

INDRA Slovakia, a.s.

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL
STATEMENTS AS AT 31 DECEMBER 2017**

AND

**REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS**



2017 Annual Report

Indra Slovakia, a.s.

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01

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

2017 in terms of turnover and profit was clearly the most successful year for INDRA Slovakia, a.s. over the last few years on the Slovak market. We continued our efforts to present our company in new market segments, mainly in the public and state administration, but we have successfully started the project of implementation and support of the Dispatch Center for the Slovenská elektrizačná prenosová sústava a.s. (SEPS).

As a result of the contract worth almost EUR 23 million, the customer is able to control the a very 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 deliver state-of-the-art technologies and manage projects in an international environment.

We don't see the project as a one time shot, but we are gradually moving our business activities into projects of similar size and difficulty on neighboring countries such as Czech Republic, Poland and Hungary, where our acquired know-how they wanted to be successful.

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

application of European Union legislation regulating the activities of energy industry operators in Slovakia, we focused our attention in 2017 on integrated transport system solutions for tunnels and motorways, the market of civil airspace management systems, new radar systems for the Ministry of Defence of the Slovak Republic.

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 2017, 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, 25 May 2018

Ivan Baťa

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, defense 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 26 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 Baťa

María Elena Linaje Gomez

Luis Alberto Calvo Campos

Chairman of the Board
of Directors

Member of the Board
of Directors

Member of the Board of Directors



Supervisory Board:

Jose Manuel de Hita Moreno
Alvaro Yllera
Vladimír Satek



Executive Director:

Ing. Ivan Baťa

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INDRA's Offer

INDRA is a leading global consulting and technology company and the technology partner for the core business operations of its client's businesses throughout the world. It is one of the world's largest providers of proprietary solutions in specific segments of the Transport and Defense markets and a bellwether in Information Technology in Spain and Latin America . Group turnover was almost EUR 3 billion for 2017.

The INDRA Group employs over 40 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

Also in 2017, core business activities were focused on our established client, ie SEPS. The implementation of the RIS SED control system continued in cooperation with partners and subcontractors. The course of the project implementation is going to be kept within the approved timetable.

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, organizational and legislative requirements relating to the unification and interconnection of electricity networks of ENTSO-E countries.

A new contract was signed, which included another of SOGL network regulations. Our company also received an order for SEPS consulting support for the implementation of the European Union Net Energy Package for all. We have also been involved in two major projects. The first is the Consolidation of the Compensation Centers for Západoslovenská distribučná a.s. (ZSD), where our company submitted the bid for the tender. The second project is deploying a risk management system for energy trading for the Slovenský plynárenský priemysel a.s. (SPP). In cooperation with the parent company INDRA Sistemas Spain and Allegro Development partner, the offer was submitted to the tender that the customer wrote.

The main goal for 2018 will, of course, be the successful continuation of SEPS implementation of the project Innovation RIS SED, which is expected to be the milestone, milestone of delivering the SED Centrad Dispatch Center in Žilina. SEPS consultative support will continue, as implementation of European Union Network rules is scheduled for a relatively long period of time.

INDRA SK will continue its activities related to two ongoing tenders for ZSD and SPP.

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.

Another opportunity is the construction of the Bratislava highway bypass (sections D7 and R4), where we anticipate negotiations on the possible involvement of our company in delivering the ITS part for the winning consortium Cintra.

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 2018 is to continue these activities to acquire a radar technology contract.

Foreign Market

INDRA SK experts were also involved in the INDRA Group's foreign projects in 2017. 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 information system) projects for projects in Ghana, Zimbabwe and Mozambique. The continued work on projects for Avitech, Germany.

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.

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Report on Business Activities in 2017

Financial position

2017 was a very successful year for the Company. Revenues from provided services increased by 94 % compared with the previous year primarily due to a newly-acquired project. Revenues from domestic market projects increased to 81 % of total revenues. The Company posted a post-tax profit of EUR 429 thousand, an increase of EUR 217 thousand compared with the 2016 profit.

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 2018. In connection with the project RIS SED , we plan to increase sales and profit via efficient operations.



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Overview of Financial Indicators

Income Statement

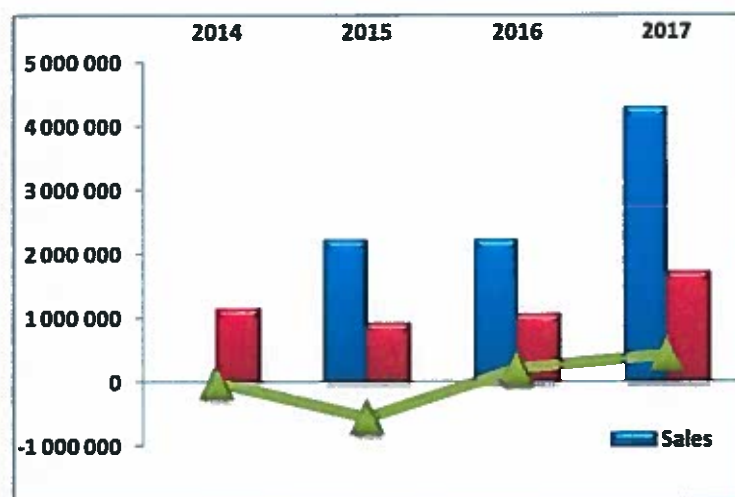
Income Statement	2015	2016	2017
Revenues from the sale of services	1,342,595	2,214,832	4,286,834
Capitalisation	144,908	0	0
Consumables and services	-592,265	-1,174,604	-2,575,662
Consumed raw materials	-33,412	-39,120	-479,169
Services	-558,853	-1,135,484	-2,096,493
Added value	895,238	1,040,228	1,711,172
Personnel expenses	-1,264,164	-1,009,518	-1,227,211
Taxes and fees	-2,548	-498	-763
Depreciation/amortisation charges of non-current asset	-19,678	-12,843	-16,581
Other opening revenues	164,016	178,981	155,436
Other opening expenses	-322,738	-2,118	-3,691
Profit/loss from operating activities	-549,874	194,232	618,362
Revenues from financing activities	7	0	0
Finance costs	-4,703	-3,255	-5,126
Profit/loss from financing activities	-4,696	-3,255	-5,126
Income tax	-2,887	21,465	184,263
Profit/loss for the reporting period	-557,457	212,442	428,973

Balance Sheet

Assets	2015	2016	2017
Total assets	463,477	780,786	1,473,820
Non-current assets	38,939	26,096	47,063
Non-current intangible assets	3,307	2,173	1,039
Non-current tangible assets	30,132	18,423	40,524
Non-current financial assets	5,500	5,500	5,500
Current assets	366,042	696,529	1,381,027
Non-current receivables	47,162	50,405	76,428
Current receivables	163,344	387,431	1,230,646
Financial accounts	155,536	258,693	73,953
Accruals and deferrals	58,496	58,161	45,730

Equity and Liabilities	2015	2016	2017
Total equity and liabilities	463,477	780,786	1,473,820
Equity	101,820	314,262	723,235
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	-137,213	55,229
Profit/loss for the reporting period	-557,457	212,442	428,973
Liabilities	361,657	432,008	742,391
Provisions for liabilities	118,480	112,413	118,128
Non-current liabilities	27,948	948	24,636
Current liabilities	215,229	318,647	599,627
Accruals and deferrals	-	34,516	8,194

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	2014	2015	2016	2017
Revenues from the sale of service	1,641,808	1,342,595	2,214,832	4,286,834
Share of domestic projects	6%	11%	57%	81%
Share of foreign projects	94%	89%	43%	19%
EBITDA	23,381	-533,963	204,901	630,460
EBITDA (%)	1.42%	-39.77%	9.25%	14.71%
Profit/loss from operating activities	14,700	-549,874	194,232	618,362
Profit/loss from operating activities	1.04%	0.90%	-40.96%	14.42%
Profit/loss for the reporting period	1,328	-557,457	212,442	428,973
Return on assets	0.14%	-77.20%	34.15%	38.05%
Return on sales	0.08%	-41.52%	9.59%	10.01%
Employees at the end of the period	32	32	29	26
Sales per employee	51,307	46,296	79,101	164,878

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HR Management

The number of employees remained unchanged in 2017. There was 27 employees at the beginning of the year and 26 employees at the end of the year. The full-time average equivalent was 26. Of the above-stated number, 96.15% have completed university education and 3.85% have a bachelor's degree.

2017 was a stable year for INDRA Slovakia a.s. in terms of HR. During the year we tried to make working conditions more attractive to employees by improving benefits as we set ourselves the target of the previous year.

The sustainability and stability of our employees remains our priority even in the coming year.



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R&D Expenses

The Company incurred no R&D expenses in 2017.



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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 2017 reporting period.

The Company's Board of Directors proposes that the General Meeting distribute the 2017 profit of EUR 429 thousand as follows:

- Allotment to the social fund;
- Transfer to Accumulated losses from previous years to cover the loss of 2015.

The Company acquired no treasury shares, interim certificates or ownership interests, or parent company shares, interim certificates or ownership interests in 2017.



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Expected Development in 2018

The 2017 was one of the most successful year for INDRA SK over the last few years. The top priority for 2018 is to continue implementing the project „Inovácia RIS SED“ for SEPS in order to fulfill the tasks resulting from the Works Contract for this project and the Works successfully delivered to the customer within the scheduled timeframe.

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, .

Transport and Defense. A natural continuation of the project is the presentation of our project experience in other CEE countries, ie the Czech Republic, Poland and Hungary, we would like to capitalize on the experience and abilities acquired during its implementation for other customers with similar requirements and needs.

The Company management also declares that from the end of 2017 to the preparation date of the Annual Report and financial statements for 2017, 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 2017, 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 2017, 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.

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 2017 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, 21 June 2018



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

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

ÚČ POD

FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping
as of 31 dec 2017

Tax identification number

2 0 2 0 3 1 2 3 8 2

Financial statements

☒

- ordinary

☐

- extraordinary

☐

- interim

Accounting entity

☒

- small

☐

- large

For the period

	Month	Year
from	01	2017
to	12	2017

Identification number (IČO)

1 7 3 2 8 2 0 9

SK NACE

62. 09. 0

(check ☒)

Preceding

	Month	Year
from	01	2016
to	12	2016

Attached parts of the financial statements

☒

Balance Sheet

(Úč POD 1-01)

(in whole euros)

☒

Income Statement

(Úč POD 2-01)

(in whole euros)

☒

Notes to the Financial Statements (Úč

POD 3-01)

(In whole euros or eurocents)

Legal name (designation) of the accounting entity

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

Registered office of the accounting entity, street and number

P r i e v o z s k á 4

Zip code

8 2 1 0 9

Municipality

B r a t i s l a v a

Designation of the Commercial Register and company registration number

D i s t r i c t C o u r t B r a t i s l a v a I
S e c t i o n S a , f i l e 2 8 2 / B

Telephone

0 2 5 8 2 2 9 1 1 1

Fax

0 2 5 8 2 2 9 1 1 2

Email

Prepared on:

30 april 2018

Approved on:

Signature of the accounting entity's statutory body or a member of the accounting entity's statutory body or the signature of a sole trader who is the accounting entity.

DIČ: 2020312382

IČO: 17328209

Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period	
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
	TOTAL ASSETS line 02 + line 33 + line 74	01	2 586 713	1 112 893	1 473 820	780 786
A.	Non-current assets line 03 + line 11 + line 21	02	1 159 956	1 112 893	47 063	26 096
A.I.	Non-current intangible assets - total (lines 04 to 10)	03	733 923	732 884	1 039	2 173
A.I.1.	Capitalized development costs (012) - /072, 091A/	04			0	
2.	Software (013)-/073, 091A/	05	733 923	732 884	1 039	2 173
3.	Valuable rights (014)-/074, 091A/	06			0	
4.	Goodwill (015) - /075, 091A/	07			0	
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08			0	
6.	Acquisition of non-current intangible assets (041) - /093/	09	0	0	0	0
7.	Advance payments made for non-current intangible assets (051) - /095A/	10			0	
A.II.	Property, plant and equipment - total (lines 12 to 20)	11	420 533	380 009	40 524	18 423
A.II.1.	Land (031) - /092A/	12			0	
2.	Structures (021) - /081, 092A/	13	52 189	52 189	0	0
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	368 344	327 820	40 524	18 423
4.	Perennial crops (025) - /085, 092A/	15	0	0	0	0
5.	Livestock (026) - /086, 092A/	16	0	0	0	0
6.	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17	0	0	0	0
7.	Acquisition of property, plant and equipment (042) - /094/	18	0	0	0	0
8.	Advance payments made for property, plant and equipment (052) - /095A/	19	0	0	0	0
9.	Value adjustment to acquired assets (+/- 097) +/- 098	20	0	0	0	0
A.III.	Non-current financial assets - total (lines 22 to 32)	21	5 500	0	5 500	5 500
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	22	5 500		5 500	5 500
2.	Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) - /096A/	23			0	
3.	Other available-for-sale securities and ownership interests (063A) - /096A/	24			0	
4.	Loans to affiliated accounting entities (066A) - /096A/	25			0	
5.	Loans within participating interest, except for affiliated accounting entities (066A) - /096A/	26			0	
6.	Other loans (067A) - /096A/	27			0	

DIČ: 2020312382

IČO: 17328209

Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28			0	
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29			0	
9.	Bank accounts with notice period exceeding one year (22XA)	30			0	
10.	Acquisition of non-current financial assets(043) - /096A/	31			0	
11.	Advance payments made for non-current financial assets (053) - /095A/	32			0	
B.	Current assets line 34 + line 41 + line 53 + line 66 + line 71	33	1 381 027	0	1 381 027	696 529
B.I.	Inventory - total (lines 35 to 40)	34	0	0	0	0
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35	0	0	0	0
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36	0	0	0	0
3.	Finished goods (123) - /194/	37	0	0	0	0
4.	Animals (124) - /195/	38	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	0	0	0	0
6.	Advance payments made for inventory (314A) - /391A/	40	0	0	0	0
B.II.	Non-current receivables - total (line 42 + lines 46 to 52)	41	76 428	0	76 428	50 405
B.II.1.	Trade receivables - total (lines 43 to 45)	42	42 601	0	42 601	0
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	44	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	45	42 601	0	42 601	0
2.	Net value of contract (316A)	46	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	47	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	48	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/	49	0	0	0	0
6.	Receivables related to derivative transactions (373A, 376A)	50	0	0	0	0
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	0	0	0	0
8.	Deferred tax asset (481A)	52	33 827	0	33 827	50 405

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Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
B.III.	Current receivables - total (line 54 + lines 58 to 65)	53	1 230 646	0	1 230 646	387 431
B.III.1.	Trade receivables - total (lines 55 to 57)	54	257 897	0	257 897	346 553
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	257 897	0	257 897	346 553
2.	Net value of contract (316A)	58	970 661		970 661	40 819
3.	Other receivables from affiliated accounting entities (351A) - /391A/	59			0	
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	60			0	
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61			0	
6.	Social security (336A) - /391A/	62			0	
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	2 023		2 023	0
8.	Receivables related to derivative transactions (373A, 376A)	64			0	
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	65	0	65	59
B.IV.	Current financial assets - total (lines 67 to 70)	66	0	0	0	0
B.IV.1.	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67			0	
2.	Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68			0	
3.	Own shares and own ownership interests (252)	69			0	
4.	Acquisition of current financial assets (259, 314A) - /291A/	70			0	
B.V.	Financial accounts line 72 + line 73	71	73 953	0	73 953	258 693
B.V.1.	Cash (211, 213, 21X)	72	4 917	0	4 917	3 967
2.	Bank accounts (221A, 22X, +/- 261)	73	69 036	0	69 036	254 726
C.	Accruals/deferrals - total (lines 75 to 78)	74	45 730	0	45 730	58 161
C.1.	Prepaid expenses - long-term (381A, 382A)	75			0	
2.	Prepaid expenses - short-term (381A, 382A)	76	45 730		45 730	58 161
3.	Accrued income - long-term (385A)	77			0	
4.	Accrued income - short-term (385A)	78	0		0	0

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Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
	TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141	79	1 473 820	780 786
A.	Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100	80	723 235	314 262
A.I.	Share capital - total (lines 82 to 84)	81	199 200	199 200
A.I.1.	Share capital (411 or +/- 491)	82	199 200	199 200
	2. Change in share capital +/- 419	83		
	3. Unpaid share capital (/-/353)	84		
A.II.	Share premium (412)	85	0	0
A.III.	Other capital funds (413)	86	0	0
A.IV.	Legal reserve funds line 88 + line 89	87	39 833	39 833
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	39 833	39 833
	2. Reserve fund for own shares and own ownership interests (417A, 421A)	89		
A.V.	Other funds created from profit line 91 + line 92	90	0	0
A.V.1.	Statutory funds (423, 42X)	91		
	2. Other funds (427, 42X)	92		
A.VI.	Differences from revaluation - total (lines 94 to 96)	93	0	0
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	94		
	2. Investment revaluation reserves (+/- 415)	95		
	3. Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	96		
A.VII.	Net profit/loss of previous years line 98 + line 99	97	55 229	-137 213
A.VII.1.	Retained earnings from previous years (428)	98	612 686	420 244
	2. Accumulated losses from previous years (/-/429)	99	-557 457	-557 457
A.VIII.	Net profit/loss for the accounting period after tax +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)	100	428 973	212 442
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	742 391	432 008
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	24 636	948
B.I.1.	Non-current trade liabilities - total (lines 104 to 106)	103	17 744	0
I.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104		

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Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105		
1.c.	Other trade liabilities (321A, 475A, 476A)	106	17 744	0
2.	Net value of contract (316A)	107		
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108		
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA)	109		
5.	Other non-current liabilities (479A, 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.	Liabilities related to social fund (472)	114	6 892	948
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		
B.II.	Long-term provisions line 119 + line 120	118	0	0
B.II.1.	Legal provisions (451A)	119		
2.	Other provisions (459A, 45XA)	120		
B.III.	Long-term bank loans (461A, 46XA)	121	0	0
B.IV.	Current liabilities - total (line 123 + lines 127 to 135)	122	599 627	318 647
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	352 216	194 070
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	0	0
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	352 216	194 070
2.	Net value of contract (316A)	127		
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128	0	0
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129	0	0

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Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	0	0
6.	Liabilities to employees (331, 333, 33X, 479A)	131	52 944	48 365
7.	Liabilities related to social security (336A)	132	39 789	33 577
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	154 678	32 556
9.	Liabilities related to derivative transactions (373A, 377A)	134	0	
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	0	10 079
B.V.	Short-term provisions line 137 + line 138	136	118 128	112 413
B.V.1.	Legal provisions (323A, 451A)	137	47 032	37 623
2.	Other provisions (323A, 32X, 459A, 45XA)	138	71 096	74 790
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	0	0
B.VII.	Short-term financial assistance (241, 249, 24X, 473A /-/255A)	140	0	0
C.	Accruals/deferrals - total (lines 142 to 145)	141	8 194	34 516
C.1.	Accrued expenses - long-term (383A)	142	0	0
2.	Accrued expenses - short-term (383A)	143	0	0
3.	Deferred income - long-term (384A)	144	0	0
4.	Deferred income - short-term (384A)	145	8 194	34 516

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Výkaz ziskov a strát ÚČ POD 2-01

Designation a	Text b	Line No. c	Actual data	
			Current accounting period 1	Preceding accounting period 2
.	Net turnover (part of account class 6 according to the Act)	01	4 286 834	2 214 832
**	Operating income - total (lines 03 to 09)	02	4 442 270	2 393 813
I.	Revenue from the sale of merchandise (604, 607)	03	0	0
II.	Revenue from the sale of own products (601)	04	0	0
III.	Revenue from the sale of services (602, 606)	05	4 286 834	2 214 832
IV.	Changes in internal inventory (+/-) (account group 61)	06	0	0
V.	Own work capitalized (account group 62)	07	0	0
VI.	Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642)	08	29	25
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	155 407	178 956
**	Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	3 823 908	2 199 581
A.	Cost of merchandise sold (504, 507)	11	0	0
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	479 169	39 120
C.	Value adjustments to inventory (+/-) (505)	13	0	0
D.	Services (account group 51)	14	2 096 493	1 135 484
E.	Personnel expenses - total (lines 16 to 19)	15	1 227 211	1 009 518
E.1.	Wages and salaries (521, 522)	16	893 846	749 731
2.	Remuneration of board members of company or cooperative (523)	17		
3.	Social security expenses (524, 525, 526)	18	313 509	243 608
4.	Social expenses (527, 528)	19	19 856	16 179
F.	Taxes and fees (account group 53)	20	763	498
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23)	21	16 581	12 843
G.1.	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	16 581	12 843
2.	Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553)	23	0	0
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	0	0

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Designation a	Text b	Line No. c	Actual data		
			Current accounting period 1	Preceding accounting period 2	
I.	Value adjustments to receivables (+/-) (547)	25	0	0	
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	3 691	2 118	
***	Profit/loss from operations (+/-) (line 02 - line 10)	27	618 362	194 232	
.	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	1 711 172	1 040 228	
..	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29	0	0	
VIII.	Revenue from the sale of securities and shares (661)	30	0	0	
IX.	Income from non-current financial assets (lines 32 to 34)	31	0	0	
IX.1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32	0	0	
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33	0	0	
3.	Other income from securities and ownership interests (665A)	34	0	0	
X.	Income from current financial assets - total (lines 36 to 38)	35	0	0	
X.1.	Income from current financial assets in affiliated accounting entities (666A)	36	0	0	
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37	0	0	
3.	Other income from current financial assets (666A)	38	0	0	
XI.	Interest income (line 40 + line 41)	39	0	0	
XI.1.	Interest income from affiliated accounting entities (662A)	40	0	0	
2.	Other interest income (662A)	41	0	0	
XII.	Exchange rate gains (663)	42	0	0	
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43	0	0	
XIV.	Other income from financial activities (668)	44	0	0	
..	Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54	45	5 126	3 255	
K.	Securities and shares sold (561)	46	0	0	
L.	Expenses related to current financial assets (566)	47	0	0	
M.	Value adjustments to financial assets (+/-) (565)	48	0	0	
N.	Interest expense (line 50 + line 51)	49	643	1 081	

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Designation a	Text b	Line No. c	Actual data		
			Current accounting period	Preceding accounting period	
			1	2	
N.1.	Interest expenses related to affiliated accounting entities (562A)	50	0	0	
2.	Other interest expenses (562A)	51	643	1 081	
O.	Exchange rate losses (563)	52	3 491	1 220	
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53	0	0	
Q.	Other expenses related to financial activities (568, 569)	54	992	954	
...	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	-5 126	-3 255	
....	Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)	56	613 236	190 977	
R.	Income tax (line 58 + line 59)	57	184 263	-21 465	
R.1.	Income tax - current (591, 595)	58	167 685	24 514	
2.	Income tax - deferred (+/-) (592)	59	16 578	-45 979	
S.	Transfer of net profit/net loss shares to partners (+/- 596)	60	0	0	
....	Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)	61	428 973	212 442	

INDRA Slovakia, a.s.

Notes to the Separate Financial Statements

Prepared as at 31 December 2017

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

Note:

The notes include information stipulated by the regulations relating to the content of the notes to the separate financial statements, for which the reporting entity has the content. All data and information disclosed in these notes arise from the bookkeeping and are linked to the separate financial statements. Value figures are in euro cents or whole euro 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	2017	2016
Full-time equivalent	26	24
Number of employees as at the reporting date	26	28
Of which: Managers	4	4

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 2017 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 2016 Financial Statements

On 13 June 2017, the Annual General Meeting approved the 2016 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 2017, 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 2017 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.
- 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 second time in 2017.

- 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.

INDRA Slovakia, a.s.

Notes to the Separate Financial Statements

Prepared as at 31 December 2017

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

- k) Payables:
- When incurred – at face value.
 - Where assumed – at cost.
- 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 21% 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 2017, the Company recognised deferred tax of created provisions for liabilities. The deferred tax asset amounted to EUR 33.827 as at 31 December 2017.

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 not created in the 2017.

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

There were no changes in accounting policies and accounting methods occurred in 2017.

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 2017

	<i>Shares and Ownership Interests in Group Companies</i>	<i>Total</i>
Initial Measurement		
At 1 Jan 2017	5 500	5 500
Additions	-	-
Disposals	-	-
Transfers	-	-
At 31 Dec 2017	5 500	5 500
Provision		
At 1 Jan 2017	-	-
Additions	-	-
Disposals	-	-
Transfers	-	-
At 31 Dec 2017	-	-
Carrying Amount		
At 1 Jan 2017	5 500	5 500
At 31 Dec 2017	5 500	5 500

31 December 2016

	<i>Shares and Ownership Interests in Group Companies</i>	<i>Total</i>
Initial Measurement		
At 1 Jan 2016	-	-
Additions	5 500	5 500
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	-	-
At 31 Dec 2016	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	3 631	-1 291	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. 2017</i>	<i>31. 12. 2016</i>
Non-Current Liabilities:		
Liabilities with residual maturity of over 5 years	-	-
Liabilities with residual maturity of between 1 and 5 years	17 744	-
Total non-current liabilities	17 744	-
Current Liabilities:		
Liabilities within maturity	599 623	318 647
Overdue liabilities	-	-
Total current liabilities	599 623	215 229

3. Expenses and Revenues of Extraordinary Scope or Occurrence

The Company had no extraordinary expenses or revenues in 2017.

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 2017, the Company's tax returns for 2013 to 2017 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. 2017</i>	<i>31. 12. 2016</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
Other items	-	-

The Company leases three passenger cars under an operating lease; the lease agreement is concluded until 06/2018. The annual expenses for lease payments amount to EUR 21 960.

The Company leases office premises (1 148.13 m²) from a third party. The lease agreement is concluded until 30 November 2022. The annual rent amounts to EUR 220 730.

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 138 062. The lease agreement is concluded until 30 November 2022.

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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 2017 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.