

INDRA Slovakia, a.s.

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL
STATEMENTS AS AT 31 DECEMBER 2016**

AND

**REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS**



2016

Annual Report

Indra Slovakia, a.s.

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Auditor's Report

01

Foreword of the Chairman of the Board of Directors of INDRA Slovakia, a.s.

2016 was the most successful year for INDRA Slovakia, a.s. over the last few years on the Slovak market. The Company entered new market segments, particularly public and state administration, and after several years of intensive work, won a tender and signed a contract for the implementation, support and maintenance of a Dispatch Centre for a customer, Slovenská elektrizačná a prenosová sústava, a.s. (SEPS).

As a result of the contract worth almost EUR 23 million, the customer will be able to control the high- and medium-voltage network in Slovakia using state-of-the-art systems in two and a half years' time. This project is based on a cutting-edge SCADA product and we cooperate with our parent company and product partner, a U.S.-based company OSI. The project will appropriately test our abilities to supply state-of-the-art technologies in an international environment.

In addition to business and project activities for our largest customer, SEPS, and the

application of EU legislation regulating the activities of energy industry operators in Slovakia, we focused on integrated transport system solutions for tunnels and motorways, new radar systems for the Ministry of Defence of the SR and the expansion of our products for the energy sector.

We actively participated in tenders for the supply of control systems for road and rail transport, and our activities in the said tenders and presentations created a positive impression at the Ministry of Transport, Construction and Regional Development of the SR and Národná diaľničná spoločnosť (the National Motorway Company).

Looking back at 2016, we believe that the successful implementation of the SEPS project and a number of smaller projects created a good starting position to ensure the Company's stabilisation and gradual growth in the future in the energy sector, and public and state administration.

In Bratislava, 5 April 2017

Ivan Baľa
Chairman of the Board of Directors

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Company Profile

INDRA Slovakia, a.s. ("INDRA SK") was established on 31 July 1991 as a consulting company providing comprehensive technological solutions and services on the Slovak market, primarily in energy, transport, public administration, defence and finance sectors.

INDRA SK is one of the international branches of INDRA SISTEMAS S.A. Madrid, Kingdom of Spain.

Our range of technological solutions and services covers a comprehensive corporate IT cycle ranging from consulting, analysis, design and development of applications, implementation and testing to maintenance and outsourcing.

INDRA SK (formerly Soluziona) has been operating on the Slovak market for more than 24 years. The Company employs more than 25 specialists in Bratislava. This team of professional consultants is involved in the implementation of IT projects for external customers using extensive experience and background of the large international corporation.

INDRA SK received the ISO 9001 certificate in 1998. The Company is the parent company of INDRA Slovensko, s.r.o., which holds a certificate awarded by the National Security Authority to access classified information related to NATO.



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Company Details and Bodies

INDRA Slovakia, a.s. with its registered office at Prievozská 4, 821 09 Bratislava, is a joint-stock company with a share capital of EUR 199 200 consisting of 600 shares.

INDRA Sistemas, S.A. Avenida de Bruselas 35, Alcobendas, Madrid, Spain, is a 100% shareholder.

Company Bodies



Board of Directors:

Ing. Ivan Baľa

María Elena Linaje Gomez

Luis Alberto Calvo Campos

Chairman of the Board
of Directors

Member of the Board
of Directors since 1 June 2016

Member of the Board of Directors since
5 November 2015



Supervisory Board:

Jose Manuel de Hita Moreno
Alvaro Yllera
Vladimír Satek



Executive Director:

Ing. Ivan Baľa

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INDRA's Offer

INDRA is a multinational IT company, the leader in the IT sector in Spain and one of the leading IT companies in Europe and Latin America. Group turnover was almost EUR 3 billion for 2015.

The INDRA Group employs over 34 thousand professionals providing services to its clients in more than 140 countries worldwide.

The added value INDRA provides to its clients comprises comprehensive technological solutions and services, including consulting, design, system and application integration, and designs of information systems and process outsourcing. Solutions and services are provided on the following vertical markets:



Energy and Utility:



- ERP systems (SAP IS-U)
- Maintenance management (OCEN)
- Commodity trading and risk management (ETRM)
- Business relationship management
- Network operation management (ZEUS)
- Control systems (SCADA, SCI, BRISA)
- Modelling & monitoring
- Technical consulting

Transport:



- Air, rail and road traffic control
- Communication and navigation
- Airports
- Radars
- Telemetry equipment
- Ticketing
- High-speed line control systems
- Toll payment systems

Healthcare:



- Healthcare facility management IS
- Electronic prescription
- Clinical systems
- IS to create electronic patient records
- IS for an integrated citizen care centre
 - »» Telemedicine and monitoring

Banking and insurance:



- Private and investment banking
- Risk management
- Payment management systems

Telecommunication and Media:



- Strategic, business and IT consulting
- ERP and BPO
- Business intelligence
- Content management
- Portals/intranet
- Business process reengineering
- Operational diagnostics
- Outsourcing of infrastructure and AM

Public Administration:



- Electronic administration
- Integrated tax management system
- Portals
- Security
- Digital cities
- Identification systems and biometric solutions
- Electronic voting systems
- Legislation management

Defense and security:



- Radars
- Satellites and control devices
- Simulators
- Surveillance systems
- Emergency systems

Other:



- Tourist facility management IS (TMS)
- Betting and lottery systems
- Production management

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Company's Principal Business Objectives

Energy and utility

In 2016, core business activities were focused on our established client, ie SEPS. INDRA Slovakia, a.s. achieved a remarkable success by winning the tender "RIS SED Innovation" for SEPS in August 2016. The signed contracts totalling almost EUR 23 million relate to a comprehensive exchange for the Slovak Energy Dispatch (SED) control system, which controls the transmission network of the Slovak Republic, and its support and maintenance. The total duration of the project implementation phase is 30 months and the total contract term is 9 years. INDRA SK will implement a modern solution based on a product of Open Systems International (OSI), USA.

In addition to undertaking this important activity, INDRA SK continues to support SEPS by providing consulting services related to the implementation of EU Network Codes. INDRA SK, in cooperation with Indra CZ, provides professional advice in this comprehensive area combining technical, business, organisational and legislative requirements relating to the unification and interconnection of electricity networks of ENTSO-E countries.

The principal objective for 2017 is to successfully continue to implement the contracts with SEPS for the RIS SED Innovation. The Company will continue to provide SEPS with consulting support, as the implementation of EU Network Codes is planned for a relatively long period.

Regarding other areas, INDRA SK will focus on Smart Metering in which a tender is expected to be announced at ZSD for the innovation of a reporting centre for the collection of measurements, readings and other information and the subsequent processing of such acquired data for the distribution company's needs.

Transport

INDRA SK continued to conduct activities aimed at acquiring road transport projects to construct a motorway network in Slovakia. The main goals are sections with tunnels as places with the biggest concentration of smart devices for their operation and traffic management. Such sections include Hubová – Ivachnová and Višňové – Dubná Skala with the longest motorway tunnel. Both sections have already been subject to tenders and negotiations with winners are ongoing.

Defence

INDRA SK is still actively engaged in radar technology for the Armed Forces of the SR. The tender for the procurement of medium-range radars was suspended and one of the options is that it will be re-announced with criteria which would enable INDRA to participate.

The principal objective for 2017 is to continue these activities to acquire a radar technology contract.

Cooperation in the CEE Region

We seek to present and offer our experience gained from the SEPS Dispatch Centre project and participate in tenders in our region. A natural continuation of the project is the presentation of our project experience in other countries of the region, ie the Czech Republic, Poland and Hungary.

Foreign Market

INDRA SK experts were also involved in the INDRA Group's foreign projects in 2016. The main project continued to be Telefonica O2 Germany with an outlook for the next two years. We cooperated with the parent company on SGC (customer energy tion system) projects for projects in Zimbabwe and Mozambique. The continued work on projects for Avitech, Germany.

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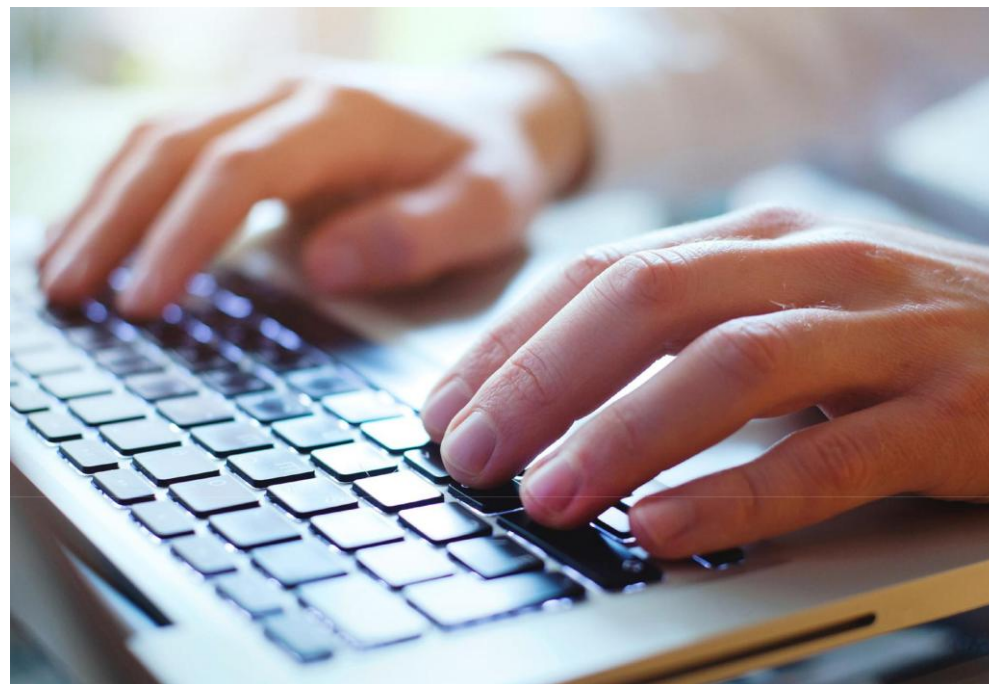
Report on Business Activities in 2016

Financial position

2016 was a successful year for the Company. Revenues from provided services increased by 65% compared with the previous year primarily due to a newly-acquired project. Revenues from domestic market projects increased to 57% of total revenues. The Company posted a post-tax profit of EUR 212 thousand, an increase of EUR 770 thousand compared with the 2015 loss.

We know that all of our past achievements are a result of sound Company management and professional and high-quality work of our employees.

Positive results are also expected in 2017. In connection with the new project, we plan to increase sales and profit via efficient operations.



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Overview of Financial Indicators

Income Statement

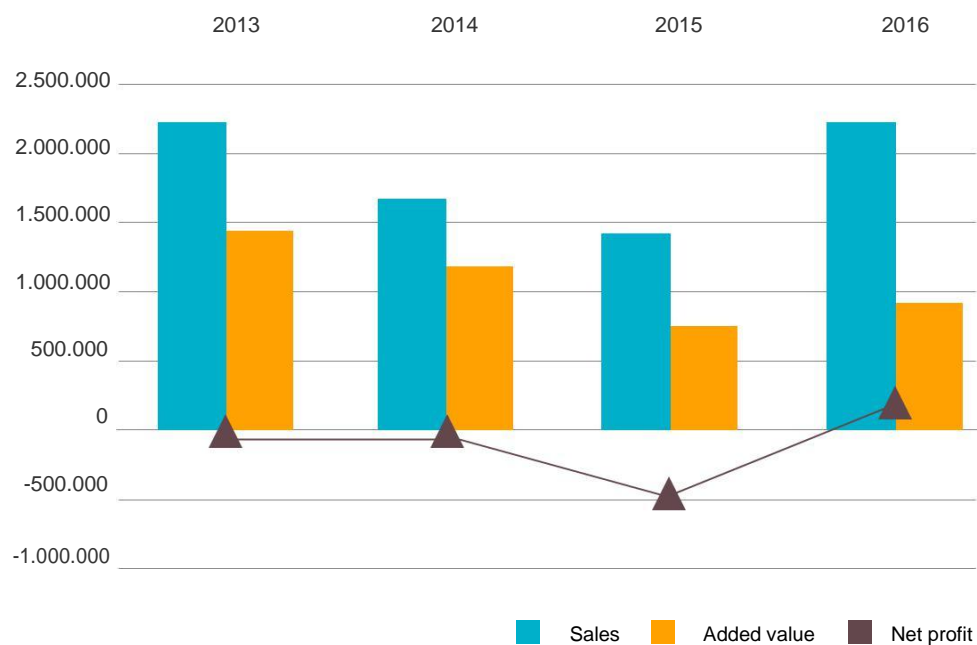
Income Statement	2014	2015	2016
Revenues from the sale of services	1,641,808	1,342,595	2,214,832
Capitalisation	172,813	144,908	0
Consumables and services	-673,129	-592,265	-1,174,604
Consumed raw materials	- 34,113	-33,412	-39,120
Services	-639,016	-558,853	-1,135,484
Added value	1,141,492	895,238	1,040,228
Personnel expenses	-1,176,222	-1,264,164	-1,009,518
Taxes and fees	-2,292	-2,548	-498
Depreciation/amortisation charges of non-current asset	-15,353	-19,678	-12,843
Other opening revenues	68,037	164,016	178,981
Other opening expenses	-962	-322,738	-2,118
Profit/loss from operating activities	14,700	-549,874	194,232
Revenues from financing activities	43	7	0
Finance costs	-6,816	-4,703	-3,255
Profit/loss from financing activities	-6,773	-4,696	-3,255
Income tax	-6,599	-2.887	21,465
Profit/loss for the reporting period	1,328	-557,457	212,442

Balance Sheet

Assets	2014	2015	2016
Total assets	980,662	463,477	780,786
Non-current assets	222,309	38,939	26,096
Non-current intangible assets	177,254	3,307	2,173
Non-current tangible assets	45,055	30,132	18,423
Non-current financial assets		5,500	5,500
Current assets	653,265	366,042	696,529
Non-current receivables	47,425	47,162	50,405
Current receivables	407,826	163,344	387,431
Financial accounts	198,014	155,536	258,693
Accruals and deferrals	105,088	58,496	58,161

Equity and Liabilities	2014	2015	2016
Total equity and liabilities	980,662	463,477	780,786
Equity	660,605	101,820	314,262
Share capital	199,200	199,200	199,200
Funds created from profit	39,833	39,833	39,833
Profit/loss from previous years	420,244	420,244	-137,213
Profit/loss for the reporting period	1,328	-557,457	212,442
Liabilities	316,863	361,657	432,008
Provisions for liabilities	36,861	118,480	112,413
Non-current liabilities	39,058	27,948	948
Current liabilities	240,944	215,229	318,647
Accruals and deferrals	3,194	-	34,516

Overview of Sales, Added Value and Post-Tax Profit for the Past Four Years



Overview of Key Indicators for the Last Four Reporting Periods

Key Indicators	2013	2014	2015	2016
Revenues from the sale of service	2,271,358	1,641,808	1,342,595	2,214,832
Share of domestic projects	36%	6%	11%	57%
Share of foreign projects	64%	94%	89%	43%
EBITDA	35,091	23,381	-533,963	204,901
EBITDA (%)	1.54%	1.42%	-39.77%	9.25%
Profit/loss from operating activities	23,523	14,700	-549,874	194,232
Profit/loss from operating activities	1.04%	0.90%	-40.96%	8.77%
Profit/loss for the reporting period	7,842	1,328	-557,457	212,442
Return on assets	0.74%	0.14%	-77.20%	34.15%
Return on sales	0.35%	0.08%	-41.52%	9.59%
Employees at the end of the period	32	32	29	28
Sales per employee	70,980	51,307	46,296	79,101

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HR Management

The number of employees remained unchanged in 2016 at 28. The full-time equivalent was 24. Of the above-stated number, 96.5% have completed university education and 3.5% have a bachelor's degree.

2016 was a stable year for INDRA Slovakia a.s. in terms of HR. Layoffs commenced in the previous year due to cost optimisation and Company structure and process streamlining were ended in early 2016. The principal objective of the HR Department was to help managers and employees overcome this difficult period and to maintain the quality of HR processes. There was no significant

staff turnover in 2016 and the recruitment of new employees was started in the middle of the year for the new project. The Company managed to find qualified candidates in this area without any major problems and agreed on employment terms.

In 2017, the HR Department will continue to support managers and employees in meeting their needs to be able to achieve the planned results in the given market segment. A new objective for the next period is to make employment conditions more attractive by improving benefits, and thus retain employees at the Company.



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R&D Expenses

The Company incurred no R&D expenses in 2016.



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Environment

The Company has no significant environmental impact given its scope of business.



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Distribution of Profit

The parent company's General Meeting will decide on the distribution of the profit for the 2016 reporting period.

The Company's Board of Directors proposes that the General Meeting distribute the 2016 profit of EUR 212 thousand as follows:

- Allotment to the social fund;
- Transfer to Retained earnings from previous years.

The Company acquired no treasury shares, interim certificates or ownership interests, or parent company shares, interim certificates or ownership interests in 2016.



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Expected Development in 2017

The Company signed a contract with SEPS, a.s. in 2016 which was the most successful year for INDRA SK over the last few years. The top priority for 2017 is to continue implementing the project so that a new solution is put into productive operation by the end of 2018.

A successful project implementation will stabilise and complete the Company's staff and create a financial basis for the Company's future operations. In addition to the project implementation, we must continue to enter new market segments, particularly public and state administration.

A natural continuation of the project is the presentation of our project experience in other CEE countries, ie the Czech Republic, Poland and Hungary.

The Company management also declares that from the end of 2016 to the preparation date of the Annual Report and financial statements for 2016, there were no significant events which would have a material impact on the Company's financial statements.

The Company has no organisational units abroad.



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Auditor's Report

The Company's Balance Sheet, Income Statement and Auditor's Report are attached to the section below.



INDRA Slovakia, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of INDRA Slovakia, a.s.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of INDRA Slovakia, a.s. (the "Company"), which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of INDRA Slovakia, a.s. for the year ended 31 December 2015 were audited by another auditor, which expressed an unqualified opinion thereon dated 16 May 2016.

Responsibilities of Management

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We evaluated whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2016 is consistent with the financial statements for the relevant year; and

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 10 May 2017

Deloitte Audit s.r.o.
Licence SKAu No. 014

Ing. Patrik Ferko, FCCA
Responsible Auditor
Licence UDVA No. 1045

Úč POD

FINANCIAL STATEMENTS

of Enterprises in the Double-Entry Bookkeeping System)



Prepared as at 3 1 . 1 2 . 2 0 1 6

Figures are rounded on the right, other data are written from the left. Unfilled lines remain blank.

Data are filled in using block letters (as shown below) by a typewriter or a printer machine in black or dark blue.

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Tax Registration Number 2 0 2 0 3 1 2 3 8 2 Identificatio 1 7 3 2 8 2 0 9 SK NACE 6 2 . 0 9 . 0	Financial Statements Reporting Entity <input checked="" type="checkbox"/> Ordinary <input checked="" type="checkbox"/> malá <input type="checkbox"/> Extraordinary <input type="checkbox"/> veľká <input type="checkbox"/> Interim (vyznačí sa x)	Month Year For the Period From 0 1 2 0 1 6 To 1 2 2 0 1 6 Immediately-Preceding Period From 0 1 2 0 1 5 To 1 2 2 0 1 5
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Accompanying Parts of Financial Statements

<input checked="" type="checkbox"/> Balance Sheet (Úč POD 1-01) (in whole Euros)	<input checked="" type="checkbox"/> Income Statement (Úč POD 2-01) (in whole Euros)	<input checked="" type="checkbox"/> Notes (Úč POD 3-01) (in whole Euros)
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Business Name (Name) of the Reporting Entity

I N D R A S l o v a k i a , a . s .

Seat of the Reporting Entity

Street	Number
P r i e v o z s k á	4
Postal Code	Municipality
8 2 1 0 9	B r a t i s l a v a 2 - R u ž i n o v
Commercial Register and Number of Entry of the Company	
O k r e s n ý s ú d B r a t i s l a v a I , o d d i e l S a ,	
v l o ž k a 2 8 2 / B	
Phone Number	Fax Number
0 2 / 5 8 2 2 9 1 1 1	/
E-mail Address	
s k e c o n o m y @ i n d r a c o m p a n y . c o m	

Prepared on: 0 4 . 0 4 . 2 0 1 7	Approved on: . . 2 0	Signature of a Member of the Statutory Body of the Reporting Entity or a Natural Person Acting as a Reporting Entity:
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Records of the Tax Authority

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Place for Registration Number

Presentation Stamp of the Tax Authority

Balance Sheet
Úč POD 1 - 01
DIČ 2 0 2 0 3 1 2 3 8 2

IČO 1 7 3 2 8 2 0 9


Description a	ASSETS b	Line c	Current Reporting Period										Immediately-Preceding Reporting Period														
			1	Gross - Part 1					Net 2					Net 3													
				Correction - Part 2																							
	Total assets (I. 02 + I. 33 + I. 74)	01				1	8	9	2	7	9	3				7	8	0	7	8	6						
						1	1	1	2	0	0	7							4	6	3	4	7	7			
A.	Non-current assets (I. 03 + I. 11 + I. 21)	02				1	1	3	8	1	0	3						2	6	0	9	6					
						1	1	1	2	0	0	7										3	8	9	3	9	
A.I.	Total non-current intangible assets (I. 04 to I. 10)	03					7	3	3	9	2	3							2	1	7	3					
							7	3	1	7	5	0											3	3	0	7	
A.I.1.	Capitalised development costs (012) - /072, 091A/	04																									
2.	Software (013) - /073, 091A/	05					7	3	3	9	2	3							2	1	7	3					
							7	3	1	7	5	0											3	3	0	7	
3.	Valuable rights (014) - /074, 091A/	06																									
4.	Goodwill (015) - /075, 091A/	07																									
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08																									
6.	Non-current intangible assets in acquisition (041) - 093	09																									
7.	Advance payments for non-current intangible assets (051) - /095A/	10																									
A.II.	Total non-current tangible assets (I. 012 to I. 020)	11					3	9	8	6	8	0							1	8	4	2	3				
							3	8	0	2	5	7											3	0	1	3	2
A.II.1.	Land (031) - 092A	12																									
2.	Structures (021) - /081, 092A/	13					5	2	1	8	9																
							5	2	1	8	9																
3.	Separate movable assets and sets of movables (022) - /082, 092A/	14					3	4	6	4	9	1							1	8	4	2	3				
							3	2	8	0	6	8											3	0	1	3	2

Balance Sheet
Úč POD 1 - 01

DIČ 2 0 2 0 3 1 2 3 8 2

IČO 1 7 3 2 8 2 0 9



Description a	ASSETS b	Line c	Current Reporting Period										Immediately-Preceding Reporting Period								
			1	Gross - Part 1					Net 2					Net 3							
				Correction - Part 2																	
4.	Perennial crops (025) - /085, 092A/	15																			
5.	Livestock and draught animals (026) - /086, 092A/	16																			
6.	Other non-current tangible assets (029, 02X, 032) - /089, 08X, 092A/	17																			
7.	Non-current tangible assets in acquisition (042) - 084	18																			
8.	Advance payments for non-current tangible assets (052) - /095A/	19																			
9.	Correction item to acquired assets (+/- 097) +/- 098	20																			
A.III.	Total non-current financial assets (I. 22 to I. 32)	21					5	5	0	0					5	5	0	0			
A.III.1.	Shares and ownership interests in group companies (081A, 082A, 083A) - /098A/	22					5	5	0	0					5	5	0	0			
2.	Shares and ownership interests with a participating interest except for group companies (082A) - /098A/	23																			
3.	Other held-for-sale securities and ownership interests (083A) - /098A/	24																			
4.	Loans to group companies (086A) - /098A/	25																			
5.	Loans within a participating interest except to group companies (086A) - /098A/	26																			
6.	Other loans (087A) - /098A/	27																			
7.	Debt securities and other non-current financial assets (085A, 089A, 08XA) - /098A/	28																			

DIČ 2 0 2 0 3 1 2 3 8 2

IČO 1 7 3 2 8 2 0 9

MF SR č. 18009/2014

DIČ 2 0 2 0 3 1 2 3 8 2

ICO 1 7 3 2 8 2 0 9

MF SR & 18009/2014

Balance Sheet
Úč POD 1 - 01

DIČ 2 0 2 0 3 1 2 3 8 2

IČO 1 7 3 2 8 2 0 9



Description n a	ASSETS b	Line c	Current Reporting Period										Immediately-Preceding Reporting Period												
			1	Gross - Part 1					Net 2					Net 3											
				Correction - Part 2																					
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57				3	4	6	5	5	3					3	4	6	5	5	3				
																					1	4	9	6	1
2.	Net construction contract value (316A)	58				4	0	8	1	9						4	0	8	1	9					
3.	Other receivables from group companies (351A) - /391A/	59																							
4.	Other receivables within a participating interest except for receivables from group companies (351A) - /391A/	60																							
5.	Receivables from partners, members and participants in an association (354A, 355A, 358A, 35XA)	61																							
6.	Social security insurance (336A) - /391A/	62																							
7.	Tax assets and subsidies /341, 342, 343, 345, 346, 347) - /391A/	63																							
																						1	3	7	1
8.	Receivables from derivative transactions (373A, 378A)	64																							
9.	Other receivables (336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65							5	9									5	9					
																								1	0
B.IV.	Total current financial assets (I. 67 to I. 70)	66																							
B.IV.1.	Current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67																							
2.	Current financial assets excluding current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68																							
3.	Treasury stock and treasury shares (252)	69																							
4.	Current financial assets in acquisition (259, 314A) - /291A/	70																							

Balance Sheet
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Description a	ASSETS b	Line c	Current Reporting Period										Immediately-Preceding Reporting Period															
			1	Gross - Part 1						Net 3				Net 3														
				Correction - Part 2																								
B.V.	Financial accounts I. 72 + I. 73	71					2	5	8	6	9	3					2	5	8	6	9	3						
																							1	5	5	5	3	6
B.V.1.	Cash on hand (211, 213, 21X)	72								3	9	6	7								3	9	6	7				
																										3	5	0
2.	Bank accounts (221A, 22X, +/- 261)	73								2	5	4	7	2	6						2	5	4	7	2	6		
																									1	5	2	0
C.	Total accruals and deferrals (I. 75 to I. 78)	74									5	8	1	6	1						5	8	1	6	1			
																										5	8	4
C.1.	Non-current deferred expenses (381A, 382A)	75																										
2.	Current deferred expenses (381A, 382A)	76									5	8	1	6	1						5	8	1	6	1			
																										5	8	4
3.	Non-current accrued income (385A)	77																										
4.	Current accrued income (385A)	78																										

Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period						Immediately-Preceding Reporting Period					
			4						5					
	TOTAL EQUITY AND LIABILITIES I. 80 + I. 101 + I. 141	79				7 8 0 7 8 6					4 6 3 4 7 7			
A.	Equity I. 80 + I. 85 + I. 86 + I. 87 + I. 90 + I. 93 + I. 97 + I. 100	80				3 1 4 2 6 2					1 0 1 8 2 0			
A.I.	Total registered capital (I. 82 to I. 84)	81				1 9 9 2 0 0					1 9 9 2 0 0			
A.I.1.	Registered capital (411 or +/- 491)	82				1 9 9 2 0 0					1 9 9 2 0 0			
2.	Changes in the registered capital +/- 419	83												
3.	Receivables for subscribed capital (-/353)	84												
A.II.	Share premium (412)	85												
A.III.	Other capital funds (413)	86												
A.IV.	Legal reserve funds I. 88 + I. 89	87				3 9 8 3 3					3 9 8 3 3			
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88				3 9 8 3 3					3 9 8 3 3			
2.	Reserve fund for treasury stock and treasury shares (417A, 421A)	89												

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Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period 4	Immediately-Preceding Reporting Period 5
A.V.	Other funds from profit I. 91 + I. 92	90		
A.V.1.	Statutory funds (427, 42X)	91		
2.	Other funds (427, 42X)	92		
A.VI.	Total revaluation reserves (I. 94 to I. 96)	93		
A.VI.1.	Asset and liability revaluation reserve (+/- 414)	94		
2.	Financial investments revaluation reserve (+/- 415)	95		
3.	Revaluation reserve from fusions, mergers and separations (+/- 416)	96		
A.VII.	Profit/loss from previous years I. 98 + I. 99	97	- 1 3 7 2 1 3	4 2 0 2 4 4
A.VI.1.	Retained earnings from previous years (428)	98	4 2 0 2 4 4	4 2 0 2 4 4
2.	Accumulated losses from previous years (-/429)	99	- 5 5 7 4 5 7	
A.VIII.	Profit/loss for the current reporting period after taxation +/- I. 01 - (I. 81 + I. 85 + I. 86 + I. 87 + I. 90 + I. 93 + I. 97 + I. 101 + I. 141)	100	2 1 2 4 4 2	- 5 5 7 4 5 7
B.	Liabilities I. 102 + I. 118 + I. 121 + I. 122 + I. 138 + I. 139 + I. 140	101	4 3 2 0 0 8	3 6 1 6 5 7
B.I.	Total non-current liabilities (I. 103 + I. 107 to I. 117)	102	9 4 8	2 7 9 4 8
B.I.1.	Total long-term trade payables (I. 104 to I. 106)	103		1 7 6 3 7
1.a.	Trade payables to group companies (321A, 475A, 476A)	104		
1.b.	Trade payables within a participating interest except for payables to group companies (321A, 475A, 476A)	105		
1.c.	Other trade payables (321A, 475A, 476A)	106		1 7 6 3 7
2.	Net construction contract value (316A)	107		
3.	Other payables to group companies (471A, 47XA)	108		
4.	Other payables within a participating interest except for payables to group companies (471A, 47XA)	109		
5.	Other long-term payables (478A, 47XA)	110		
6.	Long-term advance payments received (475A)	111		
7.	Long-term bills of exchange to be paid (478A)	112		
8.	Bonds issued (473A/-/255A)	113		
9.	Social fund payables (472)	114	9 4 8	2 3 2
10.	Other non-current payables (336A, 372A, 474A, 47XA)	115		1 0 0 7 9
11.	Long-term payables from derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		

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Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period 4							Immediately-Preceding Reporting Period 5										
B.II.	Long-term provisions for liabilities I. 119 + I. 120	118																		
B.II.1.	Legal provisions for liabilities (451A)	119																		
	2. Other provisions for liabilities (459A, 45XA)	120																		
B.III.	Long-term bank loans (461A, 46XA)	121																		
B.IV.	Total current liabilities (I. 123 + I. 127 to I. 135)	122					3	1	8	6	4	7			2	1	5	2	2	9
B.IV.1	Total trade payables (I. 124 to I. 126)	123					1	9	4	0	7	0			9	7	0	7	0	
1.a.	Trade payables to group companies (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124																		
1.b.	Trade payables within a participating interest except for payables to group companies (321A, 322A, 324A, 325A, 32XA, 475A, 476A, 478A, 47XA)	125																		
1.c.	Other trade payables (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126					1	9	4	0	7	0			9	7	0	7	0	
2.	Net construction contract value (316A)	127																		
3.	Other payables to group companies (361A, 36XA, 471A, 47XA)	128																		
4.	Other payables within a participating interest except for payables to group companies (361A, 36XA, 471A, 47XA)	129																		
5.	Payables to partners and participants in an association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130																		
6.	Payables to employees (331, 333, 33X, 479A)	131					4	8	3	6	5				6	0	1	9	5	
7.	Social security insurance payables (336A)	132					3	3	5	7	7				3	3	5	3	1	
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133					3	2	5	5	6				1	3	8	0	9	
9.	Payables from derivative transactions (373A, 377A)	134																		
10.	Other payables (372A, 379A, 474A, 475A, 478A, 47XA)	135					1	0	0	7	9				1	0	6	2	4	
B.V.	Short-term provisions for liabilities I. 137 + I. 138	136					1	1	2	4	1	3			1	1	8	4	8	0
B.V.1.	Legal provisions for liabilities (323A, 451A)	137					3	7	6	2	3				3	6	9	6	0	
2.	Other provisions for liabilities (323A, 32X, 459A, 45XA)	138					7	4	7	9	0				8	1	5	2	0	
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139																		
B.VII.	Short-term financial assistance (241, 249, 24X, 473A, I-255A)	140																		
C.	Total accruals and deferrals (I. 142 to I. 145)	141					3	4	5	1	6									
C.1.	Non-current accrued expenses (383A)	142																		
2.	Current accrued expenses (383A)	143																		
3.	Non-current deferred income (384A)	144																		
4.	Current deferred income (384A)	145					3	4	5	1	6									

Income Statement
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Description a	Item b	Line c	Actual																								
			Current Reporting Period										Immediately-Preceding Reporting Period														
			1										2														
.	Net turnover (a portion of Accounting Class 6 under the Act)	01					2	2	1	4	8	3	2					1	3	4	2	5	9	5			
**	Total operating revenues (I. 03 to I. 09)	02					2	3	9	3	8	1	3					1	6	5	1	5	1	9			
I.	Revenues from the sale of merchandise (604, 607)	03																									
II.	Revenues from the sale of own products (601)	04																									
III.	Revenues from the sale of services (602, 606)	05					2	2	1	4	8	3	2					1	3	4	2	5	9	5			
IV.	Changes in inventories (+/- Accounting Group 61)	06																									
V.	Own work capitalised (Accounting Group 62)	07																	1	4	4	9	0	8			
VI.	Revenues from the sale of non-current intangible assets, non-current tangible assets and raw materials (641, 642)	08										2	5							1	1	7	9				
VII.	Other operating revenues (644, 645, 646, 648, 655, 657)	09					1	7	8	9	5	6							1	6	2	8	3	7			
**	Total operating expenses (I. 11 + I. 12 + I. 13 + I. 14 + I. 16 + I. 20 + I. 21 + I. 24 + I. 25 + I. 26)	10					2	1	9	9	5	8	1					2	2	0	1	3	9	3			
A.	Costs of the acquisition of merchandise sold (504, 507)	11																									
B.	Consumed raw materials, energy and other non-inventory supplies (501, 502, 503)	12							3	9	1	2	0							3	3	4	1	2			
C.	Provisions for inventories (+/-) (505)	13																									
D.	Services (Accounting Group 51)	14					1	1	3	5	4	8	4							5	5	8	8	5	3		
E.	Total personnel expenses (I. 16 to I. 19)	15					1	0	0	9	5	1	8							1	2	6	4	1	6	4	
E.1.	Wages and salaries (521, 522)	16					7	4	9	7	3	1								8	7	5	6	3	5		
2.	Remuneration of members of company bodies and co-operative (523)	17																									
3.	Social insurance expenses (524, 525, 526)	18					2	4	3	6	0	8								2	9	8	8	9	6		
4.	Social expenses (527, 528)	19							1	6	1	7	9								8	9	6	3	3		
F.	Taxes and fees (Accounting Group 53)	20									4	9	8								2	5	4	8			
G.	Amortisation and depreciation, and provisions for non-current intangible and non-current tangible assets (I. 22 + I. 23)	21							1	2	8	4	3								1	9	6	7	8		
G.1.	Amortisation and depreciation of non-current intangible and non-current tangible assets (551)	22							1	2	8	4	3								1	9	6	7	8		
2.	Provisions for non-current intangible and non-current tangible assets (+/-) (553)	23																									
H.	Net book value of non-current assets and raw materials sold (541, 542)	24																									
I.	Provisions for receivables (+/-) (547)	25																									
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26								2	1	1	8								3	2	2	7	3	8	
***	Operating profit or loss (+/-) (I. 02 - I. 10)	27							1	9	4	2	3	2							-	5	4	9	8	7	4



Description a	Item b	Line c	Actual																				
			Current Reporting Period								Immediately-Preceding Reporting Period												
			1								2												
.	Added value (I. 03 + I. 04 + I. 05 + I. 06 + I. 07) - (I. 11 + I. 12 + I. 13 + I. 14)	28				1	0	4	0	2	2	8				8	9	5	2	3	8		
..	Total revenues from financing activities (I. 30 + I. 31 + I. 35 + I. 39 + I. 42 + I. 43 + I. 44)	29																			7		
VIII.	Revenues from the sale of securities and ownership interests (661)	30																					
IX.	Total revenues from non-current financial assets (I. 32 to I. 34)	31																					
IX.1	Revenues from securities and ownership interests from group companies (665A)	32																					
2.	Revenues from securities and ownership interests within a participating interest except for revenues from group companies (665A)	33																					
3	Other revenues from securities and ownership interests (665A)	34																					
X.	Total revenues from current financial assets (I. 36 to I. 38)	35																					
X.1.	Revenues from current financial assets from group companies (666A)	36																					
2.	Revenues from current financial assets within a participating interest except for revenues from group companies (666A)	37																					
3	Other revenues from current financial assets (666A)	38																					
XI.	Interest income (I. 40 + I. 41)	39																					
XI.1.	Interest income from group companies (662A)	40																					
2.	Other interest income (662A)	41																					
XII.	Foreign exchange gains (663)	42																			7		
XIII.	Gains on revaluation of securities and revenues from derivative transactions (664, 667)	43																					
XIV.	Other revenues from financing activities (668)	44																					
..	Total costs of financing activities (I. 46 + I. 47 + I. 48 + I. 49 + I. 52 + I. 53 + I. 54)	45								3	2	5	5					4	7	0	3		
K.	Securities and ownership interests sold (581)	46																					
L.	Expenses related to current financial assets (586)	47																					
M.	Provisions for financial assets (+/-) (585)	48																					
N.	Interest expense (I. 50 + I. 51)	49								1	0	8	1						9	2	9		
N.1.	Interest expense for group companies (582A)	50																					
2.	Other interest expense (582A)	51								1	0	8	1							9	2	9	
O.	Foreign exchange losses (583)	52								1	2	2	0										
P.	Expenses for revaluation of securities and expenses related to derivative transactions (584, 587)	53																					
Q.	Other costs of financing activities (588, 589)	54											9	5	4					3	7	7	4

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Description a	Item b	Line c	Actual	
			Current Reporting Period	Immediately-Preceding Reporting Period
			1	2
...	Profit/loss from financing activities (+/-) (L. 29 - L. 45)	55	- 3 2 5 5	- 4 6 9 6
....	Profit/loss for the reporting period before taxation (+/-) (L. 27 + L. 55)	56	1 9 0 9 7 7	- 5 5 4 5 7 0
R.	Income tax (L. 58 + L. 59)	57	- 2 1 4 6 5	2 8 8 7
R.1	Current income tax (581, 595)	58	2 4 5 1 4	2 8 8 7
2.	Deferred income tax (+/-) (592)	59	- 4 5 9 7 9	
S.	Profit/loss of partnership transferred to partners (+/- 598)	60		
...	Profit/loss for the reporting period after taxation (+/-) (L. 56 - L. 57 - L. 60)	61	2 1 2 4 4 2	- 5 5 7 4 5 7

INDRA Slovakia, a.s.

Notes to the Separate Financial Statements

Prepared as at 31 December 2016

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

I. GENERAL INFORMATION**1. Company Details**

Business name and seat	INDRA Slovakia, a.s.
Date of establishment	31 July 1991
Date of incorporation (according to the Business Register)	20 December 1991
Business activities	- Advisory in the field of IT, environment and computing equipment

2. Employees

Item	2016	2015
Full-time equivalent	24	30
Number of employees as at the reporting date	28	29
Of which: Managers	4	3

3. Unlimited Guarantee

INDRA Slovakia, a.s. (hereinafter the "Company") is an unlimited guarantee shareholder in Indra Slovensko, s.r.o., Prievozská 4, 821 09 Bratislava.

4. Basis of Preparation for the Financial Statements

These financial statements represent the annual separate financial statements of INDRA Slovakia, a.s. The financial statements were prepared for the reporting period from 1 January to 31 December 2016 in compliance with Slovak legislation, ie the Act on Accounting and Accounting Procedures for Businesses.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

5. Approval of the 2015 Financial Statements

On 16 May 2016, the Annual General Meeting approved the 2015 financial statements of INDRA Slovakia, a.s.

6. Consolidated Financial Statements

INDRA Slovakia, a.s. is a subsidiary of INDRA Sistemas, S.A. Madrid, Spain, with its registered office at Avenida de Bruselas 35, 28108 Alcobendas, Madrid, Spain. INDRA Sistemas, S.A. prepares consolidated financial statements for the largest group of companies in the consolidation group.

INDRA Slovakia, a.s. has a controlling influence and is a parent company holding a 100% share in INDRA Slovensko s.r.o. with its registered office at Prievozská 4, 821 09 Bratislava.

The Company is exempt from the obligation to prepare consolidated financial statements and a consolidated annual report pursuant to Article 22 (8) of the Act on Accounting: its parent company, INDRA Sistemas, S.A., Madrid, Spain, holds a 100% ownership interest in the Company and prepares its consolidated financial statements under IFRS as adopted by the European Union. The Company and all of its subsidiaries are included in the consolidated financial statements.

The consolidated financial statements of INDRA Sistemas, S.A., Madrid are filed with the Business Register in Madrid, section 865, page M – 11339, file no. 28, Madrid, Spain and the consolidated financial statements are also filed and available at the registered office of INDRA Sistemas, S.A., Avenida de Bruselas 35, 28108 Alcobendas, Madrid, Spain.

II. COMPANY'S BODIES

In 2016, the Company provided no guarantees or other forms of security, bonuses and benefits to the Company's statutory representatives or related parties.

III. ACCOUNTING PRINCIPLES AND METHODS APPLIED

1. The Company applies accounting principles and procedures pursuant to the Act on Accounting and Accounting Procedures for Businesses effective in the Slovak Republic. The accounting books are kept in the monetary units of the Slovak currency, ie euros.
2. The 2016 financial statements were prepared based on the going-concern assumption.
3. Revenues and costs are recognised as they are earned or incurred under the accrual basis of accounting. All revenues and costs related to the reporting period are used as a basis regardless of their settlement date.
4. When measuring assets and liabilities, the prudence principle is followed, ie all risks, losses, and impairments related to assets and liabilities and known as at the reporting date are used as a basis.
5. Revenue recognition – revenues are recognised when the delivery terms are fulfilled, since at that moment significant risks and ownership rights are transferred to the customer.
6. Non-current and current receivables, payables, loans, and interest-bearing borrowings – receivables and payables are disclosed on the balance sheet as either non-current or current following their residual maturities as at the reporting date. Portions of non-current receivables and portions of non-current payables due within one year from the reporting date are disclosed on the balance sheet as current receivables and current payables, as appropriate.
7. Estimates made – when compiling financial statements, the Company's management is required to prepare estimates and assumptions that influence the recognised amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the reporting date, as well as the disclosed amounts of revenues and expenses during the year. The actual results may differ from these estimates.
8. Reported tax – Slovak tax legislation is relatively new, lacks precedents, and is subject to continuous amendments. Since various interpretations of tax laws and regulations in the application thereof to various transaction types exist, the amounts disclosed in the financial statements may later change, based on the ultimate opinion of the tax authorities.

9. Recognition of Individual Items of Assets and Liabilities – Initial Measurement

Upon acquisition, the cost principle is applied (ie the historical cost convention) and individual items of assets and liabilities are measured as follows:

- a) Purchased non-current tangible and intangible assets – at cost. The cost includes the acquisition price and the related incidental costs (transportation costs and customs duties).
- b) Non-current intangible assets generated internally – at the lower of own costs and the replacement costs of assets. Own costs include direct costs associated with production or other activities and indirect costs attributable to production or other activities. Replacement costs represent the amount of consideration given to acquire the assets when recognised.
- c) Non-current tangible assets generated internally – at own costs. Own costs include direct costs associated with production or other activities and indirect costs attributable to production or other activities.
- d) Non-current tangible and intangible assets acquired by other means – at replacement costs if the assets are acquired for no consideration or are newly identified during a stocktake, ie the amount of consideration given to acquire the assets when recognised.

INDRA Slovakia, a.s.

Notes to the Separate Financial Statements

Prepared as at 31 December 2016

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

- e) Assets acquired under finance lease agreements are recognised in assets at their fair value as at the acquisition date (the total of agreed payments less unrealised finance costs). The related liability due to the lessor is recognised on the balance sheet under *Other Long-Term Payables* with its current portion recorded in *Other Payables*. Unrealised finance costs representing the difference between the total amount of agreed payments and the fair value of acquired assets are recognised in the income statement over the term of the lease, applying the effective interest rate method. Costs related to the acquisition of an asset under a finance lease increase its value.
- f) Non-current financial assets – at cost. The cost represents the amount of consideration given to acquire the assets and the related incidental costs (fees and commissions to brokers, advisors, and stock exchanges).
- g) Construction contracts and construction contracts for real estate for sale – these contracts define the terms and conditions of individual contracts made at fixed prices or actual costs plus a fixed margin.

Contract revenues include the price agreed in the contract. These revenues also include changes in the contractual price reflecting subsequent variations made to the scope of the contract, claims, or agreed incentive charges. Contract costs for accounting purposes represent direct costs associated with the contract, indirect costs attributable to the contract, and other costs, eg administrative overhead, and research and development costs attributable to the construction contract from the date of the contract up to the date of its completion.

In order to recognise a contract, a contract budget is prepared. If losses are expected as a result of the performance of the contract, as the contractual costs exceed the contractual revenues from the construction contract, the expected loss from the contract is recognised as a provision for a construction contract loss. The amount of the expected loss is determined regardless of whether the work on the construction contract has been started, regardless of the percentage of contract completion or the amount of profits that are expected to be generated from other contracts that are not considered a single construction contract.

Contract revenues are recognised based on the percentage of contract completion, regardless of whether or not the work performed to date has been billed and regardless of the amount stated on the invoice. The percentage of contract completion is determined as the proportion of the contract costs actually incurred to the budgeted total contract costs.

If the result of the construction contract cannot be reliably estimated as at the reporting date, the contractual revenues are recognised in the amount of the contractual costs incurred in the reporting period for which it is likely to be paid (zero-profit method). The possibility of a reliable estimate of the result of the construction contract is reassessed always as at the reporting date.

The Company accounted for construction contracts for the first time in 2016.

- h) Receivables:
- When originated or acquired for no consideration – at face value.
 - Where acquired (assigned) for consideration or through a contribution to the registered capital – at cost.
- For non-interest-bearing non-current receivables and non-current borrowings, the provision is included in the *Correction* column where the values of the receivable and loan/borrowing are adjusted to their present value, for example by using the effective interest rate method.
- i) Current financial assets – at cost. The cost is the amount of the consideration given to acquire the assets and the related incidental costs (fees and commissions to brokers, advisors, and stock exchanges).
- j) Deferred expenses and accrued income – at the anticipated face value.
- k) Payables:
- When incurred – at face value.
 - Where assumed – at cost.

INDRA Slovakia, a.s.

Notes to the Separate Financial Statements

Prepared as at 31 December 2016

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

- l) Provisions for liabilities – at the anticipated amount payable or applying actuarial methods.
- m) Bonds, interest-bearing borrowings, and loans:
- When originated – at face value.
 - Where assumed – at cost.
- Interest on bonds, interest-bearing borrowings and loans is recorded on an accrual basis.
- n) Accrued expenses and deferred income – at the anticipated face value.
- o) Current income taxes – pursuant to the Slovak Income Tax Act, current income taxes are determined based on the pre-tax accounting profits at the rate of 22% after adjustments for certain items for tax purposes.
- p) Deferred income taxes are recognised when temporary differences arise between the carrying amount of assets and liabilities as disclosed on the balance sheet and their tax base, with the possibility of carrying forward tax losses and of transferring the unclaimed tax loss deductions into future periods. To determine the amount of deferred income taxes, the tax rate applicable in the subsequent reporting period was applied, ie 21%. In 2016, the Company additionally recognised deferred tax to the balance of the 2015 loss carried forward and from the temporarily unused possibility of tax deduction of expenses and created provisions for liabilities. The deferred tax asset amounted to EUR 50 405 as at 31 December 2016.

10. Recognition of Individual Items of Assets and Liabilities – Subsequent Measurement

- a) Estimated risks, losses, and impairments related to assets and liabilities are reflected in provisions for liabilities, provisions for assets, and depreciation charges.
- Provisions for liabilities are recognised at the anticipated amount payable. The amount of the provisions and the grounds for their recognition are assessed as at the reporting date.

Provision for severance payments

A provision for severance payments was recorded in the 2015 financial statements in connection with planned headcount downsizing in 2016 and it was calculated based on average monthly wages and the planned headcount reduction.

Employee benefits

Wages, salaries, payments to pension and insurance funds, paid annual vacation leave, paid sick leave, bonuses, and other in-kind benefits (eg healthcare) are recognised on an accrual basis.

- Provisions for assets are recorded in the amount of a justifiable assumption of the impairment of assets when compared to their valuation in the accounting books as follows:
 - Provisions for discontinued investments are recorded based on an assessment of their carrying amount in relation to their possible realisable value;
 - Provisions for shares in the registered capital of businesses are recorded using the equity method;
 - Provisions for work-in-progress representing construction contracts are recorded for contract losses recognised; and
 - For receivables overdue by more than 360 days are recorded at 100%

- Depreciation/Amortisation plan

Non-current tangible and intangible assets are depreciated/amortised according to a depreciation/amortisation plan that takes into account an estimate of their actual useful lives. Assets are depreciated/amortised over their estimated useful lives corresponding to the consumption of future economic benefits arising from such assets. The straight-line accounting depreciation method is applied. The assets are depreciated/amortised starting on the first day of the month in which they are placed into service.

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The average useful lives in the depreciation plan are as follows:

<i>Type of Assets</i>	<i>Useful Life</i>	<i>Annual Depreciation Rate</i>
Buildings and structures	6	16.60
Machines and equipment	2 to 12	8.30 to 50
Transportation means	4	25
Fixtures & fittings	4	25
Software	4	25

Tax depreciation is applied using the rates as per the Income Tax Act effective for straight-line depreciation.

- b) Shares in the registered capital in business companies are carried at their initial measurement. The equity method was used only when calculating the provisions.

11. Translation of Amounts Denominated in Foreign Currency to Slovak Currency

Assets and liabilities denominated in a foreign currency are translated to euros using the reference exchange rate determined and announced by the European Central Bank (ECB) or the National Bank of Slovakia (NBS) on the date preceding the transaction date and also on the reporting date. Advances received and made in a foreign currency are not translated as at the reporting date. For foreign currency purchases and sales in euros, and upon the transfer of funds from an account established in a foreign currency to an account established in euros and from an account established in euros to an account established in a foreign currency, the exchange rates at which these amounts were purchased or sold were applied. If the sale or purchase of a foreign currency is performed at an exchange rate other than the one offered by a commercial bank in its foreign exchange list, the exchange rate offered by such commercial bank in its foreign exchange list on the transaction settlement date is used. If the sale or purchase is not performed with a commercial bank, the reference exchange rate determined and announced by the ECB or the NBS on the date preceding the transaction settlement date is used.

12. Changes in Accounting Principles and Accounting Methods

The Company accounted for construction contracts for the first time in 2016 using the methods and procedures as stated in Note 9 g).

13. Correction of Material Errors of Previous Reporting Periods

No corrections of material errors of previous reporting periods were recognised in the current reporting period.

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IV. INFORMATION EXPLAINING AND SUPPLEMENTING THE BALANCE SHEET AND INCOME STATEMENT**1. Non-Current Financial Assets****1.1. Movements in Non-Current Financial Assets Accounts**31 December 2016

	<i>Shares and Ownership Interests in Group Companies</i>	<i>Total</i>
Initial Measurement		
At 1 Jan 2016	5 500	5 500
Additions	-	-
Disposals	-	-
Transfers	-	-
At 31 Dec 2016	5 500	5 500
Provision		
At 1 Jan 2016	-	-
Additions	-	-
Disposals	-	-
Transfers	-	-
At 31 Dec 2016	-	-
Carrying Amount		
At 1 Jan 2016	5 500	5 500
At 31 Dec 2016	5 500	5 500

31 December 2015

	<i>Shares and Ownership Interests in Group Companies</i>	<i>Total</i>
Initial Measurement		
At 1 Jan 2015	-	-
Additions	5 500	5 500
Disposals	-	-
Transfers	-	-
At 31 Dec 2015	5 500	5 500
Provision		
At 1 Jan 2015	-	-
Additions	-	-
Disposals	-	-
Transfers	-	-
At 31 Dec 2015	-	-
Carrying Amount		
At 1 Jan 2015	-	-
At 31 Dec 2015	5 500	5 500

1.2. Structure of Non-Current Financial Assets

<i>Business Name and Seat of the Company</i>	<i>Share in Capital</i>	<i>Voting Rights</i>	<i>Value of Equity</i>	<i>Profit/(Loss)</i>	<i>Carrying Amount of Non- Current Financial Assets</i>
	<i>%</i>	<i>%</i>			
Shares and ownership interests in group companies					
INDRA Slovensko s.r.o.	100	100	4 922	-512	5 500
Total					5 500

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2. Liabilities**2.1. Payables Within and After Maturity Including the Group and Breakdown of Payables by Residual Maturity**

<i>Item</i>	<i>31. 12. 2016</i>	<i>31. 12. 2015</i>
Non-Current Liabilities:		
Liabilities with residual maturity of over 5 years	-	-
Liabilities with residual maturity of between 1 and 5 years	-	27 716
Total non-current liabilities	-	27 716
Current Liabilities:		
Liabilities within maturity	318 647	203 901
Overdue liabilities	-	11 328
Total current liabilities	318 647	215 229

3. Expenses and Revenues of Extraordinary Scope or Occurrence

The Company had no extraordinary expenses or revenues in 2016.

V. OTHER ASSETS AND OTHER LIABILITIES**1. Contingent Liabilities**

Tax returns remain open and may be subject to review over a period of five years. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to a potential further review over the five-year period. Accordingly, as at 31 December 2016, the Company's tax returns for 2012 to 2016 remain open and may be subject to review.

The Company records no contingent liabilities.

2. Future Rights and Obligations**2.1. Contingent Assets**

Not applicable.

3. Off-Balance Sheet Accounts

<i>Item</i>	<i>31. 12. 2016</i>	<i>31. 12. 2015</i>
Leased assets	-	-
Assets under lease (operating lease)	-	-
Assets received in custody	-	-
Receivables from derivatives	-	-
Payables from derivative options	-	-
Written-off receivables	-	-
Lease receivables	-	-
Lease payables	10 079	20 703
Other items	-	-

The Company leases two passenger cars under an operating lease; the lease agreement is concluded until 2018. The annual expenses for lease payments amount to EUR 17 280.

The Company leases office premises (1 148.13 m³) from a third party. The lease agreement is concluded until 30 November 2017. The annual rent amounts to EUR 230 351.

The Company leases a part of the office premises (887 m²) to a related party. The annual revenues from the lease and lease-related services amount to EUR 136 327. The lease agreement is concluded until 30 November 2017.

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VI. EVENTS THAT OCCURRED BETWEEN THE REPORTING DATE AND THE DATE ON WHICH THE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE

From 31 December 2016 up to the preparation date of the financial statements, there were no such events that would have a significant impact on the Company's assets, liabilities or results of operations, except for those referred to above and those resulting from the ordinary course of business operations.