-term liabilities.

23. PROVISION FOR EMPLOYEES' INDEMNITIES

The Group and the Company recognize as a retirement benefit obligation the present value of the legal commitment it has undertaken to pay a lump sum compensation to staff retiring due to retirement. The relevant liability was calculated based on an actuarial study by a company of independent actuaries and is analyzed as follows:

	GROUP	COMPANY
Balance of liability on 01.01.2017	**355,611**	**306,819**
Acquisition of subsidiary Login SA	404,707	-
Employment cost for the period 1.1-31.12.2017	59,891	44,623
Financial cost for the period 1.1-31.12.2017	6,365	5,492
Paid remunerations for the period 1.1-31.12.2017	(39,200)	(39,200)
Actuarial gains / losses for the period 1.1 – 31.12.2017	(22,441)	(17,496)
Balance of liability on 31.12.2017	**764,933**	**300,238**
Employment cost for the period 1.1-31.12.2018	93,293	62,122
Financial cost for the period 1.1-31.12.2018	16,149	10,128
Paid remunerations for the period 1.1-31.12.2018	(14,156)	(4,671)
Actuarial gains / losses for the period 1.1 – 31.12.2018	(2,931)	(12,479)
Balance of liability on 31.12.2018	**857,287**	**355,338**

Basic cases:	31.12.2018	31.12.2017
Discount rate	1.3% - 2%	1.3% - 1.7%
Inflation	1.5%	1.0%
Future salary increases	1.5-2.00%	1.5-2.00%

The use of a higher technical interest rate of 0.5% would result in a lower respective obligation by 8%, while the exact opposite movement, i.e. the use of a lower technical interest rate of 0.5%, would result in a higher respective obligation by 8%.

The respective sensitivity checks for the expected wage increase, i.e. the use of 0.5% higher than the expected wage growth, would result in a higher respective obligation by 8%, while the exact opposite movement, i.e. the expected increase in wages less than 0.5% would result in a lower respective obligation by 8%.

The use of a higher technical interest rate of 0.5% would result in a lower actual cost of the next fiscal year by 10%, while the exact opposite movement, i.e. the use of a lower technical interest rate of 0.5%, would result in a higher actual cost by 10%.

The respective sensitivity checks for the expected wage increase, i.e. the use of 0.5% higher than the expected wage growth, would result in a higher actual cost by 12%, while the exact opposite movement, i.e. the expected increase in wages less than 0,5% would result in a lower respective obligation by 11%.

24. GOVERNMENT GRANTS

The Group has recognized long-term liabilities as deferred income for the long-term portion of government grants that is to be systematically and rationally recognized in income over the useful life of the fixed assets. Depreciation is accounted for in the period's results using the straight-line method according to the useful life of the corresponding subsidized assets.

The subsidies of the Group and the Company are analyzed as follows:

	GROUP	COMPANY
Balance 01.01.2017	**5,858,239**	**280,701**
Recognized Grant in 2017	654,097	491,305
Depreciation of Grants for the year 2017	(1,401,000)	(189,950)
Balance 31.12.2017	**5,111,336**	**582,056**
Recognized Grant in the year 2018	-	-
Depreciation of Grants for the year 2018	(1,256,749)	(89,232)
Balance 31.12.2018	**3,854,587**	**492,824**
Less: current portion of Grants classified under accrued income.	(1,129,985)	-
Long-term amount of Governmental Grants	**2,724,602**	**492,824**

it is noted that there are no unfulfilled terms in relation to the aforementioned investment programs and that these investments have been completed, certified and paid off. In addition, at next-year revenues, has been transferred, Grants amounted € 1,130 thous. (€ 1,130 thous.,2017), part of which, are recognized in the following 12 months (see Note 25).

25. TRADE AND OTHER PAYABLES

Suppliers and other liabilities of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Suppliers	2,579,777	2,741,106	2,110,078	2,533,149
Cheques payable	123,345	93,375	118,386	93,375
Customer advances	191,984	163,145	240,685	125,823
Social security	514,931	470,421	164,007	152,11
Accrued expenses and interest payable	910,664	1,032,578	144,359	165,278
Accrued Income	2,761,051	2,629,764	713,264	757,437
Other taxes excluding income	434,322	301,941	253,895	253,299
Other liabilities	1,224,155	1,394,635	369,429	454,644
Total	**8,740,229**	**8,826,965**	**4,114,134**	**4,535,115**

Specifically, Accrued Expenses relate to the recognition of service costs for Company's projects, from services rendered but which were not invoiced by suppliers until 31/12/2018 but based on contracts with suppliers, but whose recognized value calculated in accordance with the measurement of the completion stage of the service in relation to its estimated total cost.
Accrued Income also relates to € 1,130 thousand in a carry-forward of the portion of the new grants (see Note 24) recognized in the next 12 months.

26. TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with its subsidiaries are analyzed as follows:

	Sales		Purchases	
Intercompany transactions	**2018**	**2017**	**2018**	**2017**
GLOBAL SOFT A.E.	144,416	148,004	258,687	309,875
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	671,227	1,036,040	-	-
COMPUTER INTERNATIONAL FRANCHISE Ε.Π.Ε.	-	-	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	6,897	-	-
PROFILE SOFTWARE (UK) Ltd	290,978	192,500	-	-
PROFILE DIGITAL SERVICES A.E.	1,449,106	1,433,229	-	-
LOGIN S.A.	140,161	-	139,438	54,040
Total	**2,695,888**	**2,816,670**	**398,125**	**363,915**

The terms of the transactions with the parties involved provide that sales to and purchases from, related parties are made at prevailing market prices at that time.

Sales to subsidiaries mainly concern expenses incurred by the Company on behalf of subsidiaries mainly for the following:
The terms of the transactions with the parties involved provide that sales to and purchases from, related parties are made at prevailing market prices at that time.

Sales to subsidiaries mainly concern expenses incurred by the Company on behalf of subsidiaries mainly for the following:

- The support, planning and planning of the commercial and technical implementation of projects in the operational area of financial solutions
- Designing and implementing other software programs that may be used by affiliates.

The balances of receivables and payables of the Company with the affiliated companies at the end of the current fiscal year, as well as of the previous one, are analyzed as follows:

	Receivables		Liabilities	
Intercompany transactions	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
GLOBAL SOFT A.E.	21,228	25,141	343,731	182,787
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	95,106	281,789	-	-
COMPUTER INTERNATIONAL FRANCHISE Ε.Π.Ε.	171,433	170,425	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	-	-	-
PROFILE SOFTWARE (UK) LTD	81,000	-	912	-
PROFILE DIGITAL SERVICES A.E.	-	52,047	201,691	-
LOGIN S.A.	-	-	106,121	152,977
Total	**368,767**	**529,402**	**652,458**	**335,764**

The cost of remuneration for the members of the Board of Directors and the Managing Directors of the Group and the Company for the year 2018 amounted to 1,006,492 EUR (2017:499,476 EUR).

27. FAIR VALUE MEASUREMENT

Fair Value: The carrying amounts reflected in the accompanying statements of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the loans of 31.12.2018 for the Group and the Company approximate their carrying amounts reflected in the statements of financial position, as they relate to simple bilateral loans from bank institutions with floating interest rates within the market, are based on Euribor plus a spread and are therefore variable according to market conditions. Also, the loans are in euros, and they are not convertible, nor have any weights, commitments or special clauses.

Consequently, although these loans are classified in the category 1-5 years, there is no difference between the fair value and the accounting obligations in relation to those liabilities

The Group categorized its financial instruments carried at fair value in the below categories, defined as follows:
Level 1 - Observed / Listed (unadjusted) market prices in active markets for similar assets or liabilities.
Level 2 - Valuation techniques for which inputs that are relevant to fair value measurement, except for official stock prices included in Level 1, are directly or indirectly observable.
Level 3 - Valuation techniques for which inputs that are relevant to measuring fair value are not observable.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines if there have been transfers between hierarchy levels, through the re-evaluation and classification (based on the lower level data that are important for the measurement of fair value as a whole) at the end of each reporting period.

At each reporting date, the Group analyzes the changes in value of liabilities subject to recalculation and revaluation in accordance with its accounting policies. For this analysis, management verifies the major inputs applied in the later assessment, confirming the data used in the valuation, through contracts and other relevant documents.

During the year ended December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The table below provides the hierarchy of the fair values of the Group's assets and liabilities.

Assets and liabilities measured at fair value	Note	Measurement Date	Amount (in thousand EUR)	Level 1	Level 2	Level 3
• Financial assets at fair value through profit or loss	**17**	31.12.2018	5,895,321	**√**	-	-

The fair value of Financial assets at fair value through profit or loss is based on their current market value on their trading market.

28. CONTINGENT LIABILITIES

There are no litigation or arbitration disputes as well as decisions of judicial or arbitration bodies that have or are likely to have a material impact on the financial position or operation of the Company and the Group.
The Group and the Company have contingent liabilities in respect of matters arising in the ordinary course of business. No material charges are expected to arise from contingent liabilities. No additional payments are expected at the date of preparation of these annual financial statements.

The guarantees through letters of guarantee issued by bank institutions on 31.12.2018 concern the following:

	GROUP	COMPANY
Guarantees to ensure good contracts with suppliers	28,700	28,700
Participation guarantees	3,468	3,468
Guarantees to ensure good execution of contracts with customers	425,284	425,284
Total	**457,452**	**457,452**

The tax unaudited fiscal years of the Group's companies are as follows:

Name of Company	Unaudited fiscal years
PROFILE AEBE(**)	2013-2018
COMPUTER INTERNATIONAL FRANCHISE ΕΠΕ	2007-2018
GLOBAL SOFT A.E(**)	2013-2018
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	2013-2018
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	2013-2018
PROFILE SYSTEMS (UK) LTD*	2015-2018
PROFILE DIGITAL SERVICES A.E.(*)(**)	2015-2018
LOGIN S.A.	2011-2018

* *Profile Systems Companies (UK) Ltd and Profile Digital SA were established in the year 2015.*

** *For the years 2011-2013, for the above companies has been issued Tax Certificate unqualified by chartered accountants, in accordance with Article 82 paragraphs 5 of Law 2238 / 1994. In addition, for the years 2014-2017 Fiscal Certificate issued unqualified by chartered accountants under Article 65A Fri the 1st Law. 4174/2013. Note that the Administrative Courts, based on recent decisions on similar cases (such as: CTE 1738/2017, CTE 675/2017, and Tues DEfAth 1490/2016), have ruled that the year 2011 has been barred for tax purposes (limitation five years). The subsidiary company Profile Digital A.E has not been taxed according to the above provisions for the year 2015 because it did not meet the criteria of the Law.*

For the fiscal year 2018, Group companies in Greece have been subjected to the tax audit of the Certified Auditors Accountants provided by Article 65A of Law 4174/2013. This audit is in progress and the relevant tax compliance report is expected to be issued following the publication of the accompanying financial statements for the period ended December 31, 2018. If additional tax liabilities arise until the completion of the tax audit, we assume that they will not have a significant effect in the annual financial statements.

The subsidiaries which are based abroad, are not subject to statutory tax audit. Audits are carried out exceptionally where appropriate by the tax authorities of each country on the basis of specific criteria. Tax liabilities resulting from the submission of the annual tax return remain under the control of the tax authorities for a certain period of time, in accordance with the tax laws of each country.

29. POST BALANCE SHEET EVENTS

In addition to the acquisition of treasury shares under the share buyback program of the Company, which was already discussed in the Report of the Board of Directors, Section E, there are no events subsequent to the balance sheet of 31 December 2018 that concern either the Company or the Group, to which reference is made by International Accounting Standards (IFRS).

Nea Smyrni, 29 March 2019

President and CEO	Vice-chairman of the Board	The Chief Financial Officer	Accounting Manager
Stasinopoulos Charalampos ID Σ577589	Barbatos Spiridon ID AE077416	Evangelos Angelides ID 1157610	Zafeiris Santoukas ID AI109838

CHAPTER 6

AVAILABILITY OF FINANCIAL STATEMENTS

According to the provisions of Law 3556/2007 and Decision 8/754 / 14-04-2016. of the Board of Directors Of the Hellenic Capital Market Commission, the Company announces that the Annual Financial Report for the year 2018 is legally presented on the internet at www.profile.gr, the posting fulfills all the requirements of article 7 of the above Decision of the Board of Directors of the Hellenic Capital Market Commission.