MOTODYNAMICS S.A.

ANNUAL FINANCIAL REPORT
OF THE COMPANY & THE GROUP
FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2017

Société Anonyme
EMPORIKI EISAGOGIKI AFTOKINITON DITROHON kai MIHANON THALASSIS S.A.
under distinctive title "MOTODYNAMICS S.A."
General Commercial Register No. 122090707000
Aspropyrgos, Kyrillos location – 19300

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DIRECTORS' STATEMENTS
(pursuant to Article 4(2)(c) of Law 3556/2007)

The undersigned below, Messrs:

1. Paris Kyriakopoulos, Chairman of the Board of Directors
2. Sotirios Hatzikos, Managing Director, and
3. Nikolaos Sokratis Labroukos, member of the Board of Directors, especially nominated for this purpose by the Board of Directors during today's meeting (27.03.2018)

STATE THAT

To the best of our knowledge:

1. The attached annual financial statements of the Company and the Group MOTODYNAMICS S.A. for the period between 01.01.2017 and 31.12.2017, drawn up according to the applicable International Financial Reporting Standards, as endorsed by the European Union, provide the true picture of the assets and liabilities, the net equity and the results of the Company, as well as of the companies included in the consolidation, considered as a total, pursuant to those laid down in Article 4 of Law 3556/2007.
2. The Board of Directors' annual report provides the true picture of the development, performance and position of the Company and of the companies included in the consolidation in total, including the description of the main risks and uncertainties they are confronted with.

Aspropyrgos, 27 March 2018

Kyriakopoulos Paris	Hatzikos Sotirios	Labroukos Nikolaos-Sokratis
BoD Chairman	Managing Director	BoD Member

ANNUAL REPORT
OF THE BOARD OF DIRECTORS FOR THE YEAR 1/1—31/12/2017

Dear Shareholders,
The Board of Directors' annual report regards the financial year 2017 (1 January to 31 December 2017) and has been prepared in accordance with the applicable provisions both of Codified Law 2190/1920 (Article 107, para. 3, since the company draws up consolidated financial statements), and of Law No 3556/2007 (Article 4, para. 6) and implementing decisions No 1/434/3-7-2007 and 7/448/11-10-2007 of the Hellenic Capital Market Commission's Board of Directors.

This report includes all significant individual thematic sections that are necessary, pursuant to the aforementioned legislative framework, and provides a true picture of all information required by Law, in order to provide substantial and well-documented information about the activity during said period and the overall course of "MOTODYNAMICS S.A." (hereinafter referred to as the Company) and the Group, in which the following companies are consolidated:

1. MOTODIKTYO S.A. having its registered office in Greece and a participating interest of 100%
2. MOTODYNAMICS SRL having its registered office in Romania and a participating interest of 100%
3. MOTODYNAMICS LTD having its registered office in Bulgaria and a participating interest of 100%

The Report is included in its entirety, along with the Company and the Group's financial statements and the other data and statements required by law in the Annual Financial Report as of the year 2017.

The Report's sections and their contents are as follows:

1) Overall course of the Group and the Company during the year under review:

The automobiles, two-wheel vehicles and outboards markets, where the Group operates, presented positive trends in 2017. With new models of two-wheel vehicles of higher average value, the Group achieved higher penetration to the markets compared to the competition. The turnover and the gross margin in Porsche products increased significantly. These resulted in significant increase in the turnover as well as the EBITDA. For 2018, it is expected that the Group will continue its course of growth in the markets where it operates and to improve its financial results The above estimates concerning the improvement of the financial figures of the Group are directly dependent on the financial and political environment in Greece and in the markets where the Group operates.

The course of the Group and the Company has been presented in the results of the year and, more specifically:

Turnover:

The consolidated turnover of the Group stood at € 54.50 million in 2017 compared to € 50.09 million in 2016, recording an 8.80% increase. The parent company's turnover for the same period increased by 8.76% and amounted to € 52.20 million, compared to € 48.00 million in 2016.

Alternative Performance Measures:

The Group and the Company use earnings before interest, taxes, depreciation and amortisation (EBITDA) and EBITDA margin as alternative performance measures. The Group's Management take the above measures into consideration in strategic decision-making.

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Profit after tax	1,334,335.80	943,034.99	1,018,603.34	684,082.91
Taxes	(30,249.28)	18,838.31	(18,462.38)	(14,468.10)
Interest	(413,487.21)	(397,709.95)	(383,600.90)	(359,489.17)
Depreciation	(953,854.97)	(878,213.13)	(894,288.65)	(804,120.38)
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	**2,731,927.26**	**2,200,119.76**	**2,314,955.27**	**1,862,160.46**
Turnover	54,501,456.37	50,091,636.85	52,209,745.13	48,004,207.88
EBITDA margin	5.01%	4.39%	4.43%	3.88%

Selling and Administrative Expenses:

The Group's expenses in 2017 amounted to € 9.16 million compared to € 8.66 million in 2016, up by 5.85%. Similarly, the parent company's expenses in 2017 amounted to € 7.73 million, compared to € 7.34 million in 2016, up by 5.35%. The increase is mainly due to the increase of the staff members and expenses related to promotional activities.

Profit before tax:

In 2017, the Group continued its course of growth, profit before tax amounted to € 1.36 million compared to € 924 thousand in 2016, up by 47.65%. Similarly, the parent company's profit in 2017 amounted to € 1.04 million compared to € 699 thousand in 2016, up by 48.46%.

Net profit and loss after tax:

Net profit and loss after tax for the Group stood at profit of € 1.29 million compared to € 912 thousand in 2016. Net profit and loss after tax for the parent company stood at profit of € 1.01 million compared to profit of € 660 thousand in 2016.

Current Assets:

The total current assets of the Group in 2017 amounted to € 16.9 million, unchanged from 2016. Accordingly, a slight decrease was posted in current assets for the parent company, standing at € 16.1 million compared to € 16.3 million in 2016.

Short-term liabilities:

The total short-term liabilities of the Group stood at € 15.12 million compared to € 16.08 million in 2016. The total short-term liabilities of the parent company stood at € 14.76 million compared to € 15.83 million in 2016.

2) Report of significant events that took place during the year as well as after expiration thereof, until the date of drawing hereof.

During fiscal year 2017, as well as after the end thereof and until the date this report was prepared, the following significant events have taken place:

The Ordinary General Meeting of the Company's Shareholders was held on 09 May 2017 and approved the annual financial statements of the company and the group for the fiscal year 1.1.2016 - 31.12.2016, the Director's management report, the Chartered Auditor's Report, the discharge of directors and auditors from liability, the election of new auditors for the fiscal year 1.1.2017 - 31.12.2017, the reduction of share capital by the amount of three hundred fifty-one thousand euro (€ 351,000.00) by reducing the nominal value of the shares, intended to return capital to the shareholders in cash in the amount of 0.03 euro per share , and the reduction of share capital by one million eight hundred seventy-two thousand euro (€ 1,872,000.00) by reducing the nominal value of the shares by 0.16 euro per share, with the purpose of offsetting Company losses, the non-distribution of dividend, the approval of directors' fees (pursuant to Article 24 para. 2 of L.2190/20) and the issue of new Bonded loans.

On 28/12/2017, the tax audit of the Company for the fiscal years 2010 and 2011 was completed. According to the audit's results, the tax burden per fiscal year is presented below:
Fiscal year 2010, in accordance with the provisions of Decision No. ΔΕΛ Β 1136035 ΕΞ 2017/15.09.2017 of the Head of the Independent Public Revenue Authority, was not audited since it was considered that it is not included in the fiscal years prioritized for audit. Based on the foregoing, the audit prepared a memo which was included in the dossier of the case as an integral part of the audit.
For the fiscal year 2011, additional tax and charges amounting to € 900.00 were assessed. This amount was fully covered by the provision formed for the respective fiscal years. Consequently, there will be no burden on the results of this fiscal year.

The Group and the Company, as at the reporting date of the annual Financial Statements, has sufficient capital adequacy, profitability and liquidity. It meets all conditions set in loan agreements and proceeds to renewals of Loan Agreements with the same or improved terms.

To deal with risks which could arise in the future, the management performs continued risk identification and assessment procedures aiming to minimize any negative effects and maintain the companies' smooth operation.

3) Statement of corporate governance

Introduction

"Corporate Governance" is the regulatory framework that describes the way in which companies are managed and controlled. In Greece in particular, the framework of corporate governance has been developed mainly through the adoption of mandatory rules such as Law 3016/2002 requiring the participation of non-executive and independent executive directors in the Boards of Directors of Greek companies whose shares are traded on a regulated market, the setup and operation of an internal control unit and the adoption of bylaws. In addition, other more recent pieces of legislation transposed EU company law directives into Greek law, establishing new rules of corporate governance, such as Law 3693/2008 that requires the setup of audit committees and important disclosure requirements regarding the ownership and governance of a company, and Law 3884/2010 relating to shareholders' rights and additional requirements for corporate disclosures to shareholders during the preparation of a general meeting. Finally, the most recent Law 3873/2010 transposed EU Directive 2006/46/EC into Greek Law, thus acting as a reminder of the need to establish a Corporate Governance Code.

The company has established and maintains high standards of corporate governance, in compliance with the requirements and provisions of the above legislative documents, to ensure transparency in financial management and operation, increase its reliability and business prestige and ultimately increase the value of its shares. The Board of Directors of MOTODYNAMICS SA approved at its meeting of 23.03.2011 the company's Corporate Governance Code which is posted on the company's website www.motodynamics.gr as from the date of approval.

The Company hereby confirms that it applies strictly and faithfully the provisions of Greek law (Codified Law 2190/1920, Law 3016/2002 and Law 3693/2008) which form the minimum requirements to be met by any corporate governance code applied by a Company the shares of which are traded on a regulated market.
As regards these additional practices and principles, there currently exist certain deviations (including non-application), which are summarised and the reasons justifying them are explained below.

A) The Board of Directors and its function

In implementation of the relevant legislation, Law 3016/2002 and Law 3693/2008, the Board of Directors consists of ten (10) members: two (3) executive members, three (3) non-executive members and four (4) independent non-executive members. The Board members are elected by the General Meeting of shareholders for a three-year term of office which may be extended until the end of the period within which the immediately following Annual General Meeting must meet. The current Board of Directors was elected by the ordinary General Meeting of Shareholders of 05/06/2015 on expiry of the term of office of the previous Board. The term of office of the above elected BoD was set at three years but may be extended automatically until the convocation of the immediately following Ordinary GM (after the end of the three-year term).

The executive members are the Chairman and the Vice-Chairman of the Board of Directors and the Company's CEO.

The non-executive directors are the majority of the BoD and are responsible for overseeing the corporate activities. They are selected from among professionally acclaimed individuals in the business and academic circles, with domestic and international experience, on the basis of criteria of education and social prestige. Therefore, these members are presumed to be able to express unbiased and objective views on corporate affairs. There is no committee to nominate to the Board of Directors, since such a committee is currently not considered to be necessary, given the structure and operation of the company.

The BoD meets at least six times per year, on the basis of a schedule which is communicated to the members at year start. The at each time legal advisor of the company acts as the secretary in order to faithfully record the meetings of the BoD.

Information about the members of the Board:

<u>Paris Kyriakopoulos - Chairman of the Board of Directors</u>

He has B.A. degrees Cum Laude in Philosophy, Politics, Economics (PPE) from the University of Pennsylvania in Philadelphia, PA, USA and MBA with High Distinction in Business Management from the Harvard Business School in Cambridge, MA, USA. Between 2010 and 2015, he served as the General Manager of the FiberLean, Filtration & Performance Additives sector of IMERYS S.A., established in Paris. Since 2016 he has been serving as the CEO of the company FiberLean Technologies Ltd., with registered office in St. Austell, Cornwall, UK. Between 2005 and 2008 he was a business consultant with the Boston consulting Group in Vienna, Austria. He is a member of the BoD of the ALBA association since 2013.

<u>Ioannis Tavoularis, Vice-chairman, executive member of the Board of Directors</u>

He holds a Master in Political Sciences from Boston University. He also holds a BS in Economics from Bentley University. He is Member of the BoD of NEORION HOLDINGS S.A., Member of the Board of MOTODYNAMICS SA since 2007, Member of the SOCIAL AFFAIRS COMMITTEE (SAC) (EU) since 2005, and Member of the AEROSPACE & DEFENSE INDUSTRIES

ASSOCIATION OF EUROPE (ASD) since 2005. He has also served as Member of the Board of Hellenic Federation of Enterprises (SEV) between 2002 and 2008 (Treasurer from 2006 to 2008), and a Member of the Board of the EC PROFESSIONAL CHAMBER OF THE ENTERPRISE POLICY GROUP from 2003 to 2007.

Sotirios Hatzikos, CEO

He is the CEO of MOTODYNAMICS SA since January 2008. From 1994 to 2007 he worked in S&B INDUSTRIAL MINERALS SA (formerly Silver & Baryte Ores Mining Co. SA) where he was lately Chief Financial Officer of the Group. He has previously worked in England for the multinational group of industrial gases AIR PRODUCTS PLC as Manager, European Treasury Operations. He has also taught "Mergers & Acquisitions" in the Professional MBA of the Athens Laboratory of Business Administration (ALBA) for many years. He graduated from the Aristotle University of Thessaloniki with honors in Economics and Business Administration. He holds a Master of Business Administration (MBA) from the Manchester Business School.

Pavlos Laskaris, Independent non-executive member of the Board of Directors

He is a member of the BoD of Lamda SA, distributor company for FIAT, ALFA ROMEO, LANCIA, TOYOTA, HYUNDAI, KIA MOTORS and RENAULT vehicles in the northern suburbs of Athens. He began his professional career in 1970 in the automotive sector, at AKMIS SA which at the time was the distributor of French car manufacturer SIMCA. In 1975 he became Parts Manager at FIAT - PANELLAS SA. In 1978 he was appointed CEO of AUTOTECHNICA SA, a subsidiary of FIAT - PANELLAS SA. From 1980 until 1985 he served as Co-CEO of FIAT-PANELLAS S.A. In 1985 he became Vice Chairman and Executive Director of MAVA S.A., the RENAULT dealer in Greece.
Between 1994 and 1995 he was involved as a consultant in the launch of KIA MOTOR HELLAS SA cars in Greece. Mr. P. Laskaris has been a member of the Board of the Association of Motor Vehicle Importers Representatives (SEAA) from 1980 to 2011. Moreover, he was a Member of the Board of the Foundation for Economic and Industrial Research (IOBE) from 2008 to 2014.
Since 1986 he has published articles in the auto press, initially in "Auto Express" magazine and has been a columnist of "4 Wheels" magazine since 1992.

Dr. Georgios I. Avlonitis, Independent non-executive member of the Board of Directors

Dr. Georgios I. Avlonitis is a Professor Emeritus at the Faculty of Marketing & Communication of the Athens University of Economics and Business, Director of the Athens Laboratory of Research in Marketing (A.LA.R.M.) and Scientific Supervisor of the Department of Business Executives of the Postgraduate Program "Marketing & Communication" of the same Faculty, while he has served as the Deputy Chairman of the Management Council of the Athens University of Economics and Business (2012-2016).
He has also served as President of European Marketing Academy (EMAC) for the period 2008-2010 and Vice-President thereof for the period 1990-1993, as well as President of the Global Sales Science Institute (GSSI) for the period 2010-2012.
He is an elected Fellow of the Chartered Institute of Marketing and the European Marketing Academy and among the founders of the Greek Marketing Academy, of which he is also the elected President.
From January 1981 to December 1985, he taught Marketing in the University of Strathclyde, Scotland.
He has also presented a number of papers in the U.S., Canada and Europe and published more than 200 articles in international conference proceedings and in the most noted marketing journals in the world, including Journal of Marketing, Journal of the Academy of Marketing Science, International Journal of Research in Marketing, Journal of Product Innovation Management, etc.
His research output has been internationally recognized, since according to Google Scholar he has been cited approximately 5,000 times and has achieved an h-index of 32, making him a distinguished and internationally recognized Marketing professor.
He is a member of the Editorial Board of seven international journals, including Industrial Marketing Management and European Journal of Marketing, and has been granted several awards for best published papers.
He has served as consultant and facilitator for Strategic Marketing and Sales Organisation in more than 80 Greek and foreign companies and organisations.

Lefkothea Varangi, Independent non-executive member of the Board of Directors

She studied agricultural economics in England. She worked for VARANGIS AVEPE in the retail department and was responsible for the After Sales Service. For two years she was a member of the BoD. In 1985 she jumped into the apparel industry and established ENDYMATOPITIKI SA, a company that designed, manufactured and sold in retail THE BOSTONIANS brand. She has also served as member of the Board of SPORTSMAN, which took over the distribution of THE BOSTONIANS in Greece, and remained in the retail management for other brands of the company as well. She continued in NOTOS COM HOLDINGS developing the store network of branded collections that the Group represents in Romania, Skopje and Kosovo. Meanwhile, she was responsible for stores in Greece, especially those that operate within shopping centers. She is currently working for the creation of branded agricultural quality products and their distribution network.

Nikolaos-Sokratis Labroukos, Independent non-executive member of the Board of Directors

Nikolaos - Sokratis Labroukos is a Licensed Mechanical Engineer - Production Engineer (NTUA), and holder of a Masters in Business Administration (Manchester Business School), a doctorate (PhD) and postdoctoral diploma (London Business School).
He is a founding member, shareholder and chairman of BPM SA business consultants, a member of the Board of Quest Holdings SA, a Venture Partner in Odyssey Venture Partner Fund, and a founding member of startups, real estate development and educational service companies. He has served as Executive Director of the INTRACOM Holdings Group, CEO of INTRACOM IT Services Group, Chairman of Attica Telecommunications, INTRACOM IT Services Denmark, INTRACOM Jordan, Encode SA, and an executive member of the Boards of INTRACOM Telecom, Hellas on Line, Intrakat, etc. He has been Research Fellow at the London Business School, has taught at the Athens University of Economics and Business and has published papers in international scientific journals. He is a member of the Board of Directors of the Foundation for Economic & Industrial Research and has been a member of the General Council of the Hellenic Federation of Enterprises and the Board of the Hellenic Association of Management Consulting Firms.

Christos Avramidis - Non Executive Member of the BoD

He has a PhD in Finance from the University of Reading (1995). He has a Master's in Business Economics, from the University of Reading (1990) and is a graduate of Deree College, with distinction in Economics (1989). He worked in Sigma Chrimatistiriaki from 1998-2000 as macroeconomic analysis manager and at ABN AMRO from 2000 to 2001, as finance analysis and investment strategy manager for Greece and the Balkans. From 2001 to 2012, he worked in the PROTON Bank Group, as Analysis Manager, Strategic Planner and Investment Relations Manager and Vice-chairman of the BoD and General Manager of PROTON Asset Management S.A. He has also served as Vice-Chairman of the BoD of Omega S.A. listed in ATHEX. Since March 2012 he has been working as a Consultant in ORYMIL S.A.

Odysseas Kyriakopoulos - Non-Executive Member of the BoD.

He studied Mining Engineering at Montanuniversitaet Leoben in Austria and the University of Newcastle-upon-Tyne in England. He has a Master's degree in Business Administration (MBA) from INSEAD in Fontainebleau, France. He is the former Chairman of S&B Industrial Minerals SA, Member of the Board of the Foundation for Economic and Industrial Research (IOBE), Member of the Board of Lamda Development SA. He is a Member of the BoD of IMERYS Group and ASK Chemicals GmbH.
He has served as Chairman of the Hellenic Federation of Enterprises (SEV) (2000-2006), Vice-Chairman of Business Europe (UNICE) and Hellenic Exchanges SA, Chairman of the Greek National Opera (2006-2009), Member of the General Council of the Bank of Greece (2002-2011) and Vice-Chairman of the Foundation for Economic and Industrial Research (IOBE) (2011-2015). He has been working at the company since 1979.

Christos Tsagkos - Independent Non-Executive Member of the BoD

Christos Tsagkos is a Web Entrepreneur, Technology Investor and Business Consultant. He served as Chairman & Managing Director of Microsoft in Greece and Regional Consumer Manager & Online Marketing for Central and Eastern Europe. Previously, he served as Managing Director of Intel in Greece and Network Manager for Europe, Middle East and Africa, based in London, where he worked for a total of 12 years.
He has a consulting role in technology issues for the European Union and has developed electronic innovations for Airbus, Jaguar and Santa Cruz Operation.
He has important social contribution, he is the President of Junior Achievement SEN/JA, he served as a member of the Board of the Hellenic Federation of Enterprises and has established Microsoft Innovation Center in Athens, with Bill Gates. He was awarded with the HMS Royal Award for Exports by Queen Elizabeth II.
He studied Computers at Reading University and UMIST and Management at INSEAD and Wharton Business School.

For the effective operation of the BoD, without affecting its consistency, the following Supervisory Committees have been set up and operate, which report to the Board as a collective body.

1. Control or Audit Committee:

It supports the work of the Board in fulfilling its supervisory responsibilities:

- Reviewing the financial statements (annual and interim) prior to final approval by the BoD;
- Ensuring compliance of the company with the current legislation;
- Monitoring and evaluating internal and external audit of the company to ensure the quality and independence of the audit work.

Following entry into force of Law 3693/2008, Article 37, para. 1 thereof provides for the establishment and maintenance of an Audit Committee for any "public interest entity", i.e. for any organization governed by the law of a Member State and has listed its transferable securities on a regulated market of any Member State.
The Company's Audit Committee consists of 3 to 5 members.
Following entry into force of Law 3693/2008 (Article 37, para. 1) the Committee comprises at least two non-executive members and one independent non-executive member of the BoD.

The members of the Audit Committee must be designated by the General Meeting (under Law 3693/2008).
The Committee meets at least four (4) times per year, upon issue and before publication of the annual, semi-annual and quarterly financial statements. It may also meet on an extraordinary basis whenever the circumstances so require. The Committee meets upon notice of its Chairman. An agenda is prepared for the meetings, which contains the necessary information so that the Committee members are prepared and informed. Members are required to attend all meetings. Participation by proxy is not permitted. Decisions are made by an absolute majority of attending members. In case of a tie, the Chairman has the casting vote. Members of the Management, internal or external audit executives of the company or any other executives, as the Committee may consider appropriate, may be invited to and attend Committee meetings without the right to vote. The Chairman of the Committee communicates the minutes of the meetings to the Board. The members of the Audit Committee have knowledge and experience in finance, accounting or auditing and are also familiar with the business objectives of the Group. The Audit Committee has the same term of office as the BoD, and may be entitled to special fees. The amount of such fees is determined by decisions of the GM and the BoD of the Company.

The main responsibilities of the committee are to:

- Monitor the financial reporting procedure (competence under Law 3693/2008);
- Monitor the implementation of the recommendations and suggestions of the internal and external auditors by the executive management;
- Follow up the statutory audit of the separate and consolidated financial statements (competence under Law 3693/2008);
- Review the accuracy, reliability and completeness of the annual and interim (semi-annual and quarterly) financial statements provided by the decisions of the HCMC and the applicable legislation, and propose their publication;
- Evaluate external auditors, ensure their independence, qualifications and audit quality, make relevant recommendations to the BoD on continuation or termination of the company's cooperation with them;
- Monitor the effective operation of internal audit and risk management system (competence under Law 3693/2008);
- Evaluate the internal audit, obtain views of the executive management and the external auditors on the effectiveness of internal audit;
- Consider the findings of internal audit and report to the BoD in accordance with Law 3016/2002.
- Examine any findings of any audit performed by national regulatory authorities;
- Ensure rotation of external auditors in accordance with the requirements of applicable laws;
- Ensure smooth operation of the company's internal audit, oversee operations, provide guidance, ensure that the internal audit program covers the main areas of business risks; Ensure coordination of internal audit with the external auditors;
- Update (regularly) the BoD on its activities;
- Review and identify any deficiencies in the audit systems and the related methodology of the company and the group, based on the findings of the internal audit Report;
- Review the Company's compliance with its legal obligations and the strict application of the principles and procedures of the Group's Corporate Governance system, and make recommendations to the BoD for any required modification;
- Review the company's policies and practices, identify, assess and manage risks; Inform the Management;
- Make proposals for the selection of external auditors, the determination of their fees and their discharge;
- Review and monitor issues related to the existence and maintenance of objectivity and independence of the statutory auditor or audit firm (competence under Law 3693/2008).

2. Remuneration Committee:

The object of this committee is to make proposals to the BoD on the remuneration system for retaining and attracting appropriate company staff. The committee consists of 3 to 5 executive, non-executive or independent non-executive members. It meets regularly once per year and on an extraordinary basis whenever the circumstances so require. It meets upon notice of its Chairman and the agenda is prepared, containing the necessary information so that its members are prepared and informed. Members are required to attend all meetings and may not participate by proxy. Decisions are made by an absolute majority of attending members, while in case of a tie, the Chairman has the casting vote.
The Chairman of the BoD, the CEO and other company executives, as the committee may consider appropriate, may be invited to and attend Committee meetings without the right to vote. The Chairman of the Committee communicates the minutes of the meetings to the Board. The committee has the same term of office as the BoD.
Key competences - obligations:

- Make proposals to the BoD about the remunerations of senior executives;
- Make proposals to the BoD about the general remuneration policy in relation to the Group's staff.

The CEO, whose role is very specific, exercises the powers conferred by the Company's Board of Directors.
The CEO reports to the Board of Directors and he also serves as the General Manager.
The Directors, the individual Divisions and the Departments reporting to the Company's CEO - General Director are:

- Yamaha Division Manager
- Porsche Division Manager
- Marine & Retail Division Manager
- CFO

- HR Manager
- IT Manager

B) The role of the CEO is described below:

The CEO reports to the Company's Board of Directors. He determines the Group's business and operational strategy and proposes it to the Board of Directors. He is responsible for the overall supervision and direction of the Group's activities and operations, and ensures the effective development and management of available financial and human resources. At the same time, he handles the Group's relations with shareholders, investors, partners and government agencies, ensuring the protection of the Group's interests and the improvement of its prestige.
The main responsibilities of the CEO can be summarised as follows:

- He designs and implements the long-term strategy of "MOTODYNAMICS" Company and Group to achieve the core mission, the interests of shareholders and to ensure profitable growth of the Group in the domestic and European markets;
- He presents the financial results to the Board of Directors; He presents new business opportunities to the competent bodies in order to achieve the Company's penetration into new markets and ensure the Group's profitable growth;
- He sees to the achievement of the Company's annual goals by directing its divisions, ensuring their effective and efficient operation and that their individual goals are in line with those of the "MOTODYNAMICS" Group;
- He assesses the Group's overall effectiveness, reviews the Effectiveness-Efficiency ratio of existing functions, he is responsible for reviewing and processing Organisational and Operational matters;
- He develops and manages relationships with stakeholders (suppliers, customers, partners - dealers, etc.) in order to promote the interests of the Group;
- He ensures the orderly operation of the Company, as well as the adherence to all policies and internal regulations of the "MOTODYNAMICS" Group;
- He assesses and evaluates the effectiveness of the Company's managers based on the strategic goals and results of the Company as a whole and of each unit in particular.

Directors' duties and behaviour:
a. Directors and any third person to whom the BoD has delegated any of its responsibilities, as well as the Managers, may not pursue own interests which contradict the interests of the Company.
b. Directors and any other third person to whom the BoD has delegated any of its responsibilities, as well as the managers must promptly disclose to the other Directors their own interests, as these may arise from Company transactions, which fall within their duties and any other conflict of interests with those of the Company or affiliated companies within the meaning of Article 42e(5) of Law 2190/1920, arising in the performance of their duties.
c. Directors, by means of a written notice to the Chairman, or by way of declaration to be recorded in the minutes of the Board of Directors meeting, must report to the Board of Directors all kinds of conflicts of interest with the interests of other companies, including the interests of the Group of companies to which it belongs, as well as the interests that may arise from significant Company transactions of which they are aware. Directors must notify the BoD of their intentions to conduct significant transactions and financial activities related to the Company, as well as to major customers or suppliers.
d. The Chairman of the BoD will be responsible for any further arrangements which may include abstention from the discussion and abstention from any voting procedure.

There is no requirement for regular meetings between the Chairman of the BoD and non-executive directors without the presence of executive directors in order to discuss the performance and remunerations of the latter, as all issues are discussed in the presence of all members.
No provisions have been made for the existence of introductory programs for new BoD members or the ongoing professional education and training for other members, considering that the persons proposed for election have sufficient experience and proven organisational and administrative skills.

C) Internal Audit and Risk Management System

The Board of Directors (the "Board") places particular emphasis on systems of internal audit and risk management, for which it is responsible, while such systems are monitored, among others, by receiving periodic reports on their operation.

The Board is responsible for the identification, assessment and monitoring of risks the Company faces and for the management thereof. In addition to the periodic audits related to risk management, the Board is informed by the executive members with respect to serious issues of audit, accidents or incidents, new or otherwise, which may have significant financial and business consequences.

The company has an internal audit department.
This department is supervised by the Control Committee (or Audit Committee) and is under the responsibility of a senior executive.

In accordance with Article 7 of Law 3016/2002 and Article 4 of Decision 5/204/14.11.2000 of the Hellenic Capital Market Commission, the head of the internal control department is independent in the exercise of his duties and is designated by the Company's Board of Directors. The internal auditor may request information about any book of entries, document, file, bank account and portfolio of the Company, and have access to any Company department. The Directors must cooperate and provide information to the Internal Auditor and, in general, facilitate his work in any way. The Company's management must provide the internal auditor with all necessary tools to facilitate his work.

In accordance with Article 8 of Law 3016/2002, the internal auditor has the following responsibilities:

a. He monitors the implementation and ongoing maintenance of the Company's Internal Operation Regulation and its Articles of Association, as well as the laws, in general, that apply for the Company and particularly the laws on sociétés anonymes and the capital market and money market;
b. He reports to the Company's Board of Directors any conflicts of personal interests of Company Directors or managers with the interests of the Company, which he identifies in the exercise of his duties;
c. He informs the Board of Directors in writing at least once every quarter about the audits performed and attends the General Meetings of shareholders;
d. Provides, upon approval of the Company's Board, any information requested in writing by Supervising Authorities, cooperates with them and facilitates them in any way possible in their monitoring, audit and surveillance duties.
Also, in accordance with Article 4 of decision 5/204/2000 of the Hellenic Capital Market Commission, the internal auditors will also:
a. Verify compliance with the obligations laid down in decision 5/204/2000 of the Hellenic Capital Market Commission;
b. Verify compliance with the commitments contained in the Company's prospectuses and business plans regarding the use of funds raised from the stock exchange;
c. Check the legality of fees and all kinds of benefits to members of the management in relation to decisions made by the Company's competent bodies;

d. Monitor the relationships and transactions between the Company and its affiliates, within the meaning of Article 42e(5) of C.L. 2190/1920, and relationships between the Company and the companies in whose capital Company Board members or shareholders participate with at least 10%.

Management of Company and Group risks in connection with the preparation of financial statements (company and consolidated).

The Group has invested in the development and maintenance of advanced IT infrastructures which ensure accurate representation of financial figures through a series of security safeguards. At the same time, the analysis of results covers all aspects of the business activity, and comparisons are made between actual, historical and budgeted income and expense accounts, with detailed explanation of all significant deviations.
The Financial Statements (semi-annual & annual) are reviewed and audited by external auditors, respectively.
The budgeting & forecasting procedure is reviewed and approved by the Board of Directors. As part of its audit duties, the Audit Committee of the Board of Directors justifies any budget/forecast deviations, considers its forecasts and ensures liquidity. It also holds meetings at least twice a year with the external auditors in order to be updated.
The Group's operations are governed by a regulatory framework reflected in the existence of approved policies and procedures including, without limitation, regulation of procurement, staff recruitment and dismissal, sales policy, etc. The internal audit department carries out audits to ensure compliance with the above procedures.

This statement of Corporate Governance is an integral and special part of the Annual Report of the Company's Board of Directors.

4) Main risks and uncertainties.

Financial Risk Management:

Interest Rate Risk:

Working capital needs are financed, among other sources, by bank debt. The Company and the Group are able to borrow at satisfactory terms and, if deemed appropriate, to apply hedging techniques to protect against interest rate increases, through Forward Rate Agreements (FRAs).

Foreign Exchange Risks:

The parent company and its domestic subsidiaries transact mostly in Euro, and are therefore not impacted by foreign exchange rate changes.

As regards foreign subsidiaries, the Bulgarian subsidiary maintains most of its liabilities in Euro, while the local currency maintains a fixed exchange rate vis-à-vis the Euro.

The Romanian subsidiary has most of its liabilities denominated in Euro. The local currency (RON) shows some fluctuation against the Euro; and if it is necessary these fluctuations are centrally confronted because the parent company has the ability and know-how to hedge these risks using forward foreign exchange transactions or other hedging techniques.

Liquidity Risk:

The parent and its subsidiaries meet their obligations to suppliers and banks in a prompt and timely manner, and no past due obligations exist. Moreover, they possess sufficient creditworthiness, as shown by the available overall credit limits which, as of 31 December 2017, stood at € 12.2 million for the Company and € 12.7 million for the Group. 52.99% of these amounts was used for the Company and 50.90% for the Group.

Capital management:

The Group preserves an optimum capital structure in order to reassure the ability to retain its business, secure its growth and, ultimately, returns for shareholders. Capital structure management is based on Group needs and occasional economic developments. The capital adequacy of the Group is monitored on the basis of relevant financial indexes.

Credit risk:

The Group is exposed to credit risk coming mainly from the potential failure to collect customer balances. In order to control credit risk, Motodynamics applies consistently an explicit credit policy that is monitored and evaluated on a constant basis, so that the credits granted do not exceed the credit limit set per customer.

5) Non-financial information

SHORT DESCRIPTION OF BUSINESS MODEL

The Motodynamics tradition begins in 1969 through the import of Yamaha products in Greece by the then company "Iliopouloi Bros". During the 1990s, the company commenced operations, initially, in Bulgaria and subsequently in Romania, acquiring the official importer rights by Yamaha Motor Co. for both countries.

The Group has the right of exclusive distribution of Yamaha Motor Co. products in Greece, Romania, Bulgaria, Albania and Moldova, as well as the products of its associates based on contracts concluded with Yamaha Motor Europe N.V. (subsidiary of Yamaha Motor Co., Japan).
In addition, since 2011 the company is the exclusive distributor of the products of the company Porsche AG in Greece.
The Group, wishing to establish an integrated commercial proposal, has also concluded numerous commercial agreements through which it has acquired official importer rights in respect of a series of famous brands in the sector of boats (Selva), lubricants (Rock Oil), tires (Continental), and rider equipment - attire (Alpinestars, Shark, Richa, CMS, Termignoni, etc.).

The Group employs, in its entirety, a team of trained professionals, who are client-oriented and have a high sense of responsibility against the company's network of partners, shareholders and the wider public, consumers or otherwise.

The Group (MOTODYNAMICS & subsidiaries) includes:

- A network of partners that covers, geographically, the entire country (Greece)
- Holdings in subsidiaries:
  - MOTODIKTYO S.A. (4 retail points of sale in Attica)
  - MOTODYNAMICS SRL (exclusive distributor of YAMAHA products in Romania)
  - MOTODYNAMICS LTD (exclusive distributor of YAMAHA products in Bulgaria)

Integrity and Responsible Operation
In the context of responsible operation, a series of actions is being implemented, aiming at:

- company operations that respect the environment, the employees, the customers, the suppliers, the state authorities, as well as the applicable Legal and Regulatory framework (on a national and international level);
- the promotion and enhancement of motorised sports;
- the support of socially vulnerably groups.

Values
The professionalism and know-how of MOTODYNAMICS' staff provide a stable basis on which the Group plans decisively its next business steps.

- **Strong ties to the represented Firms**
  Appreciation, recognition, respect
- **Growth and maintenance of clientele with a focus on long-term strategy**
  Consolidated networks, honest relations with customers, focus on after-sales
- **Innovative promotional activities**
  Creativity, effective implementation
- **Strong and effective infrastructure**
  Optical IT systems, effective logistics
- **Working environment with high professionalism**
  Morals, integrity, transparency, transparency, respect, self-commitment, consistency
- **High adaptability**
  Decisive adaptation, effective integration, flexible communication
- **Value creation through the combination of knowledge and analysis**
  Knowledge, analysis, negotiation, persuasion

Environmental issues

The Group policy includes full compliance with all legislative requirements related to the protection of the environment through cooperation with the required recycling companies. The operation does not cause any impact on the environment.

Labor issues

In the Group we support our people, since we recognize and support their contribution to our business success and our future growth. In this context, we have established a working environment, where the human resources of our companies feel safety, equality, stability, satisfaction, dedication and commitment to our corporate principles and values. Respect of the rights and dignity of our employees, is a key commitment on our part. For that reason,

• We ensure the attraction and maintenance of capable executives, with principles and values such as integrity, consistency, dedication, creative thinking, professional conscientiousness and responsibility.

• We seek to provide a working environment that ensures the required conditions for creativity, development and utilization of each employee's capabilities.

• With respect to the staff's health and safety, the company provides a group policy with medical and pension coverage.

• We promote continuous training and development of human resources through training and skill development programs.

The number of employed personnel at the end of the fiscal year amounts to 83 persons for the parent company and 123 for the Group; in total, for salaries, wages, employer's contributions and other charges related to personnel, € 4.67 million euro were paid by the parent company and € 3.80 million for the Group.

6) Significant transactions between the issuer and its associates

Transactions with subsidiaries

Transactions with subsidiaries (sales of merchandise and provision of services) are carried out within the Company's normal business operations. Outstanding balances at the end of the year are unsecured, interest free and settlement occurs in cash, within the time limits agreed between the said companies. As at 31 December 2017 there were no pending guarantees or any other commitments of Motodynamics towards and from its subsidiaries. The Company's Management does not deem that a provision is required for potential failure to collect its receivables from its subsidiaries and, therefore, no provision has been formed.

The breakdown of transactions (sales of merchandises and provision of services) of the Company with the above mentioned subsidiaries, in which it holds a participating interest, the balances thereof, as well as the breakdown of transactions among the subsidiaries are presented below.

	COMPANY	
	31 December 2017	**31 December 2016**
Sale of goods and services		
Motodiktyo S.A.	7,045,949.19	4,892,101.39
Motodynamics Ltd.	891,325.75	769,258.94
Motodynamics Srl.	1,611,323.22	1,419,892.85
	9,548,598.16	**7,081,253.18**
Purchases of goods and services		
Motodiktyo S.A.	45,520.66	50,929.08
Motodynamics Ltd.	156,417.19	13,116.63
Motodynamics Srl.	28,666.81	54,527.86
	230,604.66	**118.573,57**
Receivables		
Motodiktyo S.A.	1,754,636.91	1,131,553.55
Motodynamics Ltd.	-	140,000.00
Motodynamics Srl.	112,408.96	171,014.04
	1,867,045.87	**1,442,567.59**
Liabilities		
Motodiktyo S.A.	1,500.00	1,500.00
Motodynamics Srl.	-	18,679.90
	1,500.00	**20,179.90**

	Motodynamics Ltd.		Motodynamics Srl.	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Sale of goods and services				
Motodynamics Srl	1,260.00	30,929.00	-	-
Motodynamics Ltd.	-	-	**1,670.00**	-
	1,260.00	**30,929.00**	**1,670.00**	**-**
Purchases of goods and services				
Motodynamics Srl	1,670.00	-	-	-
Motodynamics Ltd.	-	-	1,260.00	30,929.00
	1,670.00	**-**	**1,260.00**	**30,929.00**

Compensation of key management personnel of the Company and the Group:

Compensation of key management personnel of the Company and the Group for the year ended 31 December 2017 and 2016, were as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Benefits to key management personnel of the Company and the Group				
Compensation of key management personnel	1,236,536.36	1,524,501.82	1,236,536.36	1,524,501.82
Key management personnel receivables	-	-	-	-
Liabilities to key management personnel	788,989.34	1,113,201.60	788,989.34	1,113,201.60

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
(in accordance with art. 4, par. 7 and 8 of Law no. 3556/2007)

7) Structure of the company's share capital - rights and obligations attached to shares

1.1. Company's share capital structure: The company's share capital amounts to 4,680,000 Euro, divided into 11,700,000 shares, of a nominal value of 0,40 Euro each. All Company shares are ordinary shares with voting rights and are traded in Main Market of the Athens Stock Exchange.

1.2. Rights and obligations: Each shareholder has rights and obligations that are proportional to the value of the Company shares that the shareholder owns. More specifically:

1.2.1. Each share provides to the owner the right of participation in the Company's annual distributed (or upon liquidation) profits, in accordance with the law, the Articles of Association and the General Meeting of Shareholders decisions.

1.2.2. Each ordinary share entitles the owner to participate and to vote in the General Meeting of Shareholders of the company.

1.2.3. Each Shareholder has preemption rights in every Company share capital increase.

1.2.4. Each Shareholder has the right to receive copies of the Company's financial statements, Auditors' reports and the financial review of the Board of Directors.

1.2.5. The General Meeting of shareholders reserves all its rights during liquidation (Article 35, paragraph 5 of the Articles of Association).

1.2.6. The liability of the shareholders is limited to the nominal value of the shares they hold.

8) Limits on transfer of Company shares

The Company shares are transferred as provided for by law. No limits to the transfer of Company shares are provided for by its Articles of Association.

9) Significant direct or indirect holdings in the sense of Article 9 to 11, Greek Law 3556/2007

On 31.12.2017 the following shareholders held more than 5% of the total voting rights of the Company

3.1. Mr. Odysseas Kyriakopoulos held 20,50%.

3.2. Ms. Aikaterini Kyriakopoulou held 19,81%.

3.3. Ms. Flora-Maria Kyriakopoulou held 19,41%.

10) Shares conferring special control rights

None of the Company shares carry any special rights of control.

11) Limitations on voting rights

The Articles of Association make no provision for any limitations on voting rights.

12) Company Shareholders Agreements

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

13) Rules governing the appointment and replacement of Directors and the amendment of the Articles of Association deviating from those provided for in Codified Law 2190/1920

The rules set out in the Articles of Association of the Company on the appointment and replacement of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Codified Law 2190/1920.

14) Authority of the Board of Directors or certain Directors to issue new shares or to purchase the own shares of the Company, pursuant to Article 16 of Codified Law 2190/1920

By virtue of the decision adopted by the Ordinary General Meeting of Shareholders on 09/05/2017, all previous decisions on the same issue were revoked and the Company may acquire its own shares, under the following conditions:

a. The maximum number of own shares that may be acquired is subject to an upper limit of 600,000, an amount corresponding to less than 1/10 of paid-up share capital.

b. The maximum acquisition price of the shares was set at two euro (€ 2), with the minimum price set at twenty cents (€ 0,20).

c. The timeframe within which the share acquisitions will be performed was designated as twenty-four (24) months, namely from 09/05/2017 to 09/05/2019.

d. It authorises the Board of Directors, on condition that it adopts a relevant decision, to implement the own shares acquisitions in accordance with the terms stipulated above and the conditions imposed by applicable legislation, designating the time periods and quantities of acquired shares.

Moreover, by virtue of its decision dated 6/10/08, the Board of Directors of the Company appointed the CEO as its special attorney-in-fact and process representative and, in the event of his impediment, the Chief Financial Officer, acting either jointly or individually, conferring them the power to undertake all requisite actions in view of the acquisition of own shares, in the name and on behalf of the Company, in accordance with the aforementioned terms that were approved by the Ordinary General Meeting of Shareholders of 09/05/2017.

e. By decision of the extraordinary General Meeting as of 26/10/2010, the Company's Board of Directors was authorised, pursuant to Article 13(6) of C.L. 2190/1920, as in force, to determine the price of the new shares within such period as may be established by an Extraordinary General Meeting, and all those issues related to the permit from the Hellenic Capital Market Commission, the preparation of the Prospectus, the listing of the shares on the Small and Mid-Cap Market of the Athens Exchange, the allocation of any undistributed shares and all related issues.

15) Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer.

The Company has concluded no such agreements.

16) Agreements between the Company and Directors

The Company has renewed the employment contract (as of 01.01.2017) with its CEO, Mr. Sotirios Hatzikos, which has been approved by the Ordinary General Meeting of 09/05/2017.

Aspropyrgos, 27.03.2018

On behalf of the Board of Directors
The CEO

Sotirios Hatzikos

Report of an Independent Chartered Auditor - Accountant

To the Shareholders of the Company **"EMPORIKI EISAGOGIKI AFTOKINITON DITROHON KAI MIHANON THALASSIS SOCIETE ANONYME" (dba MOTODYNAMICS S.A.)**

Audit Report on the Company and Consolidated Financial Statements

Opinion

We have audited the accompanying company and consolidated financial statements of the Company "**EMPORIKI EISAGOGIKI DITROHON KAI MIHANON THALASSIS SOCIETE ANONYME"** (the "Company"), which consist of the company and consolidated financial position statement as of 31 December 2017, the company and consolidated statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, as well as the summary of significant accounting policies and methods and other explanatory notes.

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the Group) as at 31 December 2017, and their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as the latter have been adopted by the European Union.

Opinion Basis

We performed our audit in accordance with the International Standards on Auditing (ISA), as they have been adopted in the Greek legislation. Our responsibilities, in accordance with these standards are further described in paragraph "Auditor's responsibility for the audit of the company and consolidated financial statements" of our report. We are independent of the Company and its consolidated subsidiaries throughout the term of our appointment, in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, as it has been adopted in the Greek legislation and the conduct requirements related to the audit of company and consolidated financial statements in Greece, and we have met our conduct obligations in accordance with the requirements of applicable laws and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Major audit issues

The major audit issues are those issues which, in our professional opinion, were of major importance in our audit of the company and consolidated financial statements of the current year. These issues and the related risks of material inaccuracy were dealt with in the context of the audit of the company and consolidated financial statements as a whole, in order to form our opinion thereon and we do not express a separate opinion for these issues.

Major audit issues	**How we dealt with the major audit issue in our audit**
Recoverability of trade receivables	
On 31.12.2017 the trade receivables of the Group and the Company amounted to € 3,468,556.51 (€2,654,731.73 on 31.12.2016) and € 4,962,689.27 (€3,932,562.67 on 31.12.2016) respectively, whereas the accumulated impairment amounts to €528,148.55 (€500,675.22 on 31.12.2016) and €288,156.37 (€275,321.89 on 31.12.2016) respectively, as mentioned on note 20 to the financial statements. In case of insolvency of these customers, the Company and the Group are exposed to increased credit risk when customers fail to meet their contractual obligations. The Group forms a special provision for doubtful receivables based on estimates of the administration regarding the possibility of collecting its receivables as at the end of the reporting period. The amount of the provision for doubtful receivables formed by the company and its subsidiaries at the end of each reporting period is determined on the basis of an estimate of the potential risk of non-collection of past due balances or receivables currently in litigation. The accumulated amount of the provision for doubtful receivables is reduced by the amount of receivables declared to be non-collectible. Given the significance of the issue, the magnitude of the	Our audit procedures regarding the evaluation of the recoverability of the trade receivables included, among others: • The understanding and review of the credit control procedures of the Group, as well as the review of the basic safeguards regarding the granting of credits to customers. • The evaluation of the assumptions and the methodology employed by the management in order to determine the recoverability of the trade receivables or the classification thereof as doubtful. • The review of the reply letters by the legal advisor regarding doubtful receivables handled during the year and the identification of any issue that indicates balances from trade receivables that are not recoverable in the future. • The review of the maturity of trade receivables balances at the end of the year, the identification of any debtors with financial difficulties and the recalculation of the impairment of trade receivables. • The review of the recoverability of the balances, comparing the amounts at the end of the year with subsequent collections/settlements. • In addition, we reviewed the adequacy of the relevant disclosures of the Company and the Group in the attached financial statements regarding the aforementioned issue.

crisis and the estimates required by the management when evaluating the client's capability to repay, we consider that this is one of the most significant audit issues. The disclosures of the Company and the Group regarding the nature of the aforementioned receivables and the estimates used for the evaluation of the recoverability thereof are included in notes 2.c, 3.i and 20 to the financial statements.	
Valuation of inventories	
On 31.12.2017 the Group and the Company had inventories amounting to € 12,649,766.59 (€ 13,496,018.55 on 31.12.2016) and € 10,609,680.41 (€ 11,838,052.88 on 31.12.2016) respectively. Inventories are valued at the lower of acquisition cost and of net realizable value. A provision for impairment of inventory value is formed using management estimates based on each situation and the possibility of using the products if this becomes necessary, keeping in mind that the company is obligated to maintain a safety stock of spare parts for the totality of models in circulation. We consider that the evaluation of the valuation of the inventories of the Group is one of the most significant audit issues, on one hand because inventories constitute the largest asset and, on the other, because the significant estimates and judgments of the management for the determination of the net realizable value. The disclosures of the Company and the Group regarding the nature of the aforementioned inventories and the estimates used for the evaluation of the valuation thereof are included in notes 3.h and 19 to the financial statements.	We evaluation the reasonableness of the assumptions of the management that were used for the determination of the value of the inventories from: • The recording and evaluation of procedures and inventory management safeguards designed by the Group management regarding inventories. • The monitoring of the physical inventory in specific storage areas and the performance of sample counting. • The evaluation of the valuation by comparing the net realizable value of the inventories on the reporting date with the acquisition cost of the inventories, the determination of which was sampled. • The review of the stock balance to identify unmoved and slow-moving inventories. • In addition, we reviewed the adequacy of the relevant disclosures of the Company and the Group in the attached financial statements regarding the aforementioned issue.

Other information:

The management is responsible for other information. The other information included in the Annual Financial Report are the Directors' Management Report, which is referred to in the "Report on Other Legal and Regulatory Requirements" and the Directors' Statements, but do not include the financial statements and the audit report.

Our opinion on the company and consolidated financial statements does not cover the other information and we do not express, through this opinion, any kind of conclusion regarding the assurance thereof.

With regard to our audit of the company and consolidated financial statements, our responsibility is to read the other information and, in this manner, to review whether the other information is materially inconsistent with the company and consolidated financial statements or the knowledge we acquired during the audit or they appear to otherwise contain material misstatements. If, based on the work carried out, we reach the conclusion that such other information contains material misstatements, we are obliged to report this fact. We do not have anything to report on this issue.

Responsibilities of the management and the persons responsible for the governance on the company and consolidated financial statements

The Management of the Company is responsible for the preparation and fair presentation of these company and consolidated Financial Statements in accordance with the IFRS, as the latter have been adopted by the European Union. This responsibility extends to maintaining the internal audit safeguards deemed necessary by Management, to ensure the preparation of company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

During preparation of the company and consolidated financial statements, the management is responsible for evaluating the Company and the Group capability to continue their activities, disclosing any such possibility, the matters related to the ongoing concern and the use of the accounting basis of the ongoing concern, unless the management either intends to liquidate the Company and the Group, or suspend their operations, or has no other realistic option other than proceeding with this actions.

The Audit Committee (Art. 44 of Law 4449/2017) of the Company is responsible for Monitoring the financial reporting procedure of the Company and the Group.

Auditors responsibility for the audit of the company and consolidated financial statements

Our aim is to obtain a reasonable assurance regarding whether the company and consolidated financial statements, in their entirety, are free from material misstatement, either due to fraud or error, and issue an auditor's report, which contains our opinion. The reasonable assurance constitutes a high-level assurance, however it is not a guarantee that the audit performed in accordance with the ISAs, as adopted in Greek legislation, can always identify any material misstatement, if any. Misstatements may be the result of

fraud or error, and are considered material when, either individually or in the aggregate, it could be reasonably expected that they would affect the financial decisions of the users that are made based on these company and consolidated financial statements.

The audit's duty, in accordance with the ISA, as adopted in Greek legislation, is to exercise our professional judgement and always retain a professional skepticism throughout the duration of the audit. In addition:

- We identify and evaluate the risks of material misstatement in the company and consolidated financial statements, either due to fraud or error, by designing and performing audit procedures corresponding to these risks and obtain audit evidence that are sufficient and appropriate to provide a basis to our opinion. The risk of failing to identify any material misstatement due to fraud is higher than the risk of failing to identify a material misstatement due to error, since the fraud may entail collusion, forgery, deliberate omissions, false assurances or bypassing internal audit safeguards.
- We understand the internal audit safeguards related to our audit, in order to design audit procedures appropriate to the circumstances, but not with a view to expressing any opinion on the efficiency of the internal audit safeguards of the Company and the Group.
- We evaluate the appropriateness of the accounting principles and methods used and the reasonableness of the accounting estimates and the relevant disclosures made by the management.
- We express an opinion on the appropriateness of the use by management of the accounting basis of the ongoing concern and, on the basis of the audit evidence obtained, on whether there is a material uncertainty regarding events or conditions that could indicate a material uncertainty regarding the Company's and the Group's ability to continue their operation. If we conclude that there is a material uncertainty, we are obliged in our auditor's report to draw attention to the relevant disclosures of the company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may have as a result the Company and the Group to cease to operate as an ongoing concern.
- We evaluate the overall presentation, structure and content of the company and consolidated financial statements, including the disclosures, as well as whether the company and consolidated financial statements present the underlying transactions and the events in a manner achieving reasonable presentation.
- We collect sufficient and appropriate audit evidence regarding financial disclosures of the entities or business activities within the Group, in order to express an opinion on the company and consolidated financial statements. We are responsible for guiding, monitoring and performing the audit of the Company and its subsidiaries. We remain exclusively responsible for our audit opinion.

In addition to other issues, with notify the persons responsible for the governance, our planned breadth and schedule of the audit, as well as any significant audit finding, including any major shortcomings of the internal audit safeguards identified during our audit.
In addition, we declare to the persons responsible for the governance that we have met our relevant conduct obligations for independence and we notify them of all relations and other matters that may be considered as affecting our independence and the relevant safety measures, as the case may be.
Out of the issues notified to the persons responsible for the governance, we identify the issues with the most significance for the audit of the company and consolidated financial statements of the current year which, thus constitute the major audit issues.

Report on Other Legal and Regulatory Requirements

1. Directors' Management Report

Considering that the management is responsible for preparing the Directors' Management Report and the Corporate Governance Statement included therein, pursuant to the provisions of paragraph 5 of Article 2 of Law 4336/2015 (Part B), we would like to note that:

α. The Directors' Management Report includes a corporate governance statement which provides the information laid down in Article 43abb of Codified Law 2190/1920.
β. In our opinion, the Directors' Management Report has been prepared in accordance with applicable legal requirements under Articles 43a and 107A, and paragraph 1 (cases (c) and (d)) of Article 43bb of Codified Law 2190/1920, and its content corresponds to the attached company and consolidated financial statements for the year ended on 31/12/2017.
γ. On the basis of the knowledge acquired during our audit regarding the company "**EMPORIKI EISAGOGIKI AFTOKINITON DITROHON kai MIHANON THALASSIS SOCIETE ANONYME**" and its environment, we have not identified any material misstatements in the Directors' Management Report.

2. Supplementary Report to the Audit Committee

Our opinion regarding the attached company and consolidated financial statements is consistent with our Supplementary Report to the Audit Committee of the Company, as provided for in Article 11 of Regulation (EU) No. 537/2014.

3. Provision of Services other than Auditing

We have not provided the Company and its subsidiaries any other services other than auditing that is prohibited under Article 5 of Regulation (EU) No. 537/2014 or other permitted auditing services.

4. Auditor's Appointment

We were appointed for the first time as Chartered Auditors Accountants of the Company by means of decision dated 26/6/2012 of the annual ordinary general meeting of the shareholders. Since then, our appointment has always been renewed for a total period of 6 years pursuant to decisions adopted annually by the ordinary general meeting of the shareholders.

Athens, 27 March 2018

The Chartered Auditor Accountant

Stergios Detsikas

Body of Statutory Auditors (SOEL) Reg.

No. 41961



MOTODYNAMICS S.A.

ANNUAL COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017 ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

as the latter have been adopted by the European Union

of the Societe Anonyme
EMPORIKI EISAGOGIKI AFTOKINITON DITROHON kai MIHANON THALASSIS SOCIETE ANONYME

under distinctive title "MOTODYNAMICS S.A."

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EMPORIKI EISAGOGIKI AFTOKINITON DITROHON
kai MIHANON THALASSIS SOCIETE ANONYME
under the distinctive title "MOTODYNAMICS S.A."

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

(amounts in Euro)

		GROUP		COMPANY	
	Notes	**1.1 – 31.12.2017**	**1.1 – 31.12.2016**	**1.1 – 31.12.2017**	**1.1 – 31.12.2016**
Sales	6	54,501,456.37	50,091,636.85	52,209,745.13	48,004,207.88
Cost of Sales		(43,657,042.09)	40,152,758.58	43,266,228.71	39,747,957.41
Gross Profit		**10,844,414.28**	**9,938,878.27**	**8,943,516.42**	**8,256,250.47**
Other income	9	234,739.68	124,154.09	334,927.83	217.795,32
Administrative expenses	7	(1,893,183.32)	(1,849,318.44)	(1,886,253.32)	(1,841,788.44)
Sales and distribution	8	(7,270,730.06)	(6,808,338.23)	(5,847,946.84)	(5,499,420.64)
Other expenses	10	(137.168,29)	(83,469.06)	(123,577.47)	(74,796.53)
Operating profits		**1,778,072.29**	**1,321,906.63**	**1,420,666.62**	**1,058,040.18**
Financial income	11	116,129.68	131,841.36	108,058.11	113,969.58
Financial expenses	12	(529,616.89)	(529,551.32)	(491,659.01)	(473,458.75)
Profit before tax		**1,364,585.08**	**924,196.68**	**1,037,065.72**	**698.551,01**
Income tax	13	(30,249.28)	18,838.31	(18,462.38)	(14,468.10)
Profit after tax		**1,334,335.80**	**943,034.99**	**1,018,603.34**	**684,082.91**
Attributable to:					
Shareholders of the parent		1,334,335.80	943,034.99		
Minority interests		-	-		
		1,334,335.80	**943,034.99**		
Other total income/(loss) after taxes	27	**(40,920.21)**	**(30.892,48)**	**(6,830.96)**	**(24,351.67)**
Aggregate total income after taxes		**1,293,415.59**	**912,142.51**	**1,011,772.38**	**659,731.24**
Attributable to:					
Parent company equity		1,293,415.59	912,142.51		
Minority interests		-	-		
		1,293,415.59	**912,142.51**		
Basic earnings per share net of tax (in €)	16	**0,1105**	**0,0780**		
Diluted earnings per share (in Euro):	16	**0,1105**	**0,0780**		

The accompanying notes are an integral part of these financial statements.
The company, for reasons of comparability, has proceeded to reclassify the items of fiscal year 2016 (see note 33)

EMPORIKI EISAGOGIKI AFTOKINITON DITROHON kai MIHANON THALASSIS SOCIETE ANONYME
under the distinctive title "MOTODYNAMICS S.A."

STATEMENT OF FINANCIAL POSITION

as of 31 December 2017
(amounts in Euro)

	Notes	GROUP		COMPANY	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
ASSETS					
Non-current assets					
Tangible assets	17	4,547,184.12	4,537,091.66	4,087,343.17	4,186,511.93
Intangible assets	18	608.230,89	726,496.33	603,856.62	723,871.06
Deferred tax assets	13	1,021,860.69	1,020,556.35	741,577.98	760,040.36
Investments in subsidiaries	4	-	-	3,141,432.20	3,141,432.20
Other long-term assets	32	2,598,842.14	2,753,365.98	2,556,489.09	2,710,507.92
Total non-current assets		**8,776,117.84**	**9,037,510.32**	**11,130,699.06**	**11,522,363.47**
Current Assets					
Inventories	19	12,649,766.59	13,496,018.55	10,609,680.41	11,838,052.88
Trade accounts receivable	20	3,468,556.51	2,654,731.73	3,095,643.40	2,489,995.08
Amounts due from subsidiaries	5	-	-	1,867,045.87	1,442,567.59
Other receivables	21	503,835.90	505,758.22	466,732.77	469,786.64
Cash and cash equivalents	22	285,641.80	211,935.34	20.834,91	41,024.79
Total current assets		**16,907,800.80**	**16,868,443.84**	**16,059,937.36**	**16,281,426.98**
Grand total of assets		**25,683,918.64**	**25,905,954.16**	**27,190,636.42**	**27,803,790.45**
EQUITY AND LIABILITIES					
Equity					
Share capital	24	4,680,000.00	6,903,000.00	4,680,000.00	6,903,000.00
Share premium		5,756,695.00	5,756,695.00	5,756,695.00	5,756,695.00
Reserves	25	1,064,398.23	1,034,760.10	1,043,977.58	1,030.302.01
Own Shares	24	-	-	-	-
Reserves for allocation of free shares to directors	23	160,727,43	160,727,43	160,727,43	160,727,43
Cumulative consolidation exchange differences		(297.754,68)	(263,249.05)	-	-
Results carried forward		(1,348,190.55)	(4,518,473.64)	346,258.30	(2,523,838.51)
Total		**10,015,875.43**	**9,073,459.84**	**11,987,658.31**	**11,326,885.93**
Minority interests		-	-	-	-
Total Equity		**10,015,875.43**	**9,073,459.84**	**11,987,658.31**	**11,326,885.93**
Long-term Liabilities					
Provision for staff retirement indemnity	27	540.854,99	751,275.63	435,327.72	650,254.30
Other long-term liabilities		3,700.00	-	5,200.00	1,500.00
Total long-term liabilities		**544,554.99**	**751,275.63**	**440,527.72**	**651,754.30**
Short-term liabilities					
Trade payables	28	6,635,631.74	8,374,904.13	6,498,194.73	8,253,173.07
Short-term loans	29	6,464,462.63	6,218,588.18	6,464,462.63	6,216,907.61
Income Tax Payable		2,772.74	-		
Accrued and other short-term liabilities	30	2,020,621.11	1,487.726.38	1,799,793.03	1,355,069.54
Total short-term liabilities		**15,123,488.22**	**16,081,218.69**	**14,762,450.39**	**15,825,150.22**
Total Liabilities		**15,668,043.21**	**16,832,494.32**	**15,202,978.11**	**16,476,904.52**
Total Equity and Liabilities		**25,683,918.64**	**25,905,954.16**	**27,190,636.42**	**27,803,790.45**

The accompanying notes are an integral part of these financial statements.

EMPORIKI EISAGOGIKI AFTOKINITON DITROHON AND MIHANON THALASSIS SOCIETE ANONYME
under the distinctive title "MOTODYNAMICS S.A."

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017
(amounts in Euro)

	Share capital	Share premium	Reserves	Cumulative consolidated exchange differences	Reserves for allocation of free shares to directors	Treasury Shares Purchase	Results carried forward	Total	Minority interests	Total Equity
Total Equity at the beginning of the year 1 January 2016	**6,903,000.00**	**5,756,695.00**	**1,034,760.10**	**(260,564.72)**	**253,527.43**	**(23,653.33)**	**(5,433,300.48)**	**8,230,464.00**	-	**8,230,464.00**
Results of financial year (1/1 – 31/12/2016)	-	-	-	-	-	-	943,034.99	943,034.99	-	**943,034.99**
Other total income/(losses)	-	-	-	2,684.33	-	-	(28,208.15)	(30.892,48)	-	**(30.892,48)**
Total comprehensive income/(losses)	-	-	-	2,684.33	-	-	914,826.84	912,142.51	-	**912,142.51**
Reserves for allocation of free shares to directors	-	-	-	-	92,800.00	-	-	92,800.00	-	**92,800.00**
Purchase/Cancellation of own shares (note 24)	-	-	-	-	-	23,653.33	-	23,653.33	-	23,653.33
Total Equity at the end of the year 31 December 2016	**6,903,000.00**	**5,756,695.00**	**1,034,760.10**	**(263,249.05)**	**160,727,43**	-	**(4,518,473.64)**	**9,073,459.84**	-	**9,073,459.84**
Total Equity at the beginning of the year 1 January 2017	**6,903,000.00**	**5,756,695.00**	**1,034,760.10**	**(263,249.05)**	**160,727,43**	-	**(4,518,473.64)**	**9,073,459.84**	-	**9,073,459.84**
Results of financial year (1/1 – 31/12/2017)	-	-	29,638.13	-	-	-	1,304,697.67	1,334,335.80	-	**1,334,335.80**
Other total income/(losses)	-	-	-	(34,505.63)	-	-	(6,414.58)	(40,920.21)	-	**(40,920.21)**
Total comprehensive income/(losses)	-	-	29,638.13	(34,505.63)	-	-	1,298,283.09	1,293,415.59	-	**1,293,415.59**
Share Capital reduction	(351,000.00)	-	-	-	-	-	-	(351,000.00)	-	**(351,000.00)**
Purchase/Cancellation of own shares (note 24)	-	-	-	-	-	-	-	-	-	-
Share Capital reduction by offset of losses	(1,872,000.00)	-	-	-	-	-	1,872,000.00	-	-	-
Total Equity at the end of the year 31 December 2017	**4,680,000.00**	**5,756,695.00**	**1,064,398.23**	**(297.754,68)**	**160,727,43**	-	**(1,348,190.55)**	**10,015,875.43**	-	**10,015,875.43**

The accompanying notes are an integral part of these financial statements.

EMPORIKI EISAGOGIKI AFTOKINITON DITROHON AND MIHANON THALASSIS SOCIETE ANONYME
under the distinctive title "MOTODYNAMICS S.A."

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017
(amounts in Euro)

	Share capital	Share premium	Reserves	Reserves for allocation of free shares to directors	Treasury Shares Purchase	Results carried forward	Total Equity
Total Equity at the beginning of the period 1 January 2016	**6,903,000.00**	**5,756,695.00**	**1,030,302,01**	**253,527.43**	**(23,653.33)**	**(3,183,569.75)**	**10,736,301.36**
Results of financial year (1/1 – 31/12/2016)	-	-	-	-	-	684,082.91	**684,082.91**
Other comprehensive income/(losses)	-	-	-	-	-	(24,351.67)	**(24,351.67)**
Total comprehensive income/(losses)	-	-	-	-	-	659,731.24	**659,731.24**
Reserves for allocation of free shares to directors	-	-	-	92,800.00	-	-	**(92,800,00)**
Purchase/Cancellation of own shares (note 24)	-	-	-	-	23,653.33	-	**23,653.33**
Total Equity at the end of the period 31 December 2016	**6,903,000.00**	**5,756,695.00**	**1,030,302,01**	**160,727,43**	**-**	**(2,523,838.51)**	**11,326,885.93**
Total Equity at the beginning of the period 1 January 2017	**6,903,000.00**	**5,756,695.00**	**1,030,302,01**	**160,727,43**	**-**	**(2,523,838.51)**	**11,326,885.93**
Results of financial year (1/1 – 31/12/2017)	-	-	13,675.57	-	-	1,004,927.77	**1,018,603.34**
Other comprehensive income/(losses)	-	-	-	-	-	(6,830.96)	**(6,830.96)**
Total comprehensive income/(losses)	-	-	13,675.57	-	-	998,096.81	**1,011,772.38**
Share Capital reduction	(351,000.00)	-	-	-	-	-	**(351,000.00)**
Purchase/Cancellation of own shares (note 24)	-	-	-	-	-	-	-
Share Capital reduction by offset of losses	(1,872,000.00)	-	-	-	-	1,872,000.00	-
Total Equity at the end of the period 31 December 2017	**4,680,000.00**	**5,756,695.00**	**1,043,977.58**	**160,727,43**	**-**	**346,258.30**	**11,987,658.31**

The accompanying notes are an integral part of these financial statements.

EMPORIKI EISAGOGIKI AFTOKINITON DITROHON AND MIHANON THALASSIS SOCIETE ANONYME
under the distinctive title "MOTODYNAMICS S.A."

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017

(amounts in Euro)

Indirect Method	Notes	GROUP		COMPANY	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Operating Results					
Profit / (loss) before tax		**1,364,585.08**	**924,196.68**	**1,037,065.72**	**698.551,01**
- Depreciation	15	953,854.97	878,213.13	894,288.65	804,120.28
- Provision for staff retirement indemnities	27	44,164.78	261,013.31	39,242.46	245,430.87
- Provision for doubtful receivables	20	27,473.33	483,00	12,834.48	(226,53)
- Provision for slow moving inventory	19	(39,715.00)	67,385.00	(29,712.00)	61,035.00
- Provision for allocation of free shares to directors	23	-	92,800.00	-	92,800.00
- Foreign exchange differences	11,12	12,619.83	(3,602.42)	(650,14)	(3,988.69)
- Results (earnings and losses) of investing operations		44,470.66	3,199.91	39,559.78	5,070.11
- Credit interests	11	(105,683.66)	(109,047.59)	(105,438.16)	(108,489.34)
- Payable interests and relevant expenses	12	522,513.60	510,359.96	489,689.20	471,967.20
Plus/ less adjustments for changes in capital, working capital or relevant to operating activities					
Decrease / (Increase) in:					
- Inventories		885,966.96	(2,898,342.77)	1,258,084.47	(2,587,223.01)
- Long-term receivables		154,523.84	167,039.18	154,018.83	166,589.31
- Trade receivables		(841,659.26)	379,193.54	(1,042,961.08)	74,131.63
- Other short-term receivables		2,283.47	(15,435.77)	3,053.87	(4,257.01)
(Decrease) / Increase in liabilities (except banks):					
- Long-term liabilities		3,700.00	(10,633.08)	3,700.00	-
- Trade and other payables		(1,739,272.39)	1,934,035.97	(1,754,978.34)	2,005,276.94
- Other short term liabilities		527,322.39	(301,946.75)	444,723.49	(247.898,56)
Less:					
- Debit interest and relevant expenses paid	12	(522,513.60)	(510,359.96)	(489,689.20)	(471,967.20)
- Taxes paid		-	(21,025.01)	-	-
- Realised foreign exchange differences	11,12	(12,619.83)	3,602.42	650,14	3,988.69
- Utilised provision for doubtful clients	20	-	(9,187.57)	-	8,431.36
- Staff indemnity payment		(261,000.00)	(19,564.67)	(261,000.00)	(4,666.67)
Total cash inflow / (outflow) from operating		**1,021,015.17**	**1,136,776.51**	**692,482.17**	**1,006,212.67**
Investment Activities					
- Purchase of tangible and intangible fixed assets	17,18	(1,500,438.34)	(1,532,696.72)	(1,121,795.23)	(1,234,710.31)
- Receipts from sale of tangible and intangible fixed assets		552,571.52	713,134.66	407,130.00	711,273.68
- Interest received	11	105,683.66	109,047.59	105,438.16	108,489.34
Total cash outflow from investing activities (b)		**(842,183.16)**	**(710,514.47)**	**(609,227.07)**	**(414,944.17)**
Financing Activities					
- Receipts from issued / utilised loans		24,564,462.63	25,769,375.30	24,564,462.63	25,433,104.80
- Loan repayments		(24,318,588.18)	(26,371,547.14)	(24,316,907.61)	(26,036,957.21)
- Purchase/Cancellation of own shares		(351,000.00)	23,653.33	(351,000.00)	23,653.33
Total cash inflow / (outflow) from financing activities		**(105,125.55)**	**(578.518,51)**	**(103,444.98)**	**(580,199.08)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)		**73,706.46**	**(152,256.47)**	**(20,189.88)**	**11,069.42**
Cash and cash equivalents at the beginning of the period		**211,935.34**	**364,191.81**	**41,024.79**	**29,955.37**
Cash and cash equivalents and end of the period	22	**285,641.80**	**211,935.34**	**20.834,91**	**41,024.79**

The accompanying notes are an integral part of these financial statements.

NOTES ON THE ANNUAL FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Emporiki Eisagogiki Aftokiniton Ditrohon kai Mihanon Thalassis Group of Companies S.A., under the distinctive title Motodynamics S.A. ("the Group") is a Greek group of companies mainly engaged in the import, agency, distribution and trade of cars, motorcycles and marine products (outboard motors, inflatable boats and jet skis), spare parts and lubricants. The parent Company MOTODYNAMICS S.A. ("Motodynamics" or "parent company") was founded in Greece in 1992 with a 25-year term and, according to a Decision of its General Meeting of 05/06/2015, its term was extended until 2040.

The Group has the right of exclusive distribution of Yamaha Motor Co. products in Greece, Romania, Bulgaria, Albania and Moldova, as well as the products of its associates based on contracts concluded with Yamaha Motor Europe N.V. (subsidiary of Yamaha Motor Co., Japan). These contracts, for all countries, were renewed and now extend to 31 December 2021.

In April 2011 the company concluded the cooperation agreement and signed the relevant contracts for the exclusive distribution of Porsche AG products in Greece.

Since June 2005 the Company's shares have been traded on the Athens Stock Exchange. The Company is based in Aspropyrgos, at Kyrillos site, P.C. 19300. The Company has two branches: one in Attica and one in Thessaloniki (in leased property).

The accompanying consolidated financial statements include the annual financial statement of Motodynamics and its subsidiary companies, the activities of which are reported in note 4.

The number of employees at year end was 83 for the parent company and 123 for the Group and for the corresponding previous year they numbered 78 for the parent company and 117 for the Group, respectively.

2. BASIS FOR PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(a) ***Basis of Preparation of the Financial Statements:*** The accompanying consolidated and separate Financial Statements, (hereinafter "the financial statements") have been prepared on the basis of historical cost and according to International Financial Reporting Standards ("IFRS") adopted by the European Union. The financial statements are drawn up in accordance with Greek Codified Law 2190/1920, as applicable. No Standards were applied before their effective date.

(b) ***Approval of Financial Statements.*** The Financial Statements for the year ended 31 December 2017 were approved by the Company's Board of Directors in its meeting of 27 March 2018. Please note that the accompanying financial statements are subject to the approval of the Ordinary General Meeting of Shareholders.

(c) ***Use of estimates:*** The preparation of Financial Statements in accordance with IFRS requires that the management makes estimates, assumptions and adjustments which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as well as the revenues and expenditures presented for the reporting period. These estimates, assumptions and judgments are periodically reviewed so that they may reflect actual facts and will reflect the risks prevailing at the time; they are based on the previous experience of the management in relation to the size of related transactions or events. The actual results may differ from these estimates. The most significant estimates and judgments related to facts the evolution of which could affect the financial statements' items during the following 12 months are cited below:

- ***Provision for income tax***: The income tax provision according to IFRS 12 is calculated by estimate of the taxes to be paid to tax authorities and includes the current income tax for every use and provision for additional taxes that may occur during tax audits. The final settlement of income taxes may diverge from the relevant amounts recorded in the financial statements.

- ***Provision for doubtful receivables:*** The Group calculates a special provision for doubtful receivables based on estimates of the administration regarding the possibility of collecting its receivables, which is reassessed at the year end.

- ***Recovery of deferred tax assets:*** The recognition of deferred tax receivables entails estimates regarding their recoverability and, specifically, the recognition of deferred tax receivables on tax losses brought forward demands from Management the formulation of forecasts regarding the achievement of sufficient tax profits, which will allow their recovery, for every taxation system under which the Company and the subsidiaries of the Group operate.

2. BASIS FOR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS PRESENTATION (continued)

- ***Provision for Staff Leaving Indemnities:*** The liabilities for staff leaving indemnities are calculated on the basis of actuarial methods, the implementation of which requires Management to evaluate specific parameters, such as the future rise in employee remuneration, the discount rate applied to said liabilities, the employee turnover rate etc.Management attempts, at each reference date on which the above provision is revised, to evaluate these parameters in the best possible manner.

- ***Contingent liabilities:*** The existence of contingent liabilities requires from Management the continuous formulation of assumptions and judgments pertaining to the likelihood of contingencies occurring or not occurring, as well as the impact that said contingent events may exert on the Group's activity.

2.1. MODIFICATIONS TO ACCOUNTING PRINCIPLES AND DISCLOSURES

New Standards, Interpretations, Revisions and Amendments to existing Standards which are in force and have been adopted by the European Union

The following IFRS amendments were issued by the International Accounting Standards Board (IASB), have been adopted by the EU and their application is mandatory beginning on or after 01/01/2017.

- ***Amendments to IAS 7: "Disclosure Initiative" (effective for annual accounting period beginning on or after 01/01/2017)***

In January 2016, the IASB issued limited purpose amendments to IAS 7. The purpose of these amendments is to enable the users of the financial statements to evaluate the changes in the liabilities emerging from financial activities. The amendments require the financial entities to provide disclosures, which will enable investors to evaluate the changes in liabilities emerging from financial activities, including the changes emerging from cash flows, as well as non-cash changes. The amendments have no effect on consolidated Financial Statements.

- ***Amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 01/01/2017)***

In January 2016, the IASB issued limited purpose amendments to IAS 12. These amendments are aimed at clarifying the accounting treatment of deferred tax assets for unrealised losses from securities measured at fair value. The amendments have no effect on consolidated Financial Statements.

- ***Annual Improvements to IFRS - 2014-2016 Cycle (for annual accounting periods beginning on or after 01/01/2017)***

In December 2016, the IASB issued the "Annual Improvements to IFRS - 2014-2016 Cycle" which comprises a number of changes to certain Standards and forms part of the annual improvements project. This amendment is included in this cycle and applies for annual accounting periods beginning on or after 1 January 2017 and is the following: IFRS 12: Clarifying the scope of the standard The amendment has no effect on the consolidated Financial Statements. Other amendments included in the said cycle are applicable for annual periods the begin on or after 1 January 2018 and are analyzed in the following section.

2.2. NEW STANDARDS AND INTERPRETATIONS

The following new Standards, Interpretations and Revisions of Standards, have been published by the IASB but are either not yet effective or have not been adopted by the European Union. In particular:

- ***IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 01/01/2018).***

In July 2014, the IASB published the final version of the IFRS 9. The package of improvements introduced by the new standard includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a

substantially-reformed approach to hedge accounting. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

- ***IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018).***

In May 2014 the IASB issued a new Standard, the IFRS 15. This standard is fully harmonised with the requirements for recognising revenue under both IFRS and US GAAP. The basic principles of this Standard are consistent with a significant part of the current practice. The new Standard is expected to improve the financial reporting, establishing a more solid basis for the resolution of issues that emerge, enhancing the comparability between sectors and capital markets, providing additional notifications and clarifying the accounting of the cost of contracts. The new standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and certain related interpretations on revenue recognition. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

- ***Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018).***

In April 2016, the IASB issued amendments to IFRS 15. The amendments to IFRS 15 do not change the basic principles of the Standard, but provide clarifications regarding the implementation of these principles. The amendments clarify the way in which a commitment of performance in a contract is recognised, how it is determined whether a financial entity is the principal or the agent, and how it is determined whether the revenue from the granting of a license should be recognised on a specific moment or over time. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

- ***Amendments to IFRS 4: "Applying IFRS 9, Financial Instruments, with IFRS 4, Insurance Contracts" (effective for annual periods beginning on or after 01/012018)***

In September 2016, the IASB issued amendments to IFRS 4. The amendments are intended to determine the treatment of temporary accounting effects due to the different effective dates of IFRS 9, Financial Instruments, and the forthcoming new insurance contracts standard. The amendments to the requirements of IFRS 4 provide entities whose business model is to predominantly issue insurance contracts the option to defer the effective date of IFRS 9 until 2021 ("deferral approach"), and permit entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from implementing IFRS 9 before the new insurance contracts standard is applied ("overlay approach"). The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

2.2. NEW STANDARDS AND INTERPRETATIONS (continued)

- ***IFRS 16 "Leases" (effective for annual periods beginning on or after 01/01/2019).***

In January 2016 the IASB issued a new Standard, the IFRS 16. The work of IASB was aimed at developing a new standard on leases determining the principles applicable by the two parties in a contract, namely the customer ("lessee") and the supplier ("lessor") on the provision of information on the leases in a manner that reflects these transactions accurately. To attain that objective, the lessee must recognise the assets and liabilities deriving from the lease. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2019.

2.2. NEW STANDARDS AND INTERPRETATIONS (continued)

- ***Annual Improvements to IFRS - 2014-2016 Cycle (for annual accounting periods beginning on or after 01/01/2018)***

In December 2016, the IASB issued the "Annual Improvements to IFRS - 2014-2016 Cycle" which comprises a number of changes to certain Standards and forms part of the annual improvements project. These amendments are included in this cycle and apply for annual accounting periods beginning on or after 1 January 2018 and are the following: IFRS 1: Deletion of short-term exemptions for first-time adopters of IFRSs; IAS 28: Measuring an associate or joint venture at fair value. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

- ***Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (applied for annual periods starting on or after 01/01/2018)***

In June 2016, the IASB issued limited purpose amendments to IFRS 2. The purpose of this amendment is to provide clarifications in relation to the accounting handling of specific types of Share-based Payment Transactions. More specifically, the amendment introduces the requirements with regard to the accounting handling of the registration or non-registration of share-based payment transactions settled with cash, the accounting handling of share-based payment transactions with a characteristic of settlement on an offsetting basis for a tax withholding liability, as well as an amendment to the terms and conditions of a share-based payment transaction, which changes the classification of the transaction from cash-based to share-based. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have been adopted by the European Union and are effective from 01/01/2018.

- ***Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 01/012018)***

In December 2016, the IASB issued limited purpose amendments to IAS 40. The purpose of these amendments is to reinforce the principle for transfers into, or out of, investment property to specify that: (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property; and (b) such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 01/01/2018)***

In December 2016, the IASB issued a new Interpretation, IFRIC 22. This Interpretation clarifies which exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency (e.g. income transactions). The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)***

In October 2017, the IASB issued limited purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications regarding the accounting handling of long term interest in associates or joint venture - which do not apply the net position method - on the basis of IFRS 9. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

2.2. NEW STANDARDS AND INTERPRETATIONS (continued)

- ***Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 01/01/2019)***

In October 2017, the IASB issued limited purpose amendments to IFRS 9. On the basis of the existing requirement of IFRS 9, a financial entity would measure a financial asset with negative compensation at its fair value through results, since the feature "negative compensation" could be considered as creating contingent cash flows, which do not comprise only payments of principal and interest. On the basis of the amendments, financial entities are allowed to measure specific, prepaid financial assets with negative compensation at the depreciated cost or at fair value through the other comprehensive income, subject to a specific condition. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***Annual Improvements to IFRS - 2015-2017 Cycle (for annual accounting periods beginning on or after 01/01/2019)***

In December 2017, the IASB issued the "Annual Improvements to IFRS - 2015-2017 Cycle" which comprises a number of changes to certain Standards and forms part of the annual improvements project. The amendments included in this cycle are: IFRS 3 - IFRS 11: Interests in a joint operation held previously by an entity obtaining control, IAS 12: Income tax discounts for financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. These amendments are applied to accounting periods beginning on or after 1 January 2019. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 01/01/2019)***

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 01/01/2019)***

In February 2018, IASB issued limited purpose amendments to IAS 19, on the basis of which a financial entity is required to use updated actuarial estimates when determining the current service cost and the net interest for the period after the amendment, curtailment or settlement of a determined benefits plan. The purpose of the said amendments is to enhance understanding of financial statements and the provision of more useful information to the users thereof. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

- ***IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2021).***

In May 2017, the IASB issued a new standard, IFRS 17, which replaces interim standard IFRS 4. The IASB's objective was to develop a common, principle-based standard for the accounting treatment of all insurance contracts, including the reinsurance contracts held by an entity. A single, principle-based standard should encourage better comparability of financial information across entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should meet in financial disclosure for insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of all the above on the Financial Statements, although no impact is expected to occur. The above have not yet been adopted by the European Union.

3. BASIC ACCOUNTING PRINCIPLES

The accounting policies on the basis of which the financial statements are prepared are the following:

(a) ***Basis of consolidation:*** The accompanying consolidated financial statements include those of the parent company EMPORIKI EISAGOGIKI AFTOKINITON, DITROHON KAI MIHANON THALASSIS S.A. ("MOTODYNAMICS SA") and of its subsidiaries. All subsidiaries (entities in which Motodynamics has direct or indirect ownership of the majority of voting interest and/or has the power to control the Board) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and cease to be consolidated on the date at which control is transferred out of the Group. All intercompany balances and transactions have been eliminated. Where necessary, accounting policies of the subsidiaries have been revised to ensure consistency with those of the parent. A full list of consolidated subsidiaries, along with the related effective ownership interests of Motodynamics in each, is provided in note 4. It is noted that all Group subsidiaries have the same Financial Statement closing date. The change in interests in a subsidiary without loss of control is considered to be a transaction within equity.

(b) ***Functional and Presentation Currency and Foreign Currency Translation:*** The functional and presentation currency of Motodynamics and its Greek subsidiaries is the Euro. Transactions involving other currencies are converted to Euro using the exchange rates which are in effect at the time of the transactions. Assets and liabilities in foreign currency are adjusted to reflect the exchange rates as at the balance sheet date. Profits and losses resulting from transactions in foreign currency as well as year-end valuation of monetary assets and liabilities in foreign currency are reported in the income statement, except for transactions that comply with cash flow hedging requirements that are reported in equity. The functional currency of the Company's foreign subsidiaries is the official currency of the country in which each subsidiary operates. Accordingly, at each reporting date all balance sheet accounts of the subsidiaries are translated into Euro using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the reporting year/period. The accumulated difference resulting from such translation is recognised directly in consolidated equity until the disposal, write off or de-recognition of a subsidiary, when it is transferred to the consolidated income statement.

(c) ***Intangible assets:*** Intangible assets consist mainly of software, the value of which represents acquisition cost increased by any type of outlay incurred during system implementation and reduced by accumulated depreciation and possible impairment. Significant subsequent expenditures are capitalised when they enhance software performance beyond initial specifications. The acquisition value and the accumulated depreciation of an asset are de-recognised after its disposal or when no further economic benefits are expected from its use. Any profit or loss resulting from the de-recognition of an asset is included in the income statement of the year in which the asset was de-recognised.

(d) ***Tangible Assets:*** Tangible Assets are stated at historical cost less accumulated depreciation, if applicable, and any accumulated impairment losses. Repairs and maintenance are charged to expenses as incurred. Significant subsequent expenses are capitalized when increasing the fixed asset's useful life or its production capacity or when decreasing its operating cost. The acquisition value and the accumulated depreciation of an
asset are de-recognised after its disposal or when no further economic benefits are expected from its use. An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

(e) ***Depreciation:*** Depreciation is calculated on a straight-line basis over the average estimated useful economic life of the assets and is included in the income statement, with the exception of transportation means. It is noted that plots are not amortised. The useful lives used are as follows:

Class	Years
Buildings	15- 40
Building improvements	15-20
Machinery and equipment	5 - 10
Means of transportation	5- 10
Furniture and fixtures	3- 8
Software	3-10
Rights	10

Since 01/01/2017, for some categories of transportation means (racing motorcycles - test rides, etc.) applied the declining depreciation method, with rates between 15% and 30%, because it better reflects the useful life of the said fixed assets. The effect to the comparable financial statements was not deemed significant, taking into account IAS 1, para. 31.

3. BASIC ACCOUNTING PRINCIPLES (continued)

(f) Impairment of Assets The carrying values of non-current assets are subject to impairment if events or changes in circumstance indicate that their carrying values are no longer recoverable. The loss from asset impairment is accounted for in the income statement for the year in which the net carrying value of the asset after depreciation exceeds its recoverable amount. Recoverable amount is determined as the greater of the net selling price and the value in use of the asset in question. Net selling price is the amount which can be obtained from the sale of an asset in an arm's length transaction in which both parties are willing and knowledgeable after the deduction of any incremental disposal costs, while value in use is the present value of expected future cash flows which will result from the continuing use of the asset and from its disposal at the end of its estimated useful life. For the purposes of assessing impairment, assets are grouped at the lowest level for which there exist separately identifiable cash flows.

(g) Investments in subsidiaries: Investments in subsidiaries are measured at cost less any accumulated impairment losses. In the company's financial statements, the participation of its subsidiaries evaluated at cost value reduced by their value depreciation, when necessary.

(h) Inventories: Inventories are valued at the lower of acquisition cost and of net realizable value. The acquisition cost includes their purchase price plus any other costs necessary to bring them to the company's warehouses, and is
determined for the main goods (cars, two-wheelers, marine motors, etc.) by the specific identification method, while for spare parts, accessories and other complementary products by the annual weighted average cost method. A provision for impairment of inventory value is formed using management estimates based on each situation and the possibility of using the products if this becomes necessary, keeping in mind that the company is obligated to maintain a safety stock of spare parts for the totality of models in circulation.

(i) Trade Accounts Receivable: Accounts receivable are presented at nominal value after provisions for doubtful balances. The level of the provision for doubtful receivables formed by Motodynamics and its subsidiaries at the end of each reporting period is determined on the basis of an estimate of the potential risk of non-collection of past due balances or receivables currently in litigation. The accumulated amount of the provision for doubtful receivables is reduced by the amount of receivables declared to be non-collectible. It is the Group's and Company's policy not to write off any receivable until all possible forms of legal recourse for collection have been exhausted.

(j) Financial Assets and Liabilities: Financial assets and liabilities on the balance sheet include cash and equivalents, other receivables and short and long-term liabilities. The accounting principles applied to the recognition and valuation of these assets are mentioned in the respective accounting
principles presented in this note. Interest, dividends, profits and losses resulting from financial assets and liabilities are accounted for as revenues of expenditures respectively. The distribution of dividends is accounted for directly in the net equity position. Motodynamics and subsidiaries do not use derivative financial products, either for risk hedging or for profit-making purposes. Usual risks in which theoretically the company is subject to, include market risks (market prices, interest rates, changes in foreign exchange rates), credit risk, and liquidity risk.

(k) Cash and Cash Equivalents: Fixed-term deposits and other highly liquid investments with a maturity less than three months are considered to be cash equivalent.

(l) Bank Loans: Bank loans and credits are initially recognised at cost, which reflects their fair value reduced by the loan arrangement expenses. After initial recognition, loans are valued at their unamortised cost based on the effective interest rate method. Unamortised costs include any type of loan or other credit issuance expenses.

(m) Borrowing Costs: All borrowing costs directly attributable to the acquisition, construction or production of an asset fulfilling the requirements, shall be capitalised. An asset fulfilling the requirements is an asset necessarily requiring a significant period of preparation for the use it is intended for or for its sale.

(n) Provision for Staff Leaving Indemnities: Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying income statement and consist of the
present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial profits or losses recognised in the fiscal year and any additional pension changes. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Unrecognised actuarial profits or losses are recognised in equal installments during the average remaining employment period of active staff, and are included in net departure costs due to retirement for the reporting year in cases where at the beginning of the reporting year the accumulated balance exceeds 10% of the expected future obligations for benefits. The retirement benefit obligations are not funded. No provision for employees in foreign subsidiaries shall be calculated, since no vesting of such right exists by law.

3. BASIC ACCOUNTING PRINCIPLES (continued)

(o) ***Participation share scheme:*** The Group applies a scheme for granting participation securities (shares) of the parent Company to key management personnel. The fair value of the services provided by employees to whom free shares are granted is recorded as expense. The total expense is recorded during the maturation period of such rights and is determined based on the reasonable value of the rights granted. On each balance sheet date, the Group re-examines its estimates on the number of options expected to be exercised and records the readjustment, if any, in the results with respective impact on equity.

(p) ***Income Tax (Current and Deferred***): Current income tax in the consolidated financial statements is estimated on the basis of financial statements of every company included in the consolidation, according to the Greek tax laws currently in force or laws in force in countries where subsidiaries operate. In the separate financial statements current income tax is estimated on the basis of the parent financial statements according to the Greek tax laws currently in force. The expenditure for income tax consists of income tax calculated on the basis of annual results as these are modified in the Company's tax statements, additional income taxes determined by tax audits conducted by the tax authorities and deferred income taxes on the basis of tax rates currently in use. Deferred income taxes are computed on the basis of the liability method for any temporary difference which results from the difference between the tax base of asset or liability, and their accounting value as this is presented in the financial statements. No deferred tax claim is accounted for where the expected tax benefit will probably not be realised in the near future. For transactions recognised directly in the Company's net equity position, any tax consequence is recognised in the net equity position. The calculation of deferred taxes is carried out using either enacted or substantively enacted tax rates on the basis of which it is expected that tax claims or obligations will be settled.

Deferred tax liabilities are recognised for all taxable temporary differences unless:

- the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination and at the moment of transaction does not affect the accounting profit or the taxable profit or loss, and
- there are taxable temporary differences in relation to investments in subsidiaries, associates and interests in joint ventures, where the timing of reversal of such temporary differences may be controlled and it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and deferred tax assets and tax losses, to the extent that it is probable there will be available taxable profit which will be used against the deductible temporary differences and deferred unutilised tax assets and losses unless:

- the deferred tax asset from deductible temporary differences arises from the initial recognition of an asset or liability in a transaction other than a business combination and at the moment of transaction does not affect the accounting profit or the taxable profit or loss, and
- deductible temporary differences relating to investments in subsidiaries, associates and interests in joint ventures are recognised only where it is probable that the temporary differences will be reversed in the foreseeable future and there will be taxable profit available to be used against such deductible temporary differences.

(q) ***Provisions and Contingent Assets and Liabilities:*** Provisions are recognised when the Company has present legal or constructive obligations as a result of past events, whose settlement involves an outflow of funds and where the exact amount of any eventual liability can be credibly estimated. Provisions are re-examined at the date of preparation of every balance sheet and are modified to reflect the present value of the expense expected to be incurred to settle the obligation. In cases where there is a substantial time delay from the recognition of a provision to the expected time of settlement, provisions are discounted using a pretax discount rate.Contingent liabilities are not recognised in the financial statements but are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed if the inflow of economic benefits is probable.

(r) ***Earnings per Share***: Basic earnings per share are computed by dividing net profits attributable to shareholders of the parent by the weighted average number of shares in circulation each year, subtracting the average number of shares repurchased as own shares. Diluted earnings per share are computed by dividing net profits attributable to shareholders of the parent restated by the impact of potential conversion on instruments convertible to shares, by the average number of shares mentioned above, restated by the impact of potential conversion of instruments convertible to shares.

(s) ***Revenue Recognition***: Revenues are recognised to the degree that it is probable that economic benefits will flow and where revenue can be reliably measured. Revenues from the sale of goods after the deduction of any discounts and commissions are recognised when the buyer assumes the significant risks and benefits deriving from ownership of the goods in question. Intercompany sales between Group companies are written off. Revenues from the provision of services are recognised on the basis of the stage of completion of the services provided at the date of financial statement preparation, compared to the total services to be provided. Revenues from interest are recognised as revenues in the period to which they refer and revenues from dividends are recognised when the right to receive them has been approved by the respective bodies of the companies declaring the dividends.

3. BASIC ACCOUNTING PRINCIPLES (continued)

(t) ***Segment Reporting:*** The Group operates mainly in the automobile, wholesale and retail markets for motorised two-wheelers and marine products (outboards, inflatable crafts etc.) which it considers as operating segments and for which it discloses the required information. Uniform accounting principles are followed for each of these operating segments. Since sales, operating results and assets originating outside the territory of Greece do not represent a significant part of the Company total, the respective analyses by geographical are not disclosed.

(u) ***Own shares:*** Own shares represent Company shares acquired and held by the Company. Own shares are presented at acquisition cost, as separate item, deducted from the equity. Any result occurring from the purchase, sale, or cancellation of own shares is directly recognised in equity

(v) ***Reclassification of items***: Certain items of the balance sheet and the income statement of the previous year have been reclassified in order to become comparable to those of the closing year.

(w) ***Operating Leases***: Leases in which the lessor maintains substantially all benefits and risks emanating from the property ownership are classified as operating leases. Rent payments for operating leases are recorded as expenses in the results systematically during the lease.

(x) ***De-recognition of Financial Assets and Liabilities:***

(i) ***Financial assets:*** Financial assets (or, as the case may be, the part of a financial asset or the part of a financial asset group) are de-recognised when:

- The rights on the case resources' inflow have expired.

- The Company maintains the right on the inflow of cash resources from the specific asset but has also assumed a liability against third parties to fully reimburse them without unreasonable delay in the form of a transfer contract.

- The Company has transferred the right on the inflow of case resources from the specific asset, while, at the same time, it has either (a) transferred substantially all risks and benefits or (b) not transferred substantially all risks and benefits, but has transferred the control over the specific asset.

- In cases that the Company has transferred the rights on inflow of case resources from the specific asset but has not transferred substantially all risks and benefits from, or the control over, the specific asset, then such asset is recognised at the extent of the Company's continued participation in such asset. The continued participation that has the form of a guarantee on the asset transferred is assessed at the lower of the asset's initial balance and the maximum amount that the Company is called to pay. When the continued participation has the form of call and/or put option on the asset (including options settled by cash), the extent of the Company's continued involvement is the value of the asset transferred that the Company may repurchase, excluding the case of a put option on the asset that is assessed at fair value, where the continued participation of the Company is limited to the lower of the fair value of the asset transferred and the option exercise price.

(ii) ***Financial liabilities***: Financial liabilities are de-recognised when the liability is cancelled or expires or no longer exists. If an existing liability is replaced by another of the same lender but under substantially different terms or if there are material changes in the terms of an existing liability, then the initial liability is de-recognised, and a new liability is recognised and the difference that occurs in the balances is recognised in the results.

(y) ***Dividends:*** Dividends are accounted for as income, when the right to collect them is vested. The distribution of dividend is recognised as a liability when approved by the General Meeting of Shareholders.

- ***Determination of fair values***

Under the IFRS, the Group has the discretion to measure its assets or liabilities at their fair value. Fair value is a market-based measurement and does not relate to a specific entity. For certain assets and liabilities, there may be available observable market transactions or market information. For other assets and liabilities, there may not be available observable market transactions or market data or market information. The Group has no significant assets or liabilities measured at fair value.

4. HOLDINGS IN SUBSIDIARIES

The consolidated financial statements comprise the parent company's and the subsidiaries' financial statements, which are consolidated using the total consolidation method and are the following:

Subsidiary / Business	Year of establishment	%	Country
Motodiktyo S.A. Motorcycles, motorbikes, machinery, machines and any type of motor agency, import, trade, distribution, maintenance, repair and assembling.	2002	100%	Greece
Motodynamics Srl. Representation, exclusive distribution, re-export, logistics services and trading of Yamaha brand products in Romania	1994	100%	Romania
Motodynamics Ltd. Representation, exclusive distribution, re-export, logistics services and trading of Yamaha brand products in Bulgaria	1992	100%	Bulgaria

Up to 2011, the Company, jointly appraising international and local developments in conjunction with the accumulated losses of its subsidiaries Motodynamics Srl and Motodynamics Ltd, formed a provision amounting to € 1,820 thousand in total, by which it partially impaired its participating interest in the above subsidiaries, considering that the recovery of the corresponding amount is not forecasted to take place during ensuing years. Within December 2017, the Company reviewed the provision for the devaluation of its participating interests, but no significant differences occurred. The formed provision pertains to subsidiary Motodynamics Ltd (Bulgaria) by € 1,120,000 and Motodynamics Srl (Romania) by € 700,000.

Participation of the parent company in subsidiaries included in the consolidated financial statements has as follows:

	31 December 2017	31 December 2016
Motodiktyo S.A.	1,578,156.52	1,578,156.52
Motodynamics Srl.	1,883,927.84	1,883,927.84
Motodynamics Ltd.	1,499,347.84	1,499,347.84
Provision for devaluation of participating interests	(1,820,000.00)	(1,820,000.00)
	3,141,432.20	**3,141,432.20**

5. TRANSACTIONS - BALANCES WITH SUBSIDIARIES

Transactions with subsidiaries

Transactions with subsidiaries (sales of merchandise and provision of services) are carried out within the Company's normal business operations. Outstanding balances at the end of the period are unsecured, interest free and settlement is made in cash within the term agreed between the said companies. On 31 December 2017, there were no guarantees or any other company's commitments to its subsidiaries. The Company's Management does not deem that a provision is required for potential failure to collect its receivables from its subsidiaries and, therefore, no provision has been formed.

The breakdown of transactions (sales of merchandises and provision of services) of the Company with the above mentioned subsidiaries, in which it holds a participating interest, the balances thereof, as well as the breakdown of transactions among the subsidiaries are presented below.

	COMPANY	
	31 December 2017	**31 December 2016**
Sale of goods and services		
Motodiktyo S.A.	7,045,949.19	4,892,101.39
Motodynamics Ltd.	891,325.75	769,258.94
Motodynamics Srl.	1,611,323.22	1,419,892.85
	9,548,598.16	**7,081,253.18**
Purchases of goods and services		
Motodiktyo S.A.	45,520.66	50,929.08
Motodynamics Ltd.	156,417.19	13,116.63
Motodynamics Srl.	28,666.81	54,527.86
	230,604.66	**118.573,57**
Receivables		
Motodiktyo S.A.	1,754,636.91	1,131,553.55
Motodynamics Ltd.	-	140,000.00
Motodynamics Srl.	112,408.96	171,014.04
	1,867,045.87	**1,442,567.59**
Liabilities		
Motodiktyo S.A.	1,500.00	1,500.00
Motodynamics Srl.	-	18,679.90
	1,500.00	**20,179.90**

5. TRANSACTIONS - BALANCES WITH SUBSIDIARIES (continued)

	Motodynamics Ltd.		Motodynamics Srl.	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Sale of goods and services				
Motodynamics Srl	1,260.00	30,929.00	-	-
Motodynamics Ltd.	-	-	**1,670.00**	-
	1,260.00	**30,929.00**	**1,670.00**	**-**
Purchases of goods and services				
Motodynamics Srl	1,670.00	-	-	-
Motodynamics Ltd.	-	-	1,260.00	30,929.00
	1,670.00	**-**	**1,260.00**	**30,929.00**

Compensation of key management personnel of the Company and the Group:

Compensation of key management personnel of the Company and the Group for the year ended 31 December 2017 and 2016, were as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Benefits to key management personnel of the Company and the Group				
Compensation of key management personnel	1,236,536.36	1,524,501.82	1,236,536.36	1,524,501.82
Key management personnel receivables	-	-	-	-
Liabilities to key management personnel	788,989.34	1,113,201.60	788,989.34	1,113,201.60

6. SALES

Sales presented in the accompanying financial statements are broken down as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Motorised two-wheelers and similar products	20,759,277.50	20,276,860.77	20,513,397.66	19,828,368.63
Marine motors and similar products	6,093,248.74	5,519,061.12	6,241,621.28	5,480,897.07
Cars	11,854,402.89	9,459,409.27	11,854,402.89	9,599,409.27
Spare parts - Accessories - Lubricants	15,027,497.46	14,120,341.77	13,127,052.34	12,590,794.09
Services	767,029.78	715,963.92	473,270.96	504,738.82
Total Sales	**54,501,456.37**	**50,091,636.85**	**52,209,745.13**	**48,004,207.88**

7. ADMINISTRATIVE EXPENSES

Administrative expenses presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Staff remunerations and expenses (note 14)	1,520,494.37	1,543,694.95	1,520,494.37	1,543,694.95
Third parties fees and benefits	264,270.49	215,176.27	254,290.49	207,196.27
Advertising and Promotion Expenses	21,743.62	14,269.73	21,743.62	14,269.73
Other	86,674.84	76,177.49	89,724.84	76,627.49
Depreciation of fixed assets (note 15)	-	-	-	-
Total administrative expenses	**1,893,183.32**	**1,849,318.44**	**1,886,253.32**	**1,841,788.44**

The company, for reasons of comparability, has proceeded to reclassify the items of fiscal year 2016 between administrative expenses and sales and distribution expenses (see note 33)

8. SALES AND DISTRIBUTION EXPENSES

Sales and distribution expenses in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Staff remunerations and expenses (note 14)	3,150,152.04	2,932,810.58	2,281,542.24	2,123,291.37
Third parties fees and benefits	1,782,221.45	1,715,835.92	1,444,232.34	1,400,966.00
Advertising and Promotion Expenses	882,752.10	749,942.65	773,961.54	682,351.86
Other	501,749.50	531,602.09	453,922.07	488,691.13
Depreciation of fixed assets (note 15)	953,854.97	878,146.99	894,288.65	804,120.28
Total distribution expenses	**7,270,730.06**	**6,808,338.23**	**5,847,946.84**	**5,499,420.64**

The company, for reasons of comparability, has proceeded to reclassify the items of fiscal year 2016 between administrative expenses and sales and distribution expenses (see note 33)

9. OTHER INCOME

Other income presented in the attached financial statements is analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Income from guarantees	23,691.08	9,303.84	119,062.40	109,428.81
Participation against commission to promotional activities	5,067.30	-	5,067.30	-
Income from commissions	11,621.34	9,985.11	4,845.46	3,489.04
Income from sales of assets	38,217.36	38,407.97	34,828.86	36,537.77
Income from insurance firms	8,191.49	1,822.06	1,539.33	-
Income from prior period provisions	42,042.59	20,704.16	42,042.59	20,704.16
Income from provisions for bad debts	63,741.62	22,406.24	63,741.62	22,406.24
Prior period income	1,045.60	93,59	1,045.60	-
Income from use of provision for staff indemnities	26,107.72	5,133.82	26,107.72	5,133.82
Other	15,013.58	16,297.30	36,646.95	20,095.48
Total other income	**234,739.68**	**124,154.09**	**334,927.83**	**217.795,32**

The company, for reasons of comparability, has proceeded to reclassify the items of fiscal year 2016 between sales and distribution expenses and cost of sales (see note 33)

10. OTHER EXPENSES

Other expenses presented in the financial statements are broken down as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Fines and increments	884,82	2,850.94	879,78	1,529.42
Losses from sales of assets	89,158.56	41,607.88	80.859,18	41,607.88
Past years expenses	41,153.63	29,328.49	39,422.51	29,148.29
Other	5,971.28	9,681.75	2,416.00	2,510.94
Total other expenses	**137,168.29**	**83,469.06**	**123,577.47**	**74,796.53**

11. FINANCIAL INCOME

Financial income presented in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Credit interest	105,683.66	109,047.59	105,438.16	108,489.34
Foreign exchange gain	10,446.02	22,793.77	2,619.95	5,480.24
	116,129.68	**131,841.36**	**108,058.11**	**113,969.58**

12. FINANCIAL EXPENSES

Financial expenses presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Debit interest	441,784.63	439,740.76	440,958.44	427,524.83
Commissions and Bank expenses	80,728.96	70,619.21	48,730.76	44,442.37
Foreign exchange loses	7,103.29	19,191.36	1,969.81	1,491.55
	529,616.89	**529,551.32**	**491,659.01**	**473,458.75**

13. INCOME TAX (CURRENT AND DEFERRED)

Income tax in the income statement is analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Current income tax	31,553.62	21,025.01	-	-
Deferred income tax	(1,304.34)	(39,863.32)	18,462.38	14,468.10
	30,249.28	**(18,838.31)**	**18,462.38**	**14,468.10**

The income tax rate for the parent company is 29%, in accordance with Law 4334/2015 and is effective as from 21/07/2015. Tax returns are filed annually but tax profits or losses remain provisional until the company undergoes a tax audit and a final tax assessment is issued. Tax losses, to the extent they are accepted by the tax authorities, can be offset against future profits for a five-year period as of the year in which they arose.
The following table shows the unaudited fiscal years for all the companies in the Group:

Company	**Unaudited Periods**
Motodynamics S.A.	2017
Motodiktyo S.A.	2017
Motodynamics Ltd. (Bulgaria)	2008 up to 2017 inclusive
Motodynamics Srl. (Romania)	2010 up to 2017 inclusive

A special tax audit has been carried out on the parent company, Motodynamics S.A., as well as on its subsidiary, Motodiktyo S.A., for the fiscal years 2012 up to 2016 inclusive, pursuant to Article 82 of Law 2238/94 for the fiscal year 2012 and pursuant to Article 65A of Law 4174/2013 for the fiscal years 2013 up to 2016 inclusive, and relevant tax certificates have been issued resulting in a conclusion with any reservations being expressed by the legal auditors.
On 28/12/2017, the tax audit of the Company for the fiscal years 2010 and 2011 was completed. According to the audit's results, the tax burden per fiscal year is presented below:
Fiscal year 2010, in accordance with the provisions of Decision No. ΔΕΛ Β 1136035 ΕΞ 2017/15.09.2017 of the Head of the Independent Public Revenue Authority, was not audited since it was considered that it is not included in the fiscal years prioritized for audit. Based on the foregoing, the audit prepared a memo which was included in the dossier of the case as an integral part of the audit.
For the fiscal year 2011, additional tax and charges amounting to € 900.00 were assessed. This amount was fully covered by the provision formed for the respective fiscal years. Consequently, there will be no burden on the results of this fiscal year.
For the unaudited tax periods it is not possible to make a reliable assessment of the additional taxes and penalties that maybe charged and that is because taxes and fines are depend on the significance of findings by the tax authorities. For that reason,
the company has made a provision of € 45,000.00 shown in Accrued and other current liabilities for additional taxes and penalties to account for unaudited tax years, on the basis of tax assessments of previous years. An analysis and reconciliation of the nominal tax amount derived from the application of the nominal rate to earnings before taxes with the actual tax that arose is shown below:

	GROUP	
	31 December 2017	**31 December 2016**
Profit before tax	1,364,585.08	924,196.68
Income tax (based on applicable tax rate)	395,729.67	268,017.04
Deferred tax	(425,303.18)	(306.763,37)
Differences attributed to deferred tax rate	-	-
Tax rate differences between parent and subsidiaries	(48,268.78)	(28,727.20)
Non-tax deductible Expenses		
- Provision for doubtful receivables	-	-
- Accounting differences	108,091.57	48,635.22
- Other differences	-	-
	30,249.28	(18,838.31)
- Provision for unaudited tax years	-	-
Income Tax Provision	**30,249.28**	**(18,838.31)**

13. INCOME TAX (CURRENT AND DEFERRED) (continued)

	COMPANY	
	31 December 2017	**31 December 2016**
Profit before tax	1,037,065.72	698.551,01
Income tax (based on applicable tax rate)	300,749.06	202,579.79
Loss of the parent for which no deferred income tax was recognised	-	-
Deferred tax	(390,378.25)	(236.746,91)
Differences attributed to deferred tax rate	-	-
Non-tax deductible Expenses		
- Provision for devaluation of participating interests	-	-
- Accounting differences	108,091.57	48,635.22
- Other differences	-	-
	18,462.38	14,468.10
Income Tax Provision	**18,462.38**	**14,468.10**

Deferred income taxes are calculated on the basis of all temporary tax differences based on the tax rates expected to be in force during the years in which an asset will be recovered or a liability will be settled and based on tax rates (and tax laws) that are applicable at the balance sheet date. The income tax rate for 2017, as applicable to the Greek companies of the Group, is 29%.

The Company has used the applicable rates as the case may be depending on when temporary differences are to be settled. Movement in the deferred income tax account is as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Beginning Balance	1,020,556.35	980,693.03	760,040.36	774,508.46
Credit to income	1,304.34	39,863.32	(18,462.38)	(14,468.10)
Ending Balance	**1,021,860.69**	**1,020,556.35**	**741,577.98**	**760,040.36**

13. INCOME TAX (CURRENT AND DEFERRED) (continued)

Deferred income tax assets and liabilities are as follows :

	GROUP			
	Balance sheet		Income statement	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets				
- Write-off of intangibles	70,440.86	67,554.87	2,885.98	526,97
- Inventories	234,407.10	232,337.76	2,069.34	45,785.36
- Tax losses	485,025.80	485,025.80	-	(191,438.07)
- Provision for staff retirement indemnities	126,245.04	188.573,75	(62,328.71)	76,883.60
- Board of Directors' Fees	203,000.00	203,000.00	-	46,379.12
- Other provisions	92,914.24	87,422.24	5,492.60	30,641.03
- Provision for doubtful receivables	56,237.61	55,552.69	684,92	10.862,19
Gross Deferred Income Tax Assets	**1,268,271.24**	**1,319,467.11**	**(51,195.87)**	**19,640.21**
Deferred tax liabilities				
- Depreciation for tangible fixed assets	(62,718.38)	(62,341.79)	(376,59)	(4,019.60)
- Depreciation for intangible fixed assets	(183,692.17)	(236,568.97)	52,876.80	24,242.72
Gross Deferred Income Tax Liabilities	**(246,410.55)**	**(298,910.76)**	**52,500.21**	**20,223.12**
Net Deferred Income Tax Assets	**1,021,860.69**	**1,020,556.35**		
Credit/Debit to results			**1,304.34**	**39,863.32**

	COMPANY			
	Balance sheet		Income statement	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets				
- Write-off of intangibles	64,439.02	64,439.02	-	-
- Provision for:				
- slow moving inventories	121,633.83	130,250.31	(8,616.48)	17,700.15
- staff retirement indemnities	126,245.04	188.573,75	(62,328.71)	76,883.60
- Board of Directors' Fees	203,000.00	203,000.00	-	46,379.12
- Other provisions	74,644.84	74,662.24	(17,40)	26,925.70
Tax losses	398,025.80	398,025.80	-	(202,579.79)
Gross Deferred Income Tax Assets	**987,988.53**	**1,058,951.11**	**(70,962.59)**	**(34,691.22)**
Deferred tax liabilities				
- Depreciation for tangible fixed assets	(62,718.38)	(62,341.79)	(376,59)	(4,019.60)
- Depreciation for intangible fixed	(183,692.17)	(236,568.97)	52,876.80	24,242.72
Gross Deferred Income Tax Liabilities	**(246,410.55)**	**(298,910.76)**	**52,500.21**	**20,223.12**
Net Deferred Income Tax Assets	**741,577.98**	**760,040.36**		
Credit/Debit to results			**(18,462.38)**	**(14,468.10)**

The Group estimates that in the next fiscal years there will be taxable profits both for the parent company and its subsidiaries, which will offset part of the tax losses established to date.

14. PAYROLL COST

Payroll cost presented in the accompanying finances statements is analyzed as follows :

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Payroll cost included in :				
- Administrative expenses (note 7)	1,520,494.37	1,543,694.95	1,520,494.37	1,543,694.95
- Sales & Distribution expenses (note 8)	3,150,152.04	2,923,810.58	2,281,542.24	2,123,291.37
	4,670,646.41	**4,467,505.53**	**3,802,036.61**	**3,666,986.32**

All payroll costs incurred in 2017 and 2016 have been charged to income in these respective years.

15. DEPRECIATION

Depreciation presented in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Depreciation included in :				
- Administrative expenses (note 7)	-	-	-	-
- Sales & Distribution expenses (note 8)	953,854.97	878,213.13	894,288.65	804,120.28
- Cost of Sales	56,576.52	-	-	-
	1,010,431.69	**878,213.13**	**894,288.65**	**804,120.28**

The above depreciation charges refer to the following asset categories:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Depreciation				
- of tangible assets (note 17)	844,211.25	717,818.48	729,669.21	644,955.63
- intangible assets (note 18)	166,220.44	160,394.65	164,619.65	159,164.65
	1,010,431.69	**878,213.13**	**894,288.65**	**804,120.28**

All depreciation charged in 2017 and 2016 has been included in the financial statements for the respective years.

16. EARNINGS PER SHARE

Basic earnings per share were calculated by dividing the net earnings attributable to the parent company's shareholders by the weighted average number of trading shares during the year, except for the average of ordinary shares acquired as treasury shares. Diluted earnings per share were calculated by dividing the net earnings/losses attributable to the parent company's shareholders by the weighted average number of trading shares as above, adapted to the effect of the possible allocation of free shares, except for the average of ordinary shares acquired as own shares.

16. EARNINGS PER SHARE (continued)

	GROUP		COMPANY	
	1.1 – 31.12.2017	**1.1 – 31.12.2016**	**1.1 – 31.12.2017**	**1.1 – 31.12.2016**
Earnings used for the calculation of basic / diluted earnings per share	**1,293,415.59**	**912,142.51**	**1,011,772.38**	**659,731.24**
Shares' weighted average				
Total Shares	11,700,000	11,700,000	11,700,000	11,700,000
Less: Weighted average of own share purchase	-	-	-	-
Basic weighted average of shares	**11,700,000**	**11,700,000**	**11,700,000**	**11,700,000**
Total Shares	11,700,000	11,700,000	11,700,000	11,700,000
Less: Weighted average of own share purchase	-	-	-	-
Plus: Weighted average of reserves for allocation of free shares to directors	-	-	-	-
Diluted	**11,700,000**	**11,700,000**	**11,700,000**	**11,700,000**
Earnings per share (in Euro):				
Basic	0,1105	0,0780	0,0865	0,0564
Diluted	0,1105	0,0780	0,0865	0,0564

17. TANGIBLE FIXED ASSETS

The tangible fixed assets presented in the accompanying financial statements are analyzed as follows:

	Land	Buildings	Machinery	Transport Means	Furniture & Fixtures	Total
Value at Acquisition						
31 December 2015	**401,047.37**	**3,158,123.65**	**710,614.94**	**2,619,386.95**	**4,340,627.46**	**11,229,800.37**
Additions	-	15,776.74	27,002.47	1,308,970.54	90,130.60	**1,441,880.35**
Foreign exchange differences	-	-	(45,27)	(235,50)	(724,04)	**(1,004.81)**
Sales	-	-	0,80	(913,409.29)	(2,327.90)	**(915,737.99)**
Disposals-Items Written off	-	-	-	-	(4,537.41)	**(4,537.41)**
31 December 2016	**401,047.37**	**3,173,900.39**	**737,571.34**	**3,014,712.70**	**4,423,168.70**	**11,750,400.50**
Additions	-	2,835.00	21,398.30	1,329,130.65	99,119.39	**1,452,483.34**
Foreign exchange differences	-	-	(350,21)	(2,212.83)	(5,881.19)	**(8,444.23)**
Sales	-	-	-	(804,808.22)	(5,500.00)	**(810,308.22)**
Disposals-Items Written off	-	-	-	-	(45,505.68)	**(45,505.68)**
31 December 2017	**401,047.37**	**3,176,735.39**	**758,619.43**	**3,536,822.30**	**4,465,401.23**	**12,338,625.72**
Accumulated Depreciation						
01 January 2016	**-**	**1,609,459.37**	**527,836.20**	**946,048.61**	**3,616,940.00**	**6,700,284.18**
Depreciation for the year (note 15)	-	174,106.76	74,674.23	309,700.10	159,337.39	**717,818.48**
Disposals-Items Written off	-	-	-	(74,05)	(4,537.41)	**(4,611.46)**
Foreign exchange differences	-	-	(40,78)	(240,40)	(453,65)	**(734,83)**
Sales	-	-	-	(199,069.51)	(378,02)	**(199,447.53)**
31 December 2016	**-**	**1,783,566.13**	**602,469.65**	**1,056,364.75**	**3,770,908.31**	**7,213,308.84**
Depreciation for the year (note 15)	-	173,152.30	73,859.41	449,802.01	147,397.54	**844,211.25**
Disposals-Items Written off	-	-	-	-	(45,505.68)	**(45,505.68)**
Foreign exchange differences	-	-	(274,43)	(1,844.26)	(5,188.08)	**(7,306.77)**
Sales	-	-	-	(212,667.14)	(598,90)	**(213,266.04)**
31 December 2017	**-**	**1,956,718.43**	**676,054.63**	**1,291,655.35**	**3,867,013.19**	**7,791,441.60**
Net Book Value						
31 December 2015	**401,047.37**	**1,548,664.28**	**182,778.74**	**1,673,338.34**	**723,687.46**	**4,529,516.19**
31 December 2016	**401,047.37**	**1,390,334.26**	**135,101.69**	**1,958,347.95**	**652,260.40**	**4,537,091.67**
31 December 2017	**401,047.37**	**1,220,016.96**	**82,564.80**	**2,245,166.95**	**598,388.04**	**4,547,184.12**

17. TANGIBLE FIXED ASSETS (continued)

The tangible fixed assets presented in the accompanying financial statements are analyzed as follows:

	Land	Buildings	Machinery	Transport Means	Furniture & Fixtures	Total
Value at Acquisition						
31 December 2015	**401,047.37**	**2,643,709.61**	**623,844.66**	**2,494,951.34**	**3,361,677.45**	**9,525,230.43**
Additions	-	15,776.74	27,002.47	1,035,263.24	66,932.29	**1,144,974.74**
Sales	-	-	(0,80)	(910,412.73)	(2,327.90)	**(912,741.43)**
Disposals-Items Written off						
31 December 2016	**401,047.37**	**2,659,486.35**	**650.846,33**	**2,619,801.85**	**3,426,281.84**	**9,757,463.74**
Additions	-	2,835.00	21,398.30	987,378.70	65,578.23	**1,077,190.23**
Sales	-	-	-	(624,313.12)	-	**(624,313.12)**
Disposals-Items Written off	-	-	-	-	-	-
31 December 2017	**401,047.37**	**2,662,321.35**	**672,244.63**	**2,982,867.43**	**3,491,860.07**	**10,210,340.85**
Accumulated Depreciation						
31 December 2015	-	**1,151,124.39**	**446,755.32**	**875,060.53**	**2,649,449.66**	**5,122,389.90**
Depreciation for the year (note 15)	-	159,142.02	73,207.07	268,334.15	144,272.39	**644,955.63**
Sales	-	-	-	(196,015.70)	(378,02)	**(196,393.72)**
Disposals-Items Written off	-	-	-	-	-	-
31 December 2016	-	**1,310,266.41**	**519.962,39**	**947,378.98**	**2,793,344.03**	**5,570,951.81**
Depreciation for the year (note 15)	-	159,264.22	72,771.36	368,973.30	128,660.33	**729,669.21**
Sales	-	-	-	(177,623.34)	-	**(177,623.34)**
Disposals-Items Written off	-	-	-	-	-	-
31 December 2017	-	**1,469,530.63**	**592,733.75**	**1,138,728.94**	**2,922,004.36**	**6,122,997.68**
Net Book Value						
31 December 2015	**401,047.37**	**1,492,585.22**	**177,089.34**	**1,619,890.81**	**712,227.79**	**4,402,840.53**
31 December 2016	**401,047.37**	**1,349,219.94**	**130,883.94**	**1,672,422.87**	**632,937.81**	**4,186,511.93**
31 December 2017	**401,047.37**	**1,192,790.72**	**79,510.88**	**1,844,138.49**	**569,855.71**	**4,087,343.17**

No liens or other commitments burden the Group and Company fixed assets.

18. INTANGIBLE ASSETS

Intangible assets include the software programmes and rights presented in the accompanying financial statements is analyzed as follows:

	GROUP			COMPANY		
	Software	**Rights**	**Total**	**Software**	**Rights**	**Total**
Value at Acquisition						
31 December 2015	**1,448,509.08**	**830,000.00**	**2,278,509.08**	**1,315,834.84**	**830,000.00**	**2,145,834.84**
Additions	90,816.37	-	**90,816.37**	89,736.37	-	**89,736.37**
Foreign exchange differences	(91,21)	-	**(91,21)**	-	-	-
31 December 2016	**1,539,234.24**	**830,000.00**	**2,369,234.24**	**1,405,571.21**	**830,000.00**	**2,235,571.21**
Depreciation for the year (note 15)	47,955.00	-	**47,955.00**	44,605.00	-	**44.605.00**
Foreign exchange differences	(705,64)	-	**(705,64)**	-	-	-
31 December 2017	**1,586,483.60**	**830,000.00**	**2,416,483.60**	**1,450,176.21**	**830,000.00**	**2,280,176.21**
Accumulated Depreciation						
31 December 2015	**1,096.439.19**	**385,995.28**	**1,482,434.47**	**966,540.22**	**385,995.28**	**1,352,535.50**
Depreciation for the year (note 15)	77,394.85	82,999.80	**160,394.65**	76,164.85	82,999.80	**159,164.65**
Foreign exchange differences	(91,21)	-	**(91,21)**	-	-	-
31 December 2016	**1,173,742.83**	**468,995.08**	**1,642,737.91**	**1,042,705.07**	**468,995.08**	**1,511,700.15**
Depreciation for the year (note 15)	83,220.64	82,999.80	**166,220.44**	81,619.64	82,999.80	**164,619.44**
Foreign exchange differences	(705,64)	-	**(705,64)**	-	-	-
31 December 2017	**1,256,257.83**	**551,994.88**	**1,808,252.71**	**1,124,324.71**	**551,994.88**	**1,676,319.59**
Net Book Value						
31 December 2015	**352,069.89**	**444,004.72**	**796,074.61**	**349,294.62**	**444,004.72**	**793,299.34**
31 December 2016	**365,491.41**	**361,004.92**	**726,496.33**	**362,866.14**	**361,004.92**	**723,871.06**
31 December 2017	**330,225.77**	**278,005.12**	**608,230.89**	**325,851.50**	**278,005.12**	**603,856.62**

19. INVENTORIES

The inventories presented in the attached financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Motorised two-wheelers and similar products	3,053,464.06	5,433,604.84	1,962,287.71	4,813,576.82
Marine motors and similar products	1,377,339.63	1,316,231.62	1,217,208.39	1,031,793.29
Cars	736,200.37	478,406.79	736,200.37	338,016.79
Spare parts - Accessories - Lubricants	2,761,142.61	2,480,336.23	1,794,235.02	1,537,406.32
Total	**7,928,146.67**	**9,708,579.47**	**5,709,931.49**	**7,720,793.22**
Provision for slow moving inventory	(597,556.00)	(637,271.00)	(419,427.00)	(449,139.00)
	7,330,590.67	**9,071,308.47**	**5,290,504.49**	**7,271,654.22**
Non custom clearance inventories	4,657,838.12	3,426,272.82	4,657,838.12	3,426,272.82
Goods in transit	661,337.80	1,140,125.84	661,337.80	1,140,125.84
Total Inventories	**12,649,766.59**	**13,496,018.55**	**10,609,680.41**	**11,838,052.88**

No liens exist on the Group and Company inventories.

The provision for impairment of inventories' value refers mostly to the spare parts and is formed whenever the management considers it appropriate, considering the safety stock for spare parts which the company is obligated to maintain for the total amount of products in circulation. The provision's movement is as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Beginning Balance	**(637,271.00)**	**(569,886.00)**	**(449,139.00)**	**(388,104.00)**
Additional provision	-	(67,385.00)	-	(61,035.00)
Reversal of unused provision	39,715.00	-	29,712.00	-
Ending Balance	**(597,556.00)**	**(637,271.00)**	**(419,427.00)**	**(449,139.00)**

20. TRADE RECEIVABLES

Trade receivables presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Open accounts	2,730,654.12	1,777,385.00	2,272,332.13	1,542,853.16
Cheques receivable:				
- in portfolio	498,140.93	599,123.80	498,140.93	598,510.11
- past due	297,679.40	308,306.39	156,813.69	167,440.68
Notes receivable:				
- past due	456,513.02	456,513.02	456,513.02	456,513.02
Doubtful accounts	13,717.59	14,078.74	-	-
	3,996,705.06	**3,155,406.95**	**3,383,799.77**	**2,765,316.97**
Less provisions for doubtful accounts	(528,148.55)	(500,675.22)	(288,156.37)	(275,321.89)
Trade balance	**3,468,556.51**	**2,654,731.73**	**3,095,643.40**	**2,489,995.08**

20. TRADE RECEIVABLES (continued)

Provision for doubtful accounts is made for specific client accounts which the management considers doubtful as to collection. The credit policy for collecting receivables ranges between 60-115 days and based on that the following balance maturation table has been drawn. There are no liens on receivables. This provision presented the following movement during the year:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Beginning Balance	**(500,675.22)**	**(509,379.79)**	**(275,321.89)**	**(283,979.78)**
Additional provision	(27,834.48)	(529,68)	(12,834.48)	226,53
Change of exchange rate	361,15	46,68	-	-
Receivable write – offs	-	9,187.57	-	8,431.36
Ending Balance	**(528,148.55)**	**(500,675.22)**	**(288,156.37)**	**(275,321.89)**

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Current receivables	2,239,766.00	1,620,926.92	1,866,842.89	1,456,190.27
Overdue :				
up to 30 days	362,944.17	211,784.67	362,944.17	211,784.67
31 – 90 days	130,156.04	95,395.85	130,156.04	95,395.82
91 – 180 days	73,582.95	47,713.52	73,582.95	47,713.52
more than 180 days	1,190,255.90	1,179,586.02	950,273.72	954,232.69
Total	**3,996,705.06**	**3,155,406.95**	**3,383,799.77**	**2,765,316.97**
Provision for doubtful clients	**(528,148.55)**	**(500,675.22)**	**(288,156.37)**	**(275,321.89)**
Total trade receivables	**3,468,556.51**	**2,654,731.73**	**3,095,643.40**	**2,489,995.08**

21. OTHER RECEIVABLES

Other receivables presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Advances and credits	29,272.54	31,086.43	11,862.65	11,134.25
Advances to suppliers	96,023.22	57,640.93	96,023.22	57,640.93
Greek State	1,550.46	29,607.65	1,550.46	29,607.65
Employee loans	11,555.00	11,486.26	11,555.00	11,486.26
Other creditors	38,500.28	-	38,500.28	
Future years' expenses	143,532.59	186,405.14	123,839.35	170.385,74
Deferred long-term receivables (note 32)	152,763.77	152,763.77	152,763.77	152,763.77
Accrued income	30,638.04	36,768.04	30,638.04	36,768.04
Total other receivables	**503,835.90**	**505,758.22**	**466,732.77**	**469,786.64**

22. CASH & CASH EQUIVALENTS

Cash and cash equivalents presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Cash	19,339.95	15,839.04	5,987.50	6,174.40
Sight Deposits	266,301.85	196,096.30	14,847.41	34,850.39
Total	**285,641.80**	**211,935.34**	**20,834.91**	**41,024.79**

The interest rates of the aforementioned deposits range between 0.4% and 0.9% (floating rate). The following table analyzes cash and cash equivalents by currency (denominated in Euro):

22. CASH & CASH EQUIVALENTS (continued)

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Cash & cash equivalents in:				
- Euro	92,607.76	83,446.02	20,834.91	41,024.79
- Bulgarian Leva (BNG)	94,498.74	57,362.20	-	-
- Romanian Leu (RON)	98,535.30	71,127.12	-	-
Total	**285,641.80**	**211,935.34**	**20,834.91**	**41,024.79**

23. ALLOCATION OF BONUS SHARES TO DIRECTORS

The Ordinary General Meeting of Shareholders of 17 May 2011, in the framework of the approval of contracts under Article 23a(2) of Codified Law 2190/20, approved the granting of 300,000 company shares to the CEO and General Manager, within the next three years, namely 100,000 shares for the years 2011-2013, amending the prior decision of the General Meeting of 2008 for the payment of 50,000 shares, in the framework of approval of the new contract. Also, the ordinary General Meeting of shareholders of 26 June 2012 approved the same share vesting program for years 2014 through 2016.

The fair value of the shares of the decisions, was calculated according to share capitalization on the contract's approval date by the Ordinary General Meeting.

The Ordinary General Meeting of 26 June 2012 decided, by the relevant decision of the General Meeting of 17 May 2011, to increase the share capital by € 118,000.00 (one hundred and eighteen thousand Euro) with the issue of 200,000 common registered shares with a nominal value of € 0.59 each, in order for it to be given to the CEO of the Company.

Pursuant to the decision of the Ordinary General Meeting of 2012, the company's Board of Directors decided on 19/12/2016 to pay cash into the CEO's retirement plan for the years 2012 to 2016, equivalent to the value of 100,000 shares granted annually.

24. SHARE CAPITAL

As at 01/01/2016, the company's share capital amounted to €6,903,000, consisting of 11,700,000 ordinary shares, of nominal value € 0.59 each.

The Ordinary General Meeting of the Company's Shareholders of 9 May 2017 decided to reduce the Company's share capital by three hundred fifty-one thousand euros (€351,000.00) by reducing the nominal value of the share from €0.59 to €0.56, i.e. by €0.03 per share, with the purpose of returning capital to the shareholders in the amount of €0.03 per share.

Following the above reduction, the share capital stands at € 6,552,000 and is divided into 11,700,000 shares with a nominal value of € 0.56 each.

The same Ordinary General Meeting of the Company's Shareholders of 9 May 2017 also decided to reduce the Company's share capital by one million eight hundred seventy-two thousand euros (€1,872,000.00) by reducing the nominal value of the share from €0.56 to €0.40, i.e. by €0.16 per share, with the purpose of offsetting Company losses.

Following the above reduction, the share capital currently stands at € 4,680,000 and is divided into 11,700,000 shares with a nominal value of € 0.40 each.

In implementation of the decision of the Company's Ordinary General Meeting of Shareholders of 30 May 2008 and its extension, according to the Ordinary General Meetings of 23 April 2010, 17 May 2011, 26 June 2012, 29 May 2013 and 05 June 2015, the Company proceeded, until 30 June 2016, to the purchase of 65,134 Treasury Shares amounting to € 23,653.33.

On 17 October 2016, the company's Board of Directors decided to offer all the company's treasury shares to its employees. The offer price was set at € 0,35 per share. The aggregate offering value was € 22,796.90.

25. RESERVES

The reserves presented in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Ordinary Reserve	1,045,389.75	1,015,751.62	1,024,969.10	1,011,293.53
Special Reserve	15,568.80	15,568.80	15,568.80	15,568.80
Tax free reserves under special law	3,439.68	3,439.68	3,439.68	3,439.68
Reserves for allocation of free shares to directors (note 23)	160,727,43	160,727,43	160,727,43	160,727,43
Treasury Share Purchase (note 24)	-	-	-	-
	1,225,125.66	**1,195,487.53**	**1,204,705.01**	**1,191,029.44**

According to Greek commercial law, companies are obliged to set up a legal reserve for 5% of their annual net profits until this reserve reaches one third of their paid-in capital. Any distribution from the ordinary reserve is prohibited during the Company's life. For the year ended 31 December 2017, the parent has formed an additional ordinary reserve amounting to €13,675.57.

Tax-free reserves under special laws refer to profits which exempted from taxation on the basis of special laws (on the assumption that sufficient profits for their formation exists). These reserves relate to investments and are not subject to distribution. In case of their distribution, income tax is paid for the distributed amounts based on the tax rates being in force. As provided for in IAS 12 «Income Taxes», no deferred tax liability has been recognised for the above reserves.

The special reserve of € 15,568.80 formed in the year 2009 corresponds to dividend on treasury shares held by the company on the date of the ordinary General Meeting which was not distributed due to technical problems.

26. DIVIDENDS

Pursuant to Greek law provisions, the companies are obliged to annually allocate dividends corresponding to at least 35% of profits after taxes, after having formed the statutory reserve pursuant to law. The non-distribution of dividend is subject to the approval of at least 70% of the shareholders in an ordinary General Meeting.

In foreign subsidiaries, any profits are distributed according to the laws in force in each country.

Following the suggestion of the Board of Directors, the Ordinary General Meeting of 9 May 2017 decided the non-distribution of dividend for the fiscal year 2016.

The parent company's Board of Directors decided, upon approval of the accompanying financial statements of 27 March 2018, to not distribute dividend for the year 2017, a decision subject to the approval of the ordinary General Meeting.

27. PROVISION FOR STAFF RETIREMENT INDEMNITIES

On 31 December 2017 and 2016, the established provision for staff retirement indemnities refers to parent company and its Greek subsidiaries. In accordance with Greek law, employees are entitled to indemnities for dismissal or for retirement, the amount of which varies according to salary, years of service and the manner of separation
(retirement or dismissal). Employees who resign or are dismissed with proper justification are not entitled to an indemnity. Indemnity payable in case of retirements amounts to 40% of the indemnity payable
in case of dismissal without proper justification. Usually in Greece, according to the effective local practice, the staff compensation programs are not financed. These are defined benefit plans under IAS 19. The Group and the Company charges the accrued benefits in each period with a corresponding increase of the provision for the future liability due to retirement. Payments of retirement benefits for each period reduce the accumulated provision. We note that on 31/12/2017 there was no respective liability for the subsidiaries abroad.

Movement in the net liability for staff indemnities for the parent company and the Group is as follows:

27. PROVISION FOR STAFF RETIREMENT INDEMNITIES (continued)

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Net Liability at the beginning of the year	**751,275.63**	**481,618,84**	**650,254.30**	**385,138.43**
- Benefits paid	(261,000.00)	(19,564.67)	(261,000.00)	(4,666.67)
- Expense recognised in the income statement	44,164.78	168,213.31	39,242.46	152,630.87
- Expense to be posted in the comprehensive income statement (actuarial profit/losses)	6,414.58	28,208.15	6,830.96	24,351.67
Amounts from reclassification of items	-	92,800.00	-	92,800.00
Net Liability at the end of the year	**540,854.99**	**751,275.63**	**435,327.72**	**650,254.30**

The parent company's liability to pay retirement indemnities was based on an actuarial study prepared by an independent company of internationally renowned actuaries. A similar actuarial study was performed for Motodiktyo SA, a subsidiary which employs numerous personnel.

The details and principal assumptions of the actuarial study as at 31 December 2017 and 2016 are provided below:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Present value of liability as at 31 December	540,854.99	751,275.63	435,327.72	650,254.30
Net balance sheet liability as at 31 December	**540,854.99**	**751,275.63**	**435,327.72**	**650,254.30**
Income statement:				
Cost of current service	24,603.83	142,809.06	21,483.16	140,602.48
Interest costs	9,803.55	10,973.40	8,001.90	8,841.76
Cost of prior service losses/(profit) cutbacks and settlements	9,757.40	14,430.85	9,757.40	3,186.63
Total cost for entry in the income statement	**44,164.78**	**168,213.31**	**39,242.46**	**152,630.87**
Changes to present value of liability				
Present value of liability at beginning of year	751,275.63	481,618,84	650,254.30	385,138.43
Cost of current service	24,603.83	142,809.06	21,483.16	140,602.48
Interest costs	9,803.55	10,973.40	8,001.90	8,841.76
Benefits paid during the current year	(261,000.00)	(19,564.67)	(261,000.00)	(4,666.67)
Actuarial loss/(gain) on liability	6,414.58	28,208.15	6,830.96	24,351.67
Prior Service Cost	9,757.40	14,430.85	9,757.40	3,186.63
Amounts from reclassification of items	-	92,800.00	-	92,800.00
Present value of liability at year end	**540,854.99**	**751,275.63**	**435,327.72**	**650,254.30**
Basic Assumptions:				
Discount rate	1.93%	1.73%	1.93%	1.73%
Rate of compensation increase	1.00%	1.00%	1.00%	1.00%
Average expected working life	20,90	20,80	21,14	21,20

27. PROVISION FOR STAFF RETIREMENT INDEMNITIES (continued)

The added cost of extra benefits refers to benefits paid to employees who were made redundant. Most of these benefits were not expected within the terms of this program and were therefore treated as an added retirement charge in the income statement.

The amount of Other comprehensive income/(loss) of the Group that is presented in the comprehensive income statement includes, in addition to the actuarial losses, an amount of €34,505.63 concerning an exchange difference from the consolidation of foreign subsidiaries (€ 2,684.33 respectively for 2016).

Employers contribution to Defined Benefits Programs

The Group of Companies contributions to state social security funds for the period ending on 31 December 2017 and 2016 amounted to € 751,111.87 and € 667,430.47 respectively and are included in the payroll cost in the accompanying income statements.

The parent Company's contributions to state social security funds for the period ending on 31 December 2017 and 2016 amounted to € 593,607.17 and € 522,584.41, respectively and are included in the payroll cost in the accompanying income statement.

28. TRADE PAYABLES

Trade payables in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Suppliers	5,647,366.63	7,683,793.62	5,594,922.54	7,617,392.61
Client advances	988,265.11	691,110.51	903,272.19	635.197,20
	6,635,631.74	**8,374,904.13**	**6,498,194.73**	**8,253,173.07**

29. LOANS

The loans presented in the attached financial statements are analyzed as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Short term bank loans				
Short term bank loans	6,450,000.00	5,700,000.00	6,450,000.00	5,700,000.00
Lines of credit	14,462,63	518,588.18	14,462,63	516,907.61
Total Short-term bank loans	**6,464,462.63**	**6,218,588.18**	**6,464,462.63**	**6,216,907.61**
Total loans	**6,464,462.63**	**6,218,588.18**	**6,464,462.63**	**6,216,907.61**

On 31 December 2017 and 2016, Motodynamics S.A. and its subsidiaries had concluded short-term loans and joint accounts, with the purpose of covering needs in working capital. The average borrowing cost (floating interest rates) was : a) for the Company 6.70% in 2017 and 7.32% in 2016 and b) for the Group 6.71% in 2017 and 7.35% in 2016. The average loan balance was a) for the Company €6,455,788 in 2017 and €6,123,981 in 2016 and b) for the Group €6,456,373 in 2017 and €6,144,582 in 2016.

It is noted that no liens on assets of the Company or the Group were created for granting such loans. Pursuant to the decision of the BoD as of 6/12/2011, MOTODYNAMICS SA has deposited the amount of €500.000 at a Bank as corporate security for its 100% subsidiary MOTODIKTYO SA. The fair value of the loans is the value presented in the books on 31/12/2017, given that the short-term loans are working capital constantly renewed. All loans are denominated in Euro.

29. LOANS (CONTINUED)

The borrowing limit available and the unutilised amount are as follows:

	GROUP		COMPANY	
	31 December 2016	**31 December 2016**	**31 December 2017**	**31 December 2016**
Credit lines available	12,700,000.00	12,300,000.00	12,200,000.00	11,800,000.00
Unutilised amount	(6,235,537.37)	(6,081,411.82)	(5,735,537.37)	(5,583,092.39)
Utilised amount	**6,464,462.63**	**6,218,588.18**	**6,464,462.63**	**6,216,907.61**

30. OTHER SHORT-TERM LIABILITIES

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Liabilities from taxes, duties	589,020.66	92,420.92	472,475.37	24,681.31
Social security organizations	194,477.56	153,471.71	158,843.93	125,441.58
Board of Directors' Fees	700,000.00	700,000.00	700,000.00	700,000.00
Accrued period expenses	78,962.24	91,389.42	73,102.78	79,271.05
Sundry creditors	75,001.73	100,986.07	75,001.73	100,986.07
Other	383,158.92	349,458.26	320.369,22	324,689.53
Total	**2,020,621.11**	**1,487,726.38**	**1,799,793.03**	**1,355,069.54**

31. FINANCIAL RISK MANAGEMENT

(a) Credit Risk Concentration: There is no significant concentration of credit risk with any single counter party. The maximum exposure to credit risk is represented by the carrying amount of each asset. Motodynamics and its subsidiaries have settled criteria for customers who wish to trade on credit terms. These criteria are mainly based on client's activity "size" with parallel evaluation of client relevant economical information. The Group and Parent company cover their credit risk with securities (mortgage etc.) or bank letters of guarantee and up to the amount which is considered as necessary.

(b) Fair value: The carrying amounts reflected in the balance sheets for cash and cash equivalents, receivables, and current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Foreign Exchange Risk: The majority of transactions and balances are in Euro. As a result, the management currently estimates that there are no significant risks arising from exchange rate fluctuations.

(d) Interest Rate Risk: On 31/12/2017 the total loans of the Group amounted to € 6,464,462.63. Of this sum, the amount of € 6,450,000 represented interbank loans with a 3-month maturity, where the rate was fixed and unchanged for the respective maturities, and the amount of € 14,462.63 for the Company & for the Group were loans to open accounts with floating interest rate. It is noted that the Group's cash on hand on 31/12/2017 stood at € 285,641.80.

(e) ***Changes in interest rates:*** Working capital needs are financed, among other sources, by bank debt. The Company and the Group may borrow at satisfactory terms and to apply hedging techniques that protect against interest rate increases, by concluding Forward Rate Agreements (FRAs).
The following table presents the impact on the Pre-tax Earnings of a potential change in floating rates (with the remaining variables remaining stable) on the loans applicable on 31/12/2017. The impact on Net Equity is insignificant.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate increase/ decrease (in base units)	Effect on Profits before Taxes (in thousand €)
50	-32,3
75	-48,4
100	-64,6
-50	32,3
-75	48,4
-100	64,6

(f) Liquidity Risk: Sensible management of liquidity risk involves sufficient cash availability through a legitimate credit system and the capability to secure the Group with the right due date gathering of the accounts receivable. Due to the dynamic nature of the business, the Group Management aims at preserving flexibility in funding by maintaining adequate cash and open credit lines.

The Company's liquidity is monitored by the Group Management on a regular basis.
It is noted that the following loans mainly regard the Company, since the borrowings of other Group companies are negligible. Below follows a breakdown of maturities of liabilities:

	31 December 2017	31 December 2016
LONG – TERM LIABILITIES		
Other non-current liabilities		
1 - 2 years	3,700.00	-
2 - 5 years	-	-
Total	**3,700.00**	**-**
SHORT – TERM LIABILITIES		
Total short-term liabilities		
0 - 90 days	13,949,988.55	12,251,967.11
91 - 180 days	1,173,499.67	3,829,251.38
Total	**15,123,488.22**	**16,081,218.69**

Total short-term liabilities analyzes as follows:

Commercial liabilities		
0 - 90 days	6,176,594.70	5,764,240.93
91 - 180 days	459,037.04	2,610,663.20
Total	6,**635,631.74**	8,**374,904.13**
Short-term loans		
0 - 90 days	6,450,000.00	5,700,000.00
91 - 180 days	14,462,63	518,588.18
Total	**6,464,462.63**	**6,218,588.18**
Other liabilities		
0 - 90 days	1,323,393.85	787,726.38
91 - 180 days	700,000.00	700,000.00
Total	**2,023,393.85**	**1,487,726.38**

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital Risk Management: During the capital management the Group aims to maintain the ability of moving on its business in order to reassure the returns for its shareholders and to maintain an optimum capital structure. The Group manages capital structure and proceeds in necessary reactions according to its needs and to occasional economic evolutions. Capital sufficiency is being monitored with appropriate financial indexes. The table below analyzes indexes movements for annual periods 2017 and 2016:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Net average return on equity	13,38	12,73	8,68	7,90
Debt / Equity	1,56	1,81	1,27	1,43

The Net average return on equity index is equal to the net profits for the year divided by the average Equity of the last two (2) years.

32. COMMITMENTS AND CONTINGENCIES

In the past, and up until 31 December 2017, the Group and the Company had concluded various leasing agreements, mainly related to the lease of buildings and expire on various dates up to 2024. The lease expenses included in the attached income statement of the period ended on 31 December 2017, amount to € 871,708.78 for the Group and to € 688,929.84 for the Company, while the respective amounts for the previous year were € 874,232.02 for the Group and € 694,009.17 for the Company.

The single contingent future liability derives from the possible early voluntary departure and termination of these rental agreements, which according to the applicable civil law, consists of payment of four rents at the time of departure.

The company has paid the amount of €1,480,000.00 as a guarantee and rent deposits concerning the safeguarding of future leasing of the building. Already, with the agreement of 3/08/2012 amending the lease agreement, the amount of €980,000, related to prepayment-guarantee of rentals, will be returned in 16 six-month installments of €61,250 each (€ 122,500 annually) starting on 1/3/2013, otherwise it will be offset against rents. The amount relating to annual refund of advance payment of rent on 31/12/2017 stands at € 122,500.00 and appears in Other receivables, while the balance of guarantees & deposits appears in Other non-current assets of the company.

The company has granted a loan of € 1,900,000.00 related to working capital to a vehicle distribution representative. It is an interest-bearing loan, and the interest rate is set at a percentage equal to the six-month Euribor, increased by 6% annually. The loan balance as at 31 December 2017 stood at the amount of € 1,700,171.01.

Other non-current assets are broken down as follows:

	GROUP		COMPANY	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Guarantee for future building lease charges	745,000.00	867,500.00	745,000.00	867,500.00
Granted Loan	1,700,171.01	1,739,851.01	1,700,171.01	1,739,851.01
Other guarantees granted	153,671.13	146,014.97	111,318.08	103,156.91
Other non-current assets	**2,598,842.14**	**2,753,365.98**	**2,556,489.09**	**2,710,507.92**

33. RECLASSIFICATION OF ITEMS

The company during 2017 proceeded to reallocation of funds from the other income to distribution expenses that concerned the offset of other income with invoiced expenses (transport cost, guarantees cost). At the same time, it reallocated funds from the distribution expenses to the cost of sales, products preparations expenses directly related to the cost. The company also decided to reallocate funds from administration expenses to sales and distribution expenses.

This effect on the financial statements of 2016 is as follows:

	RECLASSIFICATION	PRE-RECLASSIFICATION	RECLASSIFICATION	PRE-RECLASSIFICATION
	GROUP		COMPANY	
Comprehensive Income Statement				
Cost of Sales	40,152,758.58	40,109,331.67	39,747,957.41	39,704,530.50
Other income	124,154.09	759,858.68	217,795.32	813,432.55
Administrative expenses	1,849,318.44	3,297,801.30	1,841,788.44	3,137,987.30
Sales and distribution expenses	6,808,338.23	6,038,986.87	5,499,420.64	4,842,285.92

34. OPERATING SEGMENT REPORTING

The Group, due to its entry in the car business, revised its business segments as follows: the wholesale and retail markets for motorised two-wheelers and marine products (outboards, inflatable crafts etc.) which it considers as operating segments and for which it discloses the required information. Uniform accounting principles are followed for each of these business areas. Home analyses per region are not reported due to the fact that sales and assets outside Greece do not represent a significant part of the respective total sales and assets of the Group. (Certain items relating to operating segments of the previous year have been reclassified in order to become comparable to those of the closing year)

GROUP	**YAMAHA**		**RETAIL**		**CARS**		**Total**	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Sales	30,805,005.33	30,992,640.14	8,481,575.73	6,568,400.24	15,214,875.31	12,530,596.47	54,501,456.37	50,091,636.85
Cost of sales	(23,909,872.94)	(24,406,275.92)	(7,238,835.78)	(5,430,246.56)	(12,508,333.37)	(10,316,236.10)	(43,657,042.09)	40,152,758.58
	6,895,132.39	**6,586,364.22**	**1,242,739.95**	**1,138,153.68**	**2,706,541.94**	**2,214,360.37**	**10,844,414.28**	**9,938,878.27**
Other income							234,739.68	124,154.09
Administrative expenses							(1,893,183.32)	(1,849,318.44)
Sales and distribution expenses							(7,270,730.06)	(6,808,338.23)
Other expenses							(137,168.29)	(83,469.06)
Finance income							116,129.68	131,841.36
Finance expenses							(529,616.89)	(529,551.32)
Profit / (loss) before taxes							**1,364,585.08**	**924,196.68**
Income tax							(30,249.28)	18,838.31
Net profit / loss							**1,334,335.80**	**943,034.99**
Depreciation							953,854.97	878,213.13
Inventories	9,423,077.05	11,549,492.27	936,277.73	745,298.86	2,290,411.81	1,201,227.42	12,649,766.59	13,496,018.55
Other assets							13,034,152.05	12,409,935.61
							25,683,918.64	**25,905,954.16**
Commercial liabilities	5,697,656.74	7,621,360.20	79,747.91	77,042.81	858,227.09	676,501.12	6,635,631.74	8,374,904.13
Other liabilities							9,032,411.47	8,457,590.19
Equity							10,015,875.43	9,073,459.84
							25,683,918.64	**25,905,954.16**
Capital expenditure							1,500,438.34	1,532,696.72

35. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

There are no later events which could have a significant effect on the Financial Statements of the Company and the Group.

Responsible for the preparation of the company's and the group's annual financial statements for the period ended on 31 December 2017 and approved by the Board of Directors on 27 March 2018 are the following:

Aspropyrgos, 27 March 2018

The BoD Chairman	The Managing Director	The Financial Director
Paris O. Kyriakopoulos	Sotirios D. Hatzikos	Dimitrios Bozas
ID NR: AK 638168	ID NR: AK 026457	License No. 0048740 Class A

TABLE OF REFERENCES TO THE INFORMATION OF ARTICLE 10 OF LAW 3401/2005

Date	Announcement	Web address	Remarks
Annual Financial Results 2016			
2017	Annual Financial Report of the Company & Group for the year from 1 January to 31 December 2016	http://www.motodynamics.gr/category/annual-financial-statements/	
H1 2017 Financial Results			
2017	Semi-Annual Financial Report of the Company & Group for the period from 1 January to 30 June 2017	http://www.motodynamics.gr/category/periodic-financial-statements/	
Own Share Purchase Announcements			
2017	Own Share Purchase Announcements	http://www.motodynamics.gr/category/oikonomikes-anakoinoseis/	
General Meetings			
11/04/2017	Notice to Ordinary General Meeting of Shareholders	http://www.motodynamics.gr/category/genikes-sinelefsis/	
18/04/2017	Total Number of Shares and Voting Rights	http://www.motodynamics.gr/category/genikes-sinelefsis/	
18/04/2017	Power of Proxy form	http://www.motodynamics.gr/category/genikes-sinelefsis/	
18/04/2017	Minority interest	http://www.motodynamics.gr/category/genikes-sinelefsis/	
18/04/2017	Draft Statutory General Meeting Decisions on each Agenda Item	http://www.motodynamics.gr/category/genikes-sinelefsis/	
21/04/2017	Revised Notice to Ordinary General Meeting of Shareholders	http://www.motodynamics.gr/category/genikes-sinelefsis/	
09/05/2017	Ordinary General Meeting 2017 - Capital Reimbursement	http://www.motodynamics.gr/category/genikes-sinelefsis/	
10/05/2017	Announcement of the Decision of the Ordinary General Meeting of 9 May for the Purchase of Own Share	http://www.motodynamics.gr/category/genikes-sinelefsis/	
10/05/2017	Decisions of the Ordinary General Meeting of the Company "MOTODYNAMICS SA" of 9 May 2017	http://www.motodynamics.gr/category/genikes-sinelefsis/	
10/05/2017	Decisions of the Ordinary General Meeting of the Company "MOTODYNAMICS SA" of 9 May 2017 - Table of Detailed Voting Results	http://www.motodynamics.gr/category/genikes-sinelefsis/	

Other Communications			
Date	**Announcement**	**Web address**	**Remarks**
03/02/2017	Announcement of economic calendar 2017	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
03/02/2017	Change in Management Executives	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
07/04/2017	Comments on Annual Financial Results 2016	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
30/05/2017	Announcement regarding the reduction of the share capital through the reduction of the share value and reimbursement of the capital to the shareholders	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
01/09/2017	Disclosure of Change of Senior Management	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
01/09/2017	Purchase of Shares	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	
21/11/2017	Supplemental announcement of the Semi-Annual Financial Statements	ww.motodynamics.gr/category/oikonomikes-anakoinoseis/	

Notes: *The announcements of the table of references are also posted on the Athens Exchange website: http://www.athexgroup.gr/el/*

AVAILABILITY OF FINANCIAL STATEMENTS

The annual financial statements, the certified auditor certificates and the reports of the Boards of the companies incorporated in the Company's consolidated financial statements are posted on the Company's website www.motodynamics.gr where they will be available to investors for a minimum period of five (5) years from the date of preparation and publication.