ANNUAL

FINANCIAL REPORT

For the year

Ended December 31, 2014

INDEX TO THE FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT ON THEANNUAL FINANCIAL STATEMENTS
of
«Neurosoft S.A.»

Regarding the consolidated Financial Statements
For the year ended December 31, 2014

This Annual Board of Directors Report, which follows, (hereinafter referred for brevity as the **"Report"** or **"Annual Report"**), refers to the fiscal year 2014 (01.01.2014-31.12.2014), was prepared in accordance with the relevant provisions of Article 136 and 43a of Codified Law 2190/1920 and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by law to provide substantial and detailed information about the activity, during this period, of the company under the name «NEUROSOFT SA COMPANY of SOFTWARE PRODUCTION "(hereafter referred to as the**" Company "or «NEUROSOFT»**) and the NEUROSOFT Group of companies, in which Group are included at the end of the fiscal year apart from the Company the following affiliated company:

a) «Neurosoft Cyprus Ltd», headquartered in Cyprus, in which the Company holds a 100% stake,
b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds 95% stake indirectly through its subsidiary Neurosoft Cyprus Ltd.

Notes in relation to the consolidation requirements:
i) on 07-10-2008, the Company acquired a 100% stake of the share capital of «GAEKNAR VENTURES LTD», with registered offices in Cyprus. In virtue of the 03-05-2011 approval decision of the District Court of Limassol, the mentioned company was merged with the company «Neurosoft Cyprus LTD» which is the above subsidiary of the Company.
ii) on 23-06-2008 «GAEKNAR VENTURES LTD» and Mr. Paschalides, a member of the Board of Directors of the Company established the Company under the trade name «NEUROSOFT ROMANIA SRL» headquartered in Bucharest, which during the fiscal years 2011, 2012, 2013 and 2014 remained inactive.
iii) the Extraordinary General Meeting of the Company Shareholders dated November 25th, 2014, passed a resolution on the merger through absorption of the Company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME", by NEUROSOFT in accordance with provisions of articles 68 par. 2 and 69-77a of Codified Law 2190/1920, as well as provisions of articles 1-5 of Law 2166/1993 as in force today. The aforementioned decided merger has been approved by resolution No 32766 rel. 32381/15-12-2014 of the Deputy Head of the Regional Authority of

Northern Athens and it was registered in the General Electronic Commercial Registry (GEMI) on 15-12-2014 with registration code 282425. As a result of the aforementioned merger, NEUROSOFT has been substituted, due to quasi-universal succession, in all rights, claims, obligations and legal relationships of the Absorbed Company as set out in article 75 of Codified Law 2190/1920, while all legal transactions, contracts and other agreements drawn up between the Absorbed Company and any third party, natural or legal person, will be continued by the Company.

This report accompanies the annual consolidated financial statements for the fiscal year 2014 (01.01.2014-31.12.2014) and since the Company prepares consolidated financial statements, this report is single, with main and primary reference to the consolidated financial data of the Company and its related company. The report along with the financial statements and other information and statements required by law are included in the Annual Financial Report for the fiscal year 2014.

The sections of this Report and the contents thereof, are as follows:

SECTION A

Significant events that occurred during the year 2014

The significant events that occurred during the year 2014 (01.01.2014-31.12.2014) with calendar series, as well as any impact on the annual financial statements are summarized as follows:

1. The Extraordinary General Meeting of Neurosoft's Shareholders approved the merger through absorption of its subsidiary Kestrel Information Systems S.A.

On Tuesday, November 25th, 2014 the Company announced that the Extraordinary General Meeting of its Shareholders approved the merger through absorption of Kestrel Information Systems S.A.

The Extraordinary General Meeting was attended by shareholders, either in person or by proxy, representing 22,683,473 shares out of a total of 25,000,000 shares, i.e. 90,53% of the paid up share capital.

The Shareholders' meeting adopted the following resolutions:

ITEM 1: a) Unanimously approved the merger through absorption of the Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME” in accordance with the provisions of articles 68 par. 2 and 69-77a of Codified Law 2190/1920, as well as the provisions of articles 1-5 of Law 2166/1993, as in force today and b) Unanimously approved the common draft Merger Deed dated July, 2nd 2014 regarding the merger of the Company under the name “NEUROSOFT SOCIÉTÉ ANONYME SOFTWARE PRODUCTION” through absorption of the Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME”, as well as the reports that have been drawn up and the relevant statements of the Board of Directors.

ITEM 2: Unanimously granted Mr. Nikolaos Vasilonikolidakis, the express and special mandate, the power of attorney and the right to sign before the competent Notary the relevant notarial deed of merger of the Company under the name “NEUROSOFT SOCIÉTÉ ANONYME SOFTWARE PRODUCTION” through absorption of the Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME” and, acting in the name and on behalf of the Company in the interest of defending and serving the objectives and interests of the Company, proceed to any other declaration, statement, application, action or legal transaction, which is considered appropriate, necessary and advisable for the appropriate implementation and completion of the merger process.

ITEM 3: Unanimously passed a resolution on the increase of the share capital of the Absorbing Company as a result of the merger: a) by the amount of €204,607.76, which corresponds to the remaining contributed share capital of the Absorbed Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME” and b) by the amount of €0.14 as a result of capitalization of part of the share premium reserve account, that is by the total amount of €204,607.90. As a result of the aforementioned resolution, the share capital of the Company today amounts to €8,954,607.90 and is divided into 25,584,594 ordinary registered shares.

ITEM 4: Unanimously has passed a resolution of all actions, statements and transactions of the Members of the Board of Directors of the Company and of its agents and representatives within the framework and for the purposes of the merger of the Company under the name “NEUROSOFT SOCIÉTÉ ANONYME SOFTWARE PRODUCTION” through absorption of the Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME”.

ITEM 5: Unanimously approved the authorization to the Board of Directors for the settlement of any fractional rights, of which new shares shall not be issued, on the way of distribution of the new shares and the regulation of every other issue arising from the aforementioned merger.

ITEM 6: Unanimously approved the amendment of article 3 of the Company’s 3 Articles of Association in order for the field of activity of the Absorbed Company under the name “KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME” to be included in the scope of the Company.

ITEM 7: Unanimously approved the relocation of the Company from the Municipality of Maroussi in Attica to the Municipality of Iraklio in Attica and the consequent amendment of article 2 of its Articles of Association.

2. Collaboration with Sberbank Serbia

On September 2014 the Company announced the collaboration with SberbankSrbijaa.d providing its second generation end to end factoring software solution Proxima+ to best serve the above bank's needs. SBERBANK Srbijaa.d., a universal bank providing all types of services and products for private individuals, small and micro business, medium and large corporate is also a member of Sberbank Europe AG which manages a banking network of nine universal banks in eight Central and Eastern European countries. In light with its global aim to flexibly respond to customers' needs and build long lasting relationship with them, Sberbank Serbia decided to launch the new product, "Factoring", in September 2014. Sberbank Serbia has chosen Proxima+ following an international RFP and extensive evaluation of various international specialized software solutions.

3. Launching Factoring platform in Italy

During 2014, the Company concluded the Italian version of Proxima+, with direct links to the Italian central bank, Anti-money laundering mechanisms, interfaces to credit risk organizations and installed in Salento Mutui, a dynamic Italian factoring company.

4. Alkemi platform

The Company finished the implementation of its innovative book building and pricing tool named Alkemi, for the calculation of scaled odds with regard to the agreement for the joint development and support of a new specialized online sports book service subject to UK jurisdiction, between Neurosoft and subsidiaries of Sportingbet and Centric Holdings SA. The new tool is interfaced now with Sportingbet's core platform, BOLT, which is used as the main risk management tool and the web interface.

5. BOLT enhancements

BOLT was significantly enhanced in 2014, by enabling to have multiple channels (land, online, mobile etc), to connect to different core systems simultaneously (per jurisdiction and channel), adding the ability to show Hedging Targets and Liabilities Overruns/Problem, Fraud patterns and also showing ante-post events risk together with normal events.

6. SNFCC – Most significant ICT project

On May 2014 the Company was awarded by the Joint Venture of Impregilo and Terna (JVIT), the IT and Telecommunications infrastructure equipment and works at the Stavros Niarchos Foundation Cultural Center SNFCC hosting the Greek National Opera (GNO) and the National Library of Greece (NLG) surrounded by the 170.000m2 Stavros Niarchos Park (Data Network

System, IP Telephony, Wireless LAN, Servers/Storage, Infokiosks, Thin Clients, Library RFID, IPTV, Private Mobile Radio System). The project entails the design, provision, installation, commissioning and support of equipment and software.

7. OPAP Security – Managed Services

Information Security and managed security services in particular are amongst the strategic targets of the Company for future growth. On May 2014, OPAP assigned the Company to assess, re-structure where necessary and manage the Security structure and policy of its enterprise network.

8. GRnet – Largest public Wi-Fi deployment

On September 2014 after an open public international tender procedure, the Company was awarded by GRnet the design, procurement, deployment and support of its public Wi-Fi infrastructure. The nationwide deployment is being used to provide Wi-FI access according to Eduroam initiative (education roaming), the secure, world-wide roaming access service developed for the international research and education community.

9. Alcatel -Lucent: No 1 local Subcontractor

The partnership with Alcatel-Lucent was initiated in 2009 with limited field services activities. In 2014 the Company managed to expand the services contract to include multiple Service Providers as end-customers but more importantly the scope of services was extended to practically the entire product portfolio of Alcatel-Lucent (Access, Transmission, Microwave, IP), one of the largest telecommunications equipment manufacturers worldwide, thereby becoming the largest local subcontractor of Alcatel-Lucent.

10. Juniper Networks: No 1 local Partner

The partnership with Juniper Networks started in 2005 and was further expanded during the years thereafter. In 2014 the Company managed to achieve the largest revenue towards Juniper from all local and global Juniper partners operating in the country. The Company invested in personnel, education and lab equipment achieving proficient technical excellence to cater for significant ongoing SLAs and new implementations.

11. Annual Ordinary General Meeting of the Shareholders of the Company

On Thursday, June 26th, 2014, the Annual Ordinary General Meeting of the Company was held at the offices of the Company at Maroussi, which was attended in person or by proxy by shareholders representing 22.253.473 ordinary shares and voting rights, ie 89,014% of total 25,000,000 shares and equal voting rights in the Company.

The Annual Ordinary General Meeting of the Shareholders of the Company adopted the resolutions on the agenda:

ITEM 1: The shareholders unanimously approved the annual corporate and consolidated financial statements for financial year 2013 as well as the Board of Directors Report (Management Report) and the Auditor's Report for the same fiscal year 2013.

ITEM 2: The shareholders unanimously approved the distribution of profits as depicted in the annual financial statements for financial year 2013 and in particular approved no dividend distribution.

ITEM 3: The shareholders unanimously discharged the Directors and the Auditors from any liability related to the results of the financial year 2013 as well as to the annual financial statements of fiscal year 2013.

ITEM 4: The Shareholders unanimously approved the remuneration payable to the Board of Directors for financial years 2013 and also pre-approved the remuneration payable to the Board of Directors for financial year 2014 and for the first half of 2015.

ITEM 5: The shareholders unanimously approved the appointment of the auditing firm HELLENIC AUDITING COMPANY SA (SOEL Reg. Number: 156) as Certified Auditors for the financial year 2014 (auditing of the financial statements corporate and consolidated) approving also their fees.

ITEM 6: The shareholders unanimously granted the permit to the members of the BoD to be a shareholder and/or director of any other company of the Group and of the companies which are the Company's shareholders.

ITEM 7: The shareholders unanimously confirmed and ratified the election of Mr. Kamil Ziegler as temporary (interim) member of the Board of Directors in place of the resigned Director Mrs. Efthalia Siamani in compliance with article 22 of Codified Law 2190/1920 pursuant to the decision of the Board of Directors dated February 27, 2014 and also approved all actions and declaration of the above interim member that followed its election.

12. Neurosoft attends Investor Day Event in Milan

On the 3rd of April 2014, the Company participated at the AIM Italia Investor Day under the auspices of the Italian Stock Exchange, LSE Group. The event was attended by Italian investors.

SECTION B

Principal risks and uncertainties

The Company operates in a highly competitive and especially challenging international environment, which is rapidly changing. During the last years the Company is systematically trying to enhance its extroversion in the geographical areas of interest, with emphasis on a continuous upgrade of products and provided solutions, while in the meantime it develops new products and promotes its entry into new markets, with a view to further penetrate new markets and thus strengthen its competitiveness.

The usual financial and other risk exposures of the Company and the risks which may be encountered during the course of the current fiscal year 2015 (01.01.2015-31.12.2015) are market risk, credit risk, liquidity risk etc.

1. Credit risk

The Management of the Company ensures that sales are addressed to customers with high credit trustworthiness and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries (particularly in Asia), for which the effective control of their credibility it is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms in order to fully confront this risk. As a consequence this risk, although real in view of the general adverse economic environment, is currently evaluated as controlled.

2. Currency risk

The Group’s revenues are mainly based on Euro denominated agreements and therefore the Group is not exposed to foreign exchange risk. However the Group's management continuously monitors the foreign exchange risks that may arise and evaluates the need for such measures.

3. Interest rate risk

Regarding short-term borrowings, Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks.

The following table shows the changes in the Group's profit before tax (through the impact of the loan balances at year end with a floating interest rate on profits) in possible changes in interest rates, holding other variables constant.

Sensitivity analysis of the Group's borrowings to interest rate changes:

	31 December 2014	
	Interest rates volatility	**Effect on Comprehensive Income Statement**
Euro	1.0%	(10,188)
	-1.0%	10,188

	31 December 2013	
	Interest rates volatility	**Effect on Comprehensive Income Statement**
Euro	1.0%	(10,992)
	-1.0%	10,992

Note: The above table does not include the positive impact of the interest earned on deposits.

4. Cash flow risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that there are always secured credits to use. The existing undrawn credit to the Group, are absolutely sufficient to cover any potential lack of cash. The Group maintains sufficient cash reserves and enjoys high credibility with banks due to its dynamic progress in the Greek market. Prudent liquidity management is achieved with credit availability through approved bank credits and available cash.

The table below summarizes the maturity profile of financial liabilities as of 31 December 2014 and 2013 respectively.

Year ended December 31, 2014	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	152,698	152,707	610,811	-	916,216
Trade and other payables	966,437	774,212	409,381	-	-	2,150,030
Total	**966,437**	**926,910**	**562,088**	**610,811**	**-**	**3,066,246**

Year ended December 31, 2013	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	597,705	597,704	-	-	1,195,409
Trade and other payables	1,384,331	889,156	526,550	-	-	2,800,037
Total	**1,384,331**	**1,486,861**	**1,124,254**	**-**	**-**	**3,995,446**

SECTION C

Important related party transactions

This section includes the most significant transactions between the Company and its affiliated persons (related parties) as defined in International Accounting Standard 24.

Particularly this section includes:

(a) Transactions between the Company and any related party incurred during fiscal year 2014 (01.01.2014-31.12.2014) and that have materially affected the financial situation or performance of the Company during this period.

(b) Any changes in the transactions between the Company and any related party described in the last annual report, which could have a material effect on the financial situation or performance of the Company during 2014.

Note that the reference to the above transactions, which follows, includes the following:

(a) the amount of such transactions for the year 2014 (01.01.2014-31.12.2014)

(b) the outstanding balance at the end of the year (31.12.2014)

(c) the nature of the related party relationship with the Company and

(d) any information on transactions, which are necessary for an understanding of the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions .

The related parties of the company are as follows:

a) “Neurosoft Cyprus LTD» headquartered in Cyprus, in which the Company holds a 100% stake.

b) “Neurosoft Romania SRL” headquartered in Romania, in which the Company holds 95% stake indirectly through its subsidiary Neurosoft Cyprus Ltd.

Intercompany sales and other revenue	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

Intercompany purchases	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

The balances of receivables and payable of the Company and its related companies during the current fiscal year are analyzed as follows:

Intercompany balances (receivables)	31.12.2014	31.12.2013
Neurosoft Romania Srl	352,450	352,450
Neurosoft Cyprus Ltd	126,000	126,000
Total	**478,450**	**478,450**

Intercompany balances (payables)	31.12.2014	31.12.2013
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	**-**	**-**

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the 12 months of 2014 and 2013 respectively are as follows:

	2014	2013
Executives and management members remuneration	**378,174**	**315,285**

Further to the above we note:

- No loans or credit facilities have been granted to the members of the Board or to other executive members of the Company (and their families).
- These transactions contain no exceptional or individual characteristic, which would make imperative the further analysis per related party.
- Apart from the above remuneration no other transactions between the Company and the aforementioned executives and Board members exist.
- No transaction has taken place outside and beyond normal market conditions.
- No transaction exists, the value of which exceeds 10% of the value of the assets of the Company, as reflected in the latest published statements.

SECTION D

Detailed information in accordance with the provisions of article 4, paragraph 7 of Law 3556/2007, as in force and relevant explanatory report

1. Share capital Structure

Following the resolution of the General Shareholders Meeting held on 25/11/2014 the new share capital of the Company amounts to 8,954,607.00 million euros, is fully paid up and is divided into 25,584,594 ordinary shares with a nominal value of Euro 0.35 each.

For each share all the rights and obligations are defined by law and the Articles of Association. The ownership of the share automatically entails acceptance of the Articles of Association and the decisions taken in accordance with the law and the Statute of the various corporate bodies.
Each share carries the right to one (1) vote.
All shares of the Company are listed on the Milan Stock Exchange and traded on the AIM/MAC Italia market of the Stock Exchange of Milan.

2. Restrictions on the transfer of shares of the Company

There are no restrictions on shares transfer.

3. Significant direct or indirect participations

a) "Neurosft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a 100% stake,
b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds 95% stake indirectly through its subsidiary Neurosoft Cyprus Ltd.

Further to the above, the significant direct or indirect holdings in the share capital and voting rights of the Company within the meaning of Articles 9 to 11 of Law 3556/as in force are as follows:

- Mavroeidis Angelopoulos: 4.200.353 shares and voting rights (percentage 16.419%)
- MINTERALO LTD: 5.364.444 shares and voting rights (percentage 20.967%)
- OPAP INTERNATIONAL Ltd: 6.401.240 shares and voting rights (percentage 25.020%)
- OPAP CYPRUS Ltd: 1.154.314 shares and voting rights (percentage 4.512%)
- GTECH SPA: 4.176.536 shares and voting rights (percentage 16.324%)
- Nikolaos Vasilonikolidakis: 954.840 shares and voting rights (percentage 3.732%)
- Georgios Manioudakis: 753.037 shares and voting rights (percentage 2.943%)

IMPORTANT NOTES:

1. It is noted that the above percentages have been extracted pursuant to the completion of all the merger procedures in front of the Milan Stock Exchange as well
2. Mr. Manioudakis is listed above, despite the fact that his stake is less than 3%, for clarity reasons and as he is a Company's executive director

4. Shares with special control rights

There are no shares with special control rights.

5. Restrictions on voting rights

There aren't known to the Company any restrictions to holders of voting shares.

6. Shareholders' agreements

The Company is not aware of any agreements between shareholders which impose limitations on the transfer of shares or on the exercise of voting rights.

7. Rules governing the appointment and replacement of Board members and amendments of the Articles of Associations which differ from those envisaged in Codified Law 2190/1920 as in force today.

Regarding the appointment and replacement of Board members as well as amending the Memorandum of Association, there are no rules that differ from the provisions of Codified Law 2190/1920, as in force.

8. Jurisdiction of the Board or some of its members to issue new shares or acquire treasury shares of the Company in accordance with Article 16 of Codified Law 2190/1920.

There is no specific authority of the Board of Directors or of certain members of the Board of Directors to issue new shares or acquire treasury shares in accordance with Article 16 of Codified Law 2190/1920, as in force.

9. Significant agreements which become operative, modified or terminated upon a change of control of the Company following a public offer.

There is no significant agreement concluded by the Company, which is set in force, modified or terminated upon a change of control following a public offer.

10. Significant agreements with members of the Board or employees of the Company

There isn't any agreement between the Company and members of its Board of Directors or staff, which provides compensation in case of resignation or dismissal without cause or termination of office or employment due to any public offer.

Explanatory report on the information, which is prepared in accordance with article 4, paragraph 8 of Law 3556/2007.

The numbering in this explanatory report (drafted in accordance with Article 4, paragraph 8 of Law 3556/2007) follows the same numbering of the relevant information under Article 4, paragraph 7 of Law 3556/2007, as the information listed above:

1. The structure and mode of formation of the share capital of the Company is set out in detail

in Article 5 of the Articles of Association.

The Company's shares were listed on the Milan Stock Exchange on May 8, 2009 and are traded in the above Stock Exchange continuously until today.

2. No such restriction exists under the law or under the Articles of Association, or by any other agreement.

3. Data on the number of shares and voting rights of persons who have significant participation, are drawn from the Company's share register and relevant disclosures notified to the Company by law.

4. There are no other classes of shares, only common shares with voting right.

5. The Company has not been notified for any such limitations.

6. Nor has the Company been notified of such agreements.

7. In these specific issues the Articles of Association does not deviate from the provisions of Codified Law 2190/1920 as in force.

8. No such special responsibility exists.

9. In the absence of such agreement, there is no need for any explanation.

10. Similarly, in the absence of such agreements there is no need for any explanation.

SECTION E

Information on labor and environmental issues

1. The Group as of 31.12.2014 employed 70 people, compared to 49 people, as of 31.12.2013.

2. The basic principle governing the Group operation is the continuous training and education of its personnel and the strengthening of corporate consciousness at all operation levels and activities of the Group. The Group's main concern is the constant training and retention of all staff on the cutting edge of their knowledge.

3. The Group recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards aiming to achieve a balanced economic development in harmonization with the natural environment. Following the above mentioned principles, the Group carries out its activities in a manner that ensures on one hand the protection of the environment and on the other hand to preserve the health and safety of its personnel.

SECTION F

Evolution, performance and position of the Company and Group - Financial and non-key performance indicators

This section includes a proper and concise representation of the development, performance activity and position of the whole business included in consolidation. This display has been created in such a way as to provide a balanced and comprehensive analysis of the above issues categories, which corresponds to the size and complexity of these companies' activities. Furthermore at the end of this display some indicators are being provided (financial or not) which the Board of Directors evaluates as useful for a better understanding of the above issues.

1. Group achievements in numbers

The main financial numbers for the Group are as follow:

Group	31.12.2014	31.12.2013
Total Assets	8,543,206	6,867,322
Total Equity	5,266,904	2,559,024
Sales	10,271,403	5,842,269
Gross Profit	3,984,416	2,364,921
EBT	2,556,197	1,002,702
Earnings after tax	2,779,420	723,362

2. Group financial ratios

Below are listed several ratios (financial or not) related to the essential performance, position and economic situation of both the Group and the Company:

Group			
	31/12/14	**31/12/13**	
Fixed Assets ratio	26%	22%	This ratio shows the percentage of fixed assets to total assets
Total equity to fixed assets ratio	2,36	1.70	This ratio shows the capital structure of the Group
Total Liabilities to liabilities and equity ratio	38%	63%	Debt percentage ratio
Total equity to total liabilities and equity	62%	37%	
Debt to equity ratio	17%	47%	The percentage of debt to equity
Working Capital ratio	2,02	1.28	This ratio shows how many times the current assets cover the current liabilities of the Group
Assets return ratio	33%	11%	Net profit after tax as a percentage of the total assets
Total equity return ratio	53%	28%	Net profit after tax as a percentage of the equity
Gross profit margin	39%	40%	The ratio shows the Gross profit margin
Net profit margin	27%	11%	The ratio shows the net profit attributable to the group as a percentage of sales.

Company			
	31/12/14	**31/12/13**	
Fixed Assets ratio	31%	63%	This ratio shows the percentage of fixed assets to total assets
Total equity to fixed assets ratio	2,09	1,27	This ratio shows the capital structure of the Group
Total Liabilities to liabilities and equity ratio	34%	20%	Debt percentage ratio
Total equity to total liabilities and equity	66%	80%	
Debt to equity ratio	15%	0%	The percentage of debt to equity
Working Capital ratio	2 times	2 times	This ratio shows how many times the current assets cover the current liabilities of the Group
Assets return ratio	27%	12%	Net profit after tax as a percentage of the total assets
Total equity return ratio	42%	15%	Net profit after tax as a percentage of the equity
Gross profit margin	39%	66%	The ratio shows the Gross profit margin
Net profit margin	28%	23%	The ratio shows the net profit attributable to the group as a percentage of sales.

SECTION G

Anticipated course and Company development for the year 2015

Based on the up to date estimations for 2015 there is cautious optimism regarding the achievement of the economic objectives, despite the clearly difficult financial circumstances that continue to dominate the domestic market and economy. The Company will continue to invest in added value technological products, in 2015, in line with the requirements of our times, which are expected to experience dynamic response in the targeted markets while in the meantime it will focus to further enhance its extroversion. In any case taking into consideration the overall liquidity that prevails, future cannot be predicted with accuracy. The addition of three extremely dynamic sectors (Network, Field and Cyber security), on one hand allows to diversify its portfolio, on the other hand allows cross synergies that we not in-place in the previous years. The strategy of the company will be international expansion with two poles, one in the UAE for factoring and ICT infrastructure and London for factoring, sport betting and cyber security.

SECTION H

FURTHER INFORMATION

1.1 As of the day of the drafting of this report, there are no significant events that have occurred since the end of the current fiscal year apart from the following:

a) The free allocation of the New Shares resulting of the Merger, which was effective since February 16th, 2015 following the approval of the Merger through absorption of Kestrel Information Systems SA by Neurosoft at the following terms:
   - 400,000 New Shares assigned to the minority shareholders of Kestrel with an exchange ratio equal to 63 (sixty-three) new Neurosoft's shares every 11 (eleven) Kestrel shares held;
   - 184,194 New Shares attributed free of charge to Neurosoft's shareholders immediately before merger with the proportional allocation to the shareholders of 1 (one) free New Share for every 135 (one hundred thirty five) shares.

b) The Company has completed its reallocation to its new offices which are located at 466 Irakliou Avenue and Kiprou, Iraklion Attikis.

c) The Board of Directors of the Company, during the meeting of March 11, 2015 and in accordance with article 22 of the Company's Articles of Association, unanimously has elected Mr. Thomas Tzokas, as interim substitute director for the resigned Member of the Company's Board of Directors, Mr. Andreas Theodorou.

1.2 None of the companies included in the consolidation owns shares or stakes as of paragraph 5 of Article 103 of the Codified Law 2190/1920.

1.3 Regarding the planned growth of the Company as well as of the Group, relative analysis is presented in Section G of this Report.

SECTION I

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (Declaration) is drafted according to Article 43a par. 3d of Codified Law 2190/1920, as in force; it consists of a special section of the Annual Board of Directors Report and contains all statutory data information.

In particular, the structure of this Corporate Governance Statement is as follows:

A. Statement of Compliance with the Corporate Governance Code

B. Divergence of the Corporate Governance Code and Justification of these divergences

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

D. Description of the internal control system and risk management regarding the preparation process of financial statements

E. Data on the control status of the company (information (c), (d), (f), (h) and (i) of paragraph 1 of Article 10 of Directive 2004/25/EC)

F. Board of Directors and Committees

G. General Meeting and Shareholders' Rights

A. Statement of Compliance with Corporate Governance Code

Law 3873/2010, which has incorporated in Greek law and legal order, the European Union Directive 2006/46/EC, basically enacts the adoption of the Corporate Governance Code from companies while in the meantime it establishes the obligation of drafting this Declaration.

The Company compliant with the requirements and regulations of this Law has drafted and implemented its own Corporate Governance Code, the text of which is available on the legally registered Company's website www.neurosoft.gr

The preparation of this Code, which the Company has decided to apply on its own initiative, aims for the continuous improvement of the corporate and institutional framework, of the broader business environment as well as of the improvement of the Company’s competitiveness as a whole.

During the establishment of this Code all the principles of corporate governance followed by the Company, have been taken into consideration according to the existing legislation (Codified Law 2190/1920, Law 3016/2002, as amended and in force today, Laws 3693/2008 and 3884/2010), as well as recommendations and general content of the Corporate Governance Code which was written by the Hellenic Federation of Enterprises, and then amended in the first revision by the Hellenic Corporate Governance Council and published in October 2013.

It is noted that for reasons of completeness the Corporate Governance Code which has been drafted and implemented by the Company (hereinafter referred for brevity the "**Code**") has been approved by adoption of resolution of the Company’s Board of Directors on 21/6/2012.

B. Divergences from the Code Corporate Governance Code and Justification of those divergences

The Company has decided on its own initiative to prepare and apply its own Corporate Governance Code, so as for a corporate governance framework to be established taking into consideration the specific features of its operation and the identification of any needs dictated from the organization and operation of the Company.

The configuration of this Code however is a dynamic process, which in view of the consultation that takes place at the moment for the amendment of the Law 3016/2012 is expected to be continued.

Within this framework, especially due to the small size of the Company at this time, the Company shows some divergences in relation to the content of the Corporate Governance Code (which the Company applies on its own initiative), and are summarized as follows:

Remuneration Committee does not exist. The size of the Company and the small number of executives make unnecessary at this point the existence of such a Commission.
Audit Committee does not exist, as the range of the Company's transactions is very small to justify the existence of such a Commission.

C. Corporate governance practices applied by the Company in addition to the provisions of legislation

The Company as far as corporate governance issues concerns applies the provisions of laws 2190/1920, 3016/2002 and 3693/2008,which has incorporated in the Articles of Association, the Internal Operation Regulation and the Audit Manual. Additionally the Company has its own Corporate Governance Code, which is compatible with the provisions of the above legislation and includes a series of additional corporate governance practices, which are included as a whole in the Code provisions, the text of which is available to the legally registered Company's website www.neurosoft.gr

D. Description of the internal control and risk management systems of the Company regarding the process of financial statement preparation

The internal Audit system consists of all those functions established by the Company in order to ensure its belongings, to identify and manage the key risks facing or might face in the future, ensure that the data based on which the financial statements have been prepared is correct and accurate, as well as that the current legal framework is compiled and laws principles and policies adopted by the Administration are being applied.

The object of the internal control system consists of the rational allocation of the Company resources, the protection of business reputation, the adoption of better operation methods based on the experience gained and therefore a better possibility of evaluating risks arising from the business activity.

The existence of an advanced system of internal audit involves the further development of the company, the improvement of its performance through the adjustment of strategic options and corporate goals, the reduction in losses incidences by recording the various types of risk, compliance to regulatory mechanisms and treatment of adverse conditions, with the ultimate aim of improving the efficiency of the Company.

To ensure that the financial figures are being adopted for the drafting of the Company's and the Group's financial statements, is correct and precise, the Company implements specific control procedures which provide the following:

• Entries from the accounting department of the Company are submitted under a specific procedure that requires all documents to be original and have the appropriate authorized signature,

• The accounting department performs periodic reconciliation of payroll accounts, customers, suppliers, VAT etc.

• The Company maintains authenticated fixed asset record, performs depreciations based on the International Accounting Standards and the tax rates provided, which are controlled by the person responsible for the operation of financial services,

• The Group prepares annually the consolidated and the individual per Group's subsidiary budgets for the next financial year, which are presented to the Board of Directors for approval.

• Every month a detailed by subsidiary and consolidated at Group level presentation of the financial results is prepared and communicated to Group's Management.

• Companies that constitute the Group follow single accounting applications and processes following the International Financial Reporting Standards

• Relationships and transactions between the Company and its affiliated companies are being checked,

• Regular and emergency inventories are conducted

• Accounting and general computerized systems of the Company are being checked,

• The legality of fees and all kind of benefits to the Board of Directors members are being checked as well as the compliance and renewal of the Company's operating regulations, as they have been established by the Board of Directors, its Articles of Association and the general legislation,

• At the end of each period, the accounting departments of the mother Company and its subsidiaries prepare their financial statements pursuant to the International Financial Reporting Standards

•The financial departments of the Group collect all the necessary data from the subsidiaries, the consolidation entries are carried out and the financial statements are being prepared according to International Financial Reporting Standards

•There are specific procedures for closing the financial statements of the budget year which include submission deadlines, responsibilities and updating for the required disclosures,

• The financial statements are audited by the Audit Committee and the Board of Directors.

Finally, the software system used by the Company is developed and constantly upgraded by its IT department in order to be adjusted to the constantly expanded and specialized needs with the aim to support long-term goals and prospects of the company. The IT department, is among others responsible for the implementation of the security processes (backups on a daily basis, access to files, also all programs have specific people using their own passwords, etc.) and the implementation of security procedures which has been established by the Company (anti-virus software email protection),

The Board of Directors continuously monitors the adequacy of the Company's Internal Audit System so far as:

• it has approved the Internal Operating Regulation of the Company which includes adequate policies procedures and regulations that constitute the Internal Audit System applied by the Company,

• the Company's Board of Directors Members are recipients of the reports prepared by the Internal Audit of the Company. Through these reports various areas / operations of the Company are being evaluated as well as the adequacy of the Internal Control Systems applicable to them.

E. Information regarding the status control of the Company (information (c), (d), (f), (h) and (i) of paragraph 1 of Article 10 of Directive 2004/25/EC)

1. Article 10, paragraph 1 of Directive 2004/25/EC of the European Parliament and of the Council of April 21st 2004 on takeover bids, provides the following for companies of which the shares are admitted to trading on a regulated market:

"1. Member States esure that the companies referred in Article 1, paragraph 1 publishes detailed information on the following:

capital structure, including titles which are not being traded on a regulated market of a Member State and, where appropriate, an indication of the different classes of shares, with the rights and obligations attached to each class of shares and the percentage of the total share capital representing, all the restrictions on the titles transfer, such as limitations on titles holding or the obligation of approval by the Company or other titles holders, according to Article 46 of Directive 2001/34/EC,

significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) according to the Article 85 of Directive 2001/34/EC,

the holders of any titles with special control rights and the description of these rights,

the control system that might be provided in an employee participation system, where the control rights are not exercised directly by the employees;

any restrictions on voting right, such as limitations of the voting rights of holders of a specific percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the cooperation of the Company, the financial rights attaching to titles are separated from the titles holding, agreements between shareholders which are known to the Company and may result in restrictions on the transfer of titles and / or voting rights within the meaning of Directive 2001/34/EC,

the rules governing the appointment and replacement of board members as well as the Articles of Association amendment, the Board Members powers, in particular regarding the possibility of issuing or repurchasing shares any significant agreements in which the Company participates and which shall be applied into force is amended or expires upon change of Company control following a public offer, and the effects thereof, unless, by its nature, its disclosure would cause serious damage to the Company. This exception does not apply when the Company is specifically obliged to disclose such information under any other legal requirements, any agreement between the Company and its board members or employees, which provides compensation in case of resignation or dismissal without valid reason or if their employment ceases because of a public offer."

2. The above information is given in detail in Chapter 6 of this Board report. As far as it concerns the elements c, d, f, h and i of paragraph 1 of Article 10, the Company states the following:

• Relative to point c: significant direct and indirect shareholdings of the Company are as follows:

a) “Neurosoft Cyprus Ltd”, headquartered in Cyprus, in which the Company holds a 100% stake,
b) “Neurosoft Romania Srl” headquartered in Romania, in which the Company holds 95% stake indirectly through its subsidiary Neurosoft Cyprus Ltd.

Furthermore, significant direct or indirect shareholdings in the share capital and voting rights of the Company according to Articles 9 to 11 of Law 3556/2007 are as follows:

- Mavroeidis Angelopoulos: 4.200.353 shares and voting rights (percentage 16.419%)
- MINTERALO LTD: 5.364.444 shares and voting rights (percentage 20.967%)
- OPAP INTERNATIONAL Ltd: 6.401.240 shares and voting rights (percentage 25.020%)
- OPAP CYPRUS Ltd: 1.154.314 shares and voting rights (percentage 4.512%)
- GTECH SPA: 4.176.536 shares and voting rights (percentage 16.324%)
- Nikolaos Vasilonikolidakis: 954.840 shares and voting rights (percentage 3.732%)
- Georgios Manioudakis: 753.037 shares and voting rights (percentage 2.943%)

IMPORTANT NOTES:

1. It is noted that the above percentages have been extracted pursuant to the completion of all the merger procedures in front of the Milan Stock Exchange as well

2. Mr. Manioudakis is listed above, despite the fact that his stake is less than 3%, for clarity reasons and as he is a Company’s executive director.

• relative to point d: there are not any kind of titles (including shares), which confer special audit rights.

• relative to point f: no restrictions are known on voting right (such as restrictions on voting rights of holders of a specific percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the cooperation of the Company, the financial rights attaching to titles are separated from the holding of titles). Regarding the exercise of voting rights at the General Assembly, extensive reference is made in Section 3 of this Corporate Governance Statement.

• relative to point h: regarding the appointment and replacement of members of the Board of Directors of the Company as well as the amendment of the Articles of Association of the Company, there are no rules that differ from the provisions of the Codified Law 2190/1920, as currently applicable. These rules are described in detail in Section 2.1 of this Corporate Governance Statement

• as to point i: there are not any special powers of the Board of Directors regarding issuing or repurchasing shares.

F. Board of Directors and Committees

1. Board of Directors

The Board of Directors consists of five (5) to seven (7) executive and non-executive members. At least three (3) of them are non-executive members. The Board members are elected by the General Meeting of Shareholders for five (5) years. The executive members are involved with the daily management issues of the Company while the non-executive directors, are responsible for the progress of all corporate issues.

If a position of a Director becomes vacant due to death, resignation or for any other reason, then remaining Directors, provided that they are at least three (3), must elect a provisional replacement for the remaining term of office of the Director being replaced. This election is submitted for approval to the following Ordinary or Extraordinary General Meeting of company's shareholders. The actions of the provisional replacement elected by the Board of Directors are valid even if the General Meeting refuses to validate his/her election and elects another definitive Director. The current Board consists of seven (7) members, of which three (3) executive, three (3) non-executive and one (1) independent non-executive.

The following table includes the members of the Board:

Board of Directors Member	Position
Mavroeidis Angelopoulos	Chairman of BoD (executive)
Georgios Manioudakis	Vice Chairman of BoD (executive)
Nikolaos Vasilonikolidakis	CEO of the Company (executive)
Apostolos Koukouvinos	Member of BoD (non-executive)
Andreas Theodorou	Member of BoD (non-executive)
Kamil Ziegler	Member of BoD (non-executive)
Ioannis Papanikolaou	Independent Member of BoD (non-executive)

Note: The Board of Directors of the Company, during the meeting of March 11, 2015 and in accordance with article 22 of the Company's Articles of Association, unanimously has elected Mr. Thomas Tzokas, as interim substitute non-executive director for the resigned Member of the Company's Board of Directors, Mr. Andreas Theodorou.

All the aforementioned members of the Board have the Greek citizenship, except Mr. Kamil Ziegler, who has the Czech Republic citizenship.

2. Powers of the Board of Directors

The Board of Directors manages and represents the Company and is competent to decide on every matter concerning the company's management, the pursuit of the objectives of the company's scope and the management of its assets, except for those matters under the exclusive jurisdiction of the General Meeting according to the Law or to these Articles of Association. Any actions by the Board of Directors, even not included in the company's scope, are binding on the company before third parties, except where it is proven that the third party involved was aware or should have been aware of this encroachment. Adherence to the publicity formalities with regard to the company's Articles of Association or its amendment does not constitute proof on its own. Any limitations to the power of the Board of Directors by the Articles of Association or by a resolution of the General Meeting cannot be used against third parties acting in good faith, even if they have been subject to the publicity formalities. The Board of Directors may, in writing only, assign the exercising of all its powers and jurisdiction (except for those demanding collective action), as well as the company's representation, to one or more persons, who may or may not be Directors, while also determining the extent of this assignment. In any case, the jurisdiction of the Board of Directors is subject to articles 10 and 23a of Codified Law 2190/1920, as in force.

The main, non-assignable responsibilities of the Board (meaning that that the decision requires the prior Board of Directors approval or, if necessary, subsequent validation on behalf of the Board), include:

• the approval of the long-term strategic and operational objectives of the Company,

• the approval of the annual budget and business plan and decision making on major capital expenditures, acquisitions and divestitures,

• selection and, if necessary, replacement of the executive management of the company, as well as supervision of succession planning,

• the performance control of senior management and the harmonization of remuneration of senior executives with the long term interests of the Company and its shareholders,

• the assurance of the reliability of financial statements and figures of the Company, the financial information systems and data available in public, as well as the assurance of the effectiveness of internal and risk management control.

• the vigilance regarding existing and potential conflicts of interest between the company and the company's management, Board members or major shareholders (including shareholders with direct or indirect power to modulate or influence the composition and the behavior of the Board), and the appropriate confrontation of such conflicts

• the assurance of an effective regulatory process of the Company Compliance,

• the responsibility for decision making and monitoring of the effectiveness of the Company's management system, including decision-making and delegation of powers and duties to other employees, and

• the formulation, dissemination and application of the basic values and principles governing the Company's relations with all parties, whose interests are connected with those of the Company.

3. Board of Directors operation

Regarding the Board of Directors operation the Articles of Association provide the following:

Convening of the Board of Directors

Upon its election, the Board of Directors meets and composes as a body, electing its Chairman, its Vice-chairman and the Managing Director(s). The same person may be Chairman or Vice-Chairman and Managing Director at the same time.

The Chairman of the Board of Directors presides in the meetings. When the Chairman is absent or unable to perform their duties, they are represented in their full responsibilities by the Vice-chairman. If the Vice-chairman is absent or unable to perform their duties, they are replaced by the Managing Director, following a related decision by the Board of Directors. Finally, in similar cases the Managing Director is replaced by another Director, who is appointed by the Board of

Directors. Also, the Board of Directors may elect its Secretary, who may, but does not have to, be a Director.

Role of the Chairman of the Board of Directors

The Chairman shall preside over the Board of Directors. He is responsible for setting the agenda, besides all the other possible responsibilities, ensuring the proper tasks organization of the Board, and the effective conduct of its meetings. The Chairman is also responsible for ensuring prompt and accurate reporting to the Board of Directors members, and the effective communication with all shareholders, focusing on fair and equitable treatment for the interests of all shareholders.

CEO

The CEO is responsible for the implementation of the strategic objectives of the Group and the case management (day - to - day management) of the Company. The CEO reports to the Board of Directors. He presides over all sectors and departments of the Company and is responsible among others for:

• the implementation of the objectives of the annual budgets,

• the risk evaluation and measures implementation and procedures to effectively deal with them,

• the coordination of the senior management team, overseeing and ensuring profitability for the proper operation of the Company,

• suitability assessment - systems and procedures operation of the Company and the suggestion and / or implementation of improvements

• the monitoring of the projects progress, taking corrective actions where necessary and the efficient allocation of resources between projects,

• ensuring the implementation of decisions of the Company, updating the Board of Directors and the Management Board on matters of the Company. The CEO is responsible for the coordination of individual company departments and the recommendation submission to the Management Board, with respect to matters within the competence of the Board.

Decision Making

The Board is in quorum and validly convenes when it is present or represented in its half plus one Director, never though, when the number of Directors who are present in person can be less than three (3). For calculating the quorum, any resulting shall be omitted.

Resolutions of the Board shall be taken by an absolute majority of the directors who are present and represented except in cases of Article 5 § 2 of the Articles of Association.

Representation of members of the Board

A director who is prevented can be represented only by another Director. Each Director may represent only one absent member. In this case this Director has two (2) votes.

4. Board of Directors Meetings

The Board shall meet following the Chairman's invitation at the company's headquarters at least once a month. The Board could also validly convene away to another place either at home or abroad as long as all the Members are present or represented and no one disagrees on the realization of the meeting and decision making.

The Board shall be convened by the Chairman, by invitation notified to the members of the Board at least (2) two working days before the meeting. In the invitation all the items on the agenda must be clearly indicated, otherwise decision making is allowed only if all members of the Board are present or represented and no one disagrees to decision making.

During 2014,twelve (12) Board meetings took place.

Minutes of the Board of Directors

Minutes of the discussions and decisions of the Board of Directors are kept in a special book and are signed by the Directors present at the meeting. Any Director in disagreement may request that a summary of their opinion be recorded in the relevant meetings. Copies or excerpts of the Minutes of the Board of Directors are validated by the Chairman or the Vice-Chairman or the Managing Director.

Compensation of Directors

An amount set annually by a specific resolution of the Regular General Meeting may be paid to each Director for transportation expenses and as remuneration for attendance of each Board meeting or as any other type of remuneration or compensation for any reason.

G. General Meeting and Shareholders' Rights

1. Competence of the General Meeting

The General Meeting, convening in accordance with the Articles of Association and the Law, represents all the shareholders and constitutes the supreme body in the company, being entitled to make decisions on every corporate matter. Its lawful resolutions are also binding on the partners who are absent or who disagree with them. The General Meeting is the only competent body for making decisions on:

a) Extension of duration, merger, except for the absorption pursuant to article 78 of Codified Law 2190/1920, dissolution of the company, conversion, split, revival;

b) Amendment of the Articles of Association;

c) Share capital increase or reduction, except in the case of paragraph 2 of article 5 of the Articles of Association;

d) Issuing of corporate bonds and other bonds as described in articles 3a, 3b and 3c of Codified Law 2190/1920, as in force, except in the case of paragraph 2 of article 5 of these Articles of Association;

e) The election of Directors, except in the case of article 22 of these Articles of Association;

f) The election of auditors;

g) The election of liquidators;

h) The approval of annual accounts (annual financial statements);

i) The appropriation of net profits; and

j) The acquisition or sale of significant holdings in companies. Significant holdings in companies shall mean holdings in terms of shares or assets which assessed as a whole for a period of 12 months meet one of the following conditions:

(aa) The total acquisition or sale price of the aforementioned holdings exceeds the Company's open market value, calculated on the basis of the stock exchange price of the Company's share at the time of acquisition or sale, or

(bb) The total assets, turnover or profits of the company, relating to significant holdings, multiplied by the ratio of the holding acquired or sold to the total financials of the relevant company, exceeds the corresponding figure for the Company, and

k) Any other matter provided by law or by these Articles of Association.

2. Convocation of the General Meeting

The General Meeting of shareholders is convoked by the Board of Directors and convenes regularly once annually at the company's registered office and within the first six months from the end of each fiscal year. The Board of Directors may convoke an extraordinary General Meeting whenever it deems this to be necessary. Exceptionally the General Meeting may convene at different location in Greece, following a special permission granted by the competent authority, in which the terms of this permission shall also be defined. This permission is not required when the Meeting is attended by shareholders or their proxies representing the total share capital and when no shareholder is opposed to hold a meeting and pass a resolution.

Invitations for the convocation of a Regular or Extraordinary General Meeting, except for repeat meetings and their equivalents, are published at least twenty (20) full days prior to the set meeting date. It is clarified that non-business days are also countable. Both the day of invitation issue and Meeting day are not countable.

3. Representation of Shareholders in the General Meeting

Shareholders that are entitled to attend the General Meeting may be represented therein by a legally authorized person.

4. Chairman of the General Meeting

The Chairman of the Board of Directors or, when the Chairman is unable to perform their duties, the Vice-Chairman or, when they are also unable or when there is no Vice-Chairman, the most senior among present Directors presides temporarily over the shareholders' Meeting. After the list of shareholders with voting rights has been approved, the meeting proceeds to the election of its Chairman and one Secretary, who as well count the votes. The aforementioned are elected by roll call, except if the Meeting unanimously opts to elect them with a roll call. The Chairman of the General Meeting must be a shareholder or a shareholder's proxy necessarily. The Secretary may not be a shareholder.

5. Obligations arising from the provisions of Law 3884/2010

The Company will publish on its website twenty (20) days before the General Assembly, both in Greek and in English, information on:

• The date, time and place of the General Meeting of Shareholders

• The basic rules and practices of participation, including the right of proposing items on the daily and asking questions, and the deadlines within these rights can be exercised

• Voting procedures, terms of representation by proxy and the forms used for proxy voting,

• the proposed daily agenda for the meeting, including drafts of the resolutions upon discussion and voting and accompanying documentation as well.

• the proposed list of candidates for membership of the Board and their resumes in case of election members, and

• the total number of shares and voting rights at the date of convocation.

Summary of the minutes of the General Meeting of shareholders, including the results of voting for each resolution of the General Meeting, will be available on the website of the Company within fifteen (15) days from the General Meeting of Shareholders, translated into English, if the latter is required by the shareholder structure of the Company and is economically feasible.

The Chairman of the Board of the Company or optionally the independent Vice Chairman, the Chief Executive Officer or the General Manager where applicable, even the chairmen of the committees of the Board, as well as the auditor and the regular will be attending the General Meeting in order to provide the shareholders with accurate information regarding issues of their competence and further clarification, following addressed questions. Consequently the Chairman of the General Meeting shall provide the shareholders with the essential time to this purpose.

6. Participation and voting rights

The share rights and options are proved upon a relevant certificate, issued by the Company or any other expressly authorized person to do so by the Board of Directors. For the exercise of the share right, if the shares are traded on AIM Italia, the above mentioned certificate shall be filed in the Company and if the shareholder wants to participate in the General Meeting of Shareholders of the Company a certificate of share blocking shall also be filed in the Company. The above mentioned certificates may be contained in the same document. In each case, as shareholder for the Company is considered the one registered in the shareholders register-book.

7. Minority Shareholders' Rights

A. Following the request that represent at least one twentieth (1/20) of the paid up share capital, the Board of Directors is obliged to convene an Extraordinary General Meeting of shareholders, setting the date for this meeting, which shall not be later than forty-five (45) days from the day the request has been addressed to the Chairman of the Board. The application shall contain the items of the daily agenda. In case the General Meeting is not convoked by the Board within twenty (20) days following the request, it shall be convened by the requesting shareholders at the expense of the Company, pursuant to the judgment of the one member Court of First Instance rendering preliminary injunction in the Company's headquarters. Place, time as well as items of the daily agenda shall be designated.

B. Upon request of shareholders representing at least one twentieth (1/20) of the paid up share capital, the Board is obliged to include in the daily agenda of the General Meeting, which has already been convoked, additional items, if the relevant request has been received by the Board fifteen (15) days before the General Meeting. Additional items shall be published or disclosed under the responsibility of the Board pursuant to Article 26 of the Codified Law 2190/20, at least (7) days before the General Meeting.

C. Upon request of shareholders representing at least one twentieth (1/20) of the paid up share capital, the Chairman of the Meeting is obliged to postpone only once the adoption of resolution by the General Meeting, Annual or Extraordinary, regarding the items of the agenda partly or in overall defining at the same time the day of the meeting, as defined in the shareholders' request, which cannot be later than thirty (30) days from the date of postponement. The General Meeting following the postponement is a continuation of the previous one , it does not require repetition of the formalities of publication of shareholders and it can be attended by new shareholders, subject to the provisions of Articles 27 § 2 and 28 of Codified Law 2190/1920.

D. Upon request of any shareholder to the Company at least five (5) full days before the General Meeting, the Board of Directors is obliged to provide to the General Meeting the requested information regarding the matters of the Company, to the extent they are useful for the assessment of the items of the agenda.

E. Furthermore, upon request of shareholders representing at least one twentieth (1/20) of the paid up share capital, the Board of Directors must notify the General Meeting, if it is an ordinary one, the amounts paid during the last two years, to each member of the Board or managers of the Company, as well as any benefit to such persons pursuant to any cause or contract.

In any of the above the above cases the Board may decline to provide such information due to substantial reason, which is mentioned in the minutes. Such a reason may be, under specific circumstances, the representation of the applicant shareholders to the Board pursuant to paragraphs 3 or 6 of article 18 of Codified Law 2190/1920.

F. Upon request of shareholders representing the one fifth (1/5) of the paid up share capital, which is submitted to the Company within the period of the preceding paragraph, the Board is obliged to provide the General Meeting with information referring to the corporate matters progress and the financial status of the Company. The Board may refuse to provide with such information due to substantial reason, which shall be mentioned in the minutes.

Such reason may be, under specific circumstances, the representation of the applicant shareholders to the Board pursuant to paragraphs 3 or 6 of Article 18 of the Codified Law 2190/20, since the respective members of the Board of Directors have received the relevant information adequately.

G. Upon request of shareholders representing the one twentieth (1/20) of the paid up share capital, the adoption of resolution with respect to any item of the daily agenda of the General Meeting is taken by roll call.

H. Right to request an audit of the Company from one member Court of First Instance at the Company's headquarters according to non-contentious proceedings have:

a) shareholders representing at least one twentieth (1/20) of the paid up share capital

b) the Exchange Commission

c) the Minister of Development, or the competent supervisory respectively.

This audit is ordered if actions that violate the provisions of the law or the Articles of Association or resolutions of the General Meeting are suspected. In any case, the audit application must be submitted within three (3) years from the approval of the financial statements for fiscal year within which the offending acts have been committed. Shareholders representing the one fifth (1/5) of the paid up share capital have the right to ask the court of par. 9 for audit of the Company, if it is believed that the management of the corporate issues is not carried out as required by the proper and prudent management.

8. Shareholders' rights and way of exercising

The Company has issued ordinary shares listed for trading on the Milan Stock Exchange.

The acquisition of shares of the Company implies automatically acceptance of the Articles of Association and the legal decisions of the competent bodies. Each share provides with equal rights according to the represented amount of the share capital. The liability of shareholders is limited to the nominal value of their shares. In case of joint ownership of a share, the rights of co-owners are solely by a joint representative thereof. The joint owners are equally and severally responsible for the fulfillment of the obligations arising from the common share.

Each share incorporates all the rights and obligations established by the Codified Law 2190/1920 and Articles of Association, and in particular:

• the right of participation and vote in the General Meeting,

• the right to receive dividends from the profits of the Company,

• the right to the proceeds of liquidation or, respectively, of amortization of capital corresponding to the share, if so decided by the General Meeting. The General Meeting of shareholders of the Company reserves all of its rights during the liquidation,

• the right of preference to any increase of the share capital of the Company in cash and the issuance of new shares, and the right of preference in each issue of convertible bonds, unless the General Meeting decides to approve the increase,

• the right to receive a copy of the financial statements and the reports of the auditors and the Board of the Company,

• the above mentioned of minority shareholders.

This Corporate Governance Statement (Declaration) contains all necessary information pursuant to the law, constitutes part of the Annual Report of the Board of the Company and is incorporated unchanged in it.

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR’S REPORT

To the shareholders of

«NEUROSOFT SOFTWARE PRODUCTION S.A. »

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of «NEUROSOFT SOFTWARE PRODUCTION S.A. » and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as at December 31, 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

(a) The Director's Report includes the statement of Corporate Governance, which comprises the information as defined by paragraph 3d of article 43a, of Codified Law 2190/1920.

(b) We confirm that the information given in the Directors' Report is consistent with the accompanying separate and consolidated financial statements in the context of the requirements of articles 43a, 108 and 37 of C. L. 2190/1920.

Athens, 6 April 2015

The Certified Auditor-Accountant

Georgios A. Batsoulis

ANNUAL
FINANCIAL STATEMENTS

For the year ended

December 31, 2014

In accordance with the International Financial Reporting Standards as adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Group	
		01.01-31.12.2014	01.01-31.12.2013
Revenues	4	10.271.403	5.842.269
Cost of services	8	(6.286.986)	(3.477.349)
Gross profit		**3.984.416**	**2.364.921**
Selling and distribution expenses	8	(504.084)	(363.012)
Administrative expenses	8	(992.024)	(949.144)
Other income		173.554	35.015
Financial income	7	18.383	7.570
Financial costs	7	(124.049)	(92.647)
Profit before income taxes		**2.556.197**	**1.002.702**
Income taxes	9	223.223	(279.340)
Net Profit (A)		**2.779.420**	**723.362**
Other total comprehensive income after tax (B)		-	-
Total comprehensive income after tax (A)+(B)		-	-
Profit attributable to:		**2.779.420**	**723.362**
Equity holders of the parent		2.734.469	643.026
Non-controlling interests		44.951	80.336
		2.779.420	**723.362**
		-	-
Total weighted average number of ordinary shares	24	25.584.594	25.000.000
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share	24	25.584.594	25.000.000
Income per share (basic and diluted)	24	**0,1069**	**0,0257**

The accompanying notes are an integral part of Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

		Group	
	Note	31.12.2014	31.12.2013
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	244.993	128.180
Intangible assets	12	1.215.060	983.769
		-	-
Invstments in subsidiaries		-	-
Investments in associates accounted under the equity method		37.000	37.000
Other non-current assets		78.060	37.164
Deferred tax asset	9	630.308	316.511
Total Non-Current Assets		**2.205.421**	**1.502.623**
Current Assets			
Inventories	13	808.996	357.092
Trade accounts receivable	14	2.074.692	1.925.983
Prepayments and other receivables	15	1.064.790	695.447
Receivables from intra Group Companies		-	-
Cash and cash equivalents	16	2.389.308	2.386.177
Total Current Assets		**6.337.785**	**5.364.699**
TOTAL ASSETS		**8.543.206**	**6.867.322**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	17	8.954.608	8.750.000
Share premium		600.000	600.000
Other reserves	18	196.067	196.067
Retained earnings		(4.483.771)	(7.250.907)
Total equity		**5.266.904**	**2.295.160**
Minority interests		-	263.864
Total equity		**5.266.904**	**2.559.024**
Non-Current Liabilities			
Reserve for staff retirement indemnities	23	126.764	90.196
Deferred tax liability	9	14.281	22.602
Total Non-Current Liabilities		**141.045**	**112.798**
Current Liabilities			
Trade accounts payable	21	1.646.314	1.721.161
Short-term borrowings	20	916.216	1.195.409
Income tax payable		69.011	200.054
Accrued and other current liabilities	22	503.716	1.078.876
Total Current Liabilities		**3.135.257**	**4.195.500**
Total Liabilities		**3.276.302**	**4.308.298**
TOTAL LIABILITIES AND EQUITY		**8.543.206**	**6.867.322**

The accompanying notes are an integral part of Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2013	**8.750.000**	**600.000**	**163.331**	**(7.861.018)**	**1.652.313**	**183.348**	**1.835.662**
Transfer to reserves	-	-	32.736	(32.736)	-	-	-
Total operating income after tax	-	-	-	643.026	643.026	80.336	723.362
Total Equity as at 31 Dec 2013	**8.750.000**	**600.000**	**196.067**	**(7.250.728)**	**2.295.339**	**263.684**	**2.559.024**
Total Equity as at 1 Jan 2014	**8.750.000**	**600.000**	**196.067**	**(7.250.728)**	**2.295.339**	**263.684**	**2.559.024**
Increase of Share Capital	204.608	-	-	-	-	-	204.608
Non controlling Interest 1/1-31/5/2014	-	-	-	-	-	44.951	44.951
Acquisition of Non Controlling Interest	-	-	-	(12.464)	-	(308.635)	(321.099)
Total operating income after tax	-	-	-	2.779.420	-	-	2.779.420
Total Equity as at 31 Dec 2014	**8.954.608**	**600.000**	**196.067**	**(4.483.772)**	**2.295.339**	**-**	**5.266.904**

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	Group	
	01.01-31.12.2014	01.01-31.12.2013
Cash flows from Operating Activities		
Profit before income taxes	2.556.197	1.002.702
Adjustments for:		
Decrease/(increase) in financial assets	-	165
Depreciation and amortisation	452.204	387.833
Other Provisions	16.532	41.963
Financial (income)/expenses	105.666	3.666
Operating profit before working capital changes	**3.130.599**	**1.436.329**
(Increase)/Decrease in:		
Inventories	(451.905)	2.315
Trade accounts receivables	(196.566)	(700.987)
Prepayments and other receivables	(369.343)	250.152
Trade accounts payable	(74.847)	1.323.977
Accrued and other current liabilities	(575.160)	225.616
Interest paid	(124.049)	(92.647)
Tax paid	(43.762)	(25.083)
Payement for staff indemnity	(3.798)	(14.807)
Other long term liabilities	(40.896)	(1.966)
Net cash from Operating Activities	**1.250.274**	**2.402.899**
Cash flows from Investing Activities		
Capital expenditure for property, plant and equipment	(986.334)	(221.119)
Interest and related income received	18.383	7.570
Increase of participation in subsidiary / affiliated company	-	-
Financial assets at fair value through income statement	-	165
Net cash used in Investing Activities	**(967.951)**	**(213.384)**
Cash flow from financing activities		
Net Change in finance leases	-	(1.652)
Net change in short-term borrowings	(279.193)	39.783
Net cash from Financing Activities	**(279.193)**	**38.131**
Net increase (decrease) in cash and cash equivalents	**3.129**	**2.227.646**
Cash and cash equivalents at the beginning of the year	**2.386.177**	**158.532**
Cash and cash equivalent of absorption company	**-**	**-**
Cash and cash equivalents at the end of the year	**2.389.308**	**2.386.177**

The accompanying notes are an integral part of Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. CORPRORATE INFORMATION:

Neurosoft Software Production S.A (the Company) is a société anonyme incorporated and domiciled in Greece, at 466, Irakliou Ave. & Kiprou, 141 22 Iraklio Attica, whose shares are publicly traded at the AIM/ MAC MILANO multilateral trading facility. The duration of the Company according to its Articles of Association is 100 years from the date of its incorporation with a possible extension with the approval of the Shareholders' General Meeting.

Neurosoft is a Greek software company, which specialises in the design, development, customisation and maintenance of integrated software systems for its three core business areas: Sports Betting & Gaming Analytics, Business Intelligence and Core Factoring, as well as the provision of advanced information technology services in both the Greek and international markets

The number of employees for the Group and the Company at December 31, 2014, amounted to 69. At December 31, 2013, the respective number of employees was 49 for the Group and 23 for the Company.

Information on the Subsidiaries:

Neurosoft Cyprus Ltd

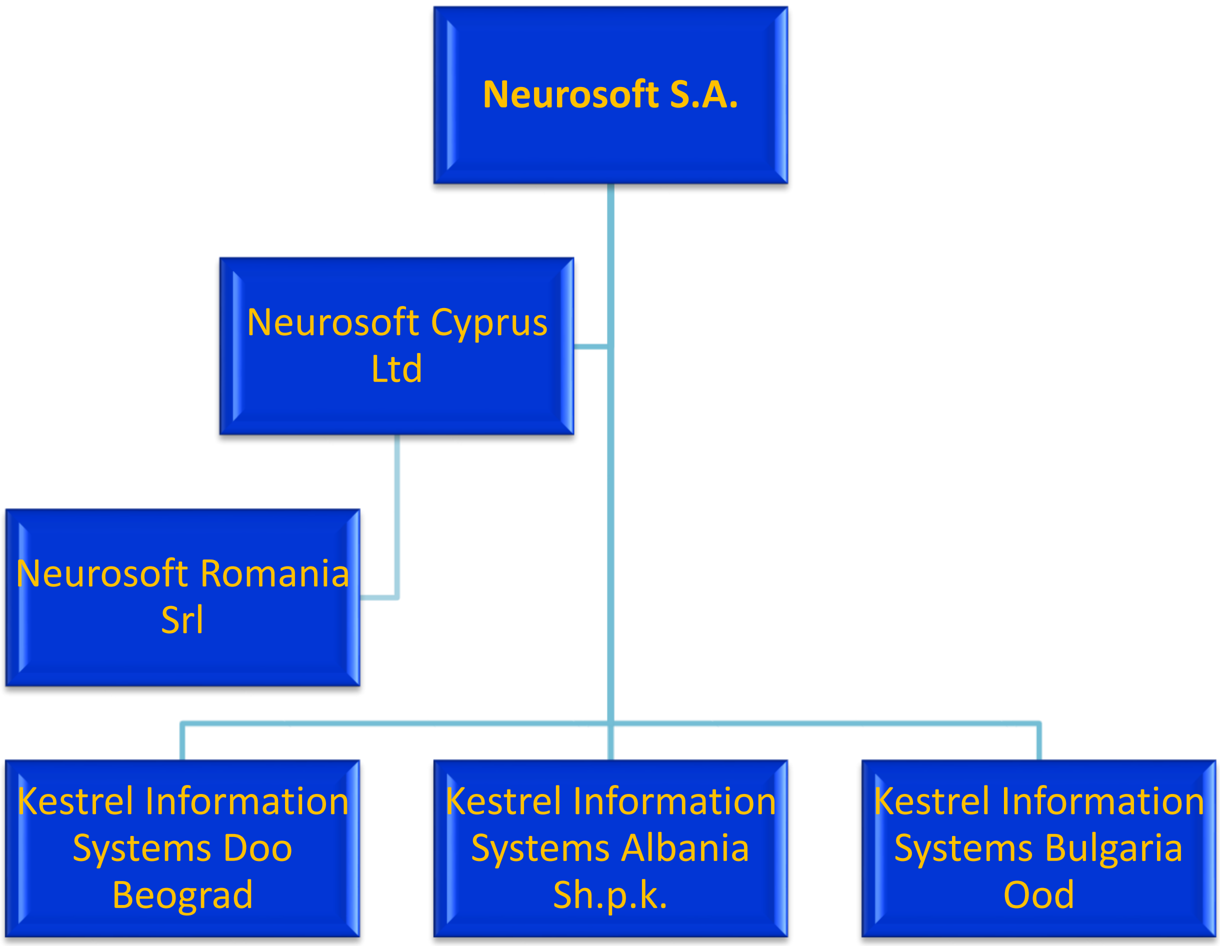
On February 2, 2009, the Company established Rockberg Holdings Ltd as a limited liability company under the laws of Cyprus. Rockberg Holdings Ltd owns the intellectual property rights related to the use and commercial exploitation of the website: "http://betonews.com/", which provides statistical analysis and historical data on soccer and basketball events. On May 3rd, 2011, after the approval of the Court of Limassol a merger between Rockberg Holdings Ltd and Gaeknar Ventures Ltd took place.
In 2014 the company "Rockberg Holdings Ltd" changed its name to "Neurosoft Cyprus Ltd".

Neurosoft Romania

On June 23, 2008, Rockberg Holdings Ltd and Mr. Paschalidis established Neurosoft Romania, a software company which is based in Bucharest and is expected to service the market needs for Neurosoft's products in Eastern Europe. At 31 December 2009, Rockberg

Holdings Ltd holds 95% of the shares in Neurosoft Romania and Mr. Paschalidis holds the remaining 5%.

Group Organization chart



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.).

These financial statements have been prepared under the historical cost convention except for the valuation of financial assets at fair value through profit or loss, at fair value.

The preparation of financial statements, in accordance with International Financial Reporting Standards (IFRS), requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

(b) Basis of Consolidation of Financial Statements:

The accompanying consolidated financial statements comprise the financial statements of Neurosoft S.A. and all subsidiaries where Neurosoft S.A. has the power to control. All subsidiaries (companies in which the Group has direct or indirect ownership of 50% or more voting interest or has the power to control the Board of the investees) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group balances and transactions have been eliminated in the accompanying consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group.A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The financial statements of the subsidiaries are prepared for the same reporting date with that of the parent company.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents' share of components previously recognised in other comprehensive income to profit or loss

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

(c) Changes in accounting policies and disclosures:

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2014:

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
- **IFRS 11 Joint Arrangements**
- **IFRS 12 Disclosures of Interests in Other Entities**
- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**
- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**
- **IFRIC Interpretation 21: Levies**

Standards issued but not yet effective and not early adopted

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
  The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 19 Employee benefits (Amended): Employee Contributions**
  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 9 Financial Instruments – Classification and measurement**
  The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 14 Regulatory Deferral Accounts**

  The standard is effective for annual periods beginning on or after 1 January 2016. The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

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

  The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 27 Separate Financial Statements (amended)**
  The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after 1 January 2016. The amendments have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance

- ***IFRS 3 Business Combinations:*** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- ***IFRS 13 Fair Value Measurement:*** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- ***IAS 40 Investment Properties:*** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

- The **IASB has issued the Annual Improvements to IFRSs 2012 - 2014 Cycle,** which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. These annual improvements have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations***: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- ***IFRS 7 Financial Instruments*: *Disclosures***: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating

to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

- ***IAS 19 Employee Benefits***: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

  The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 1: Disclosure Initiative (Amendment)**

  The amendments to IAS 1 *Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. These amendments have not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

(d) Approval of Financial Statements:

The Board of Directors of Neurosoft S.A. approved the separate and consolidated financial statements for the period ended at December 31, 2014, on April 6, 2015. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

(e) Significant Accounting Judgements and Estimates:

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) ***Allowance for doubtful accounts receivables***: The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling.

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

(c) ***Depreciation rates:*** The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.

(d) ***Impairment of property, plant and equipment***: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows (note 3i).

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

3. PRINCIPAL ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the accompanying financial statements are as follows:

(a) Business Combinations and Goodwill: Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation of this unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Investments in Associates: The Group's investments in other entities in which it exercises significant influence are accounted for using the equity method. Under this method the investment in associates is recognized at cost and subsequently increased or decreased to recognize the investor's share of the profit or loss of the associate, changes in the investor's share of other changes in the associate's equity, distributions received and any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of the associate. Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment.

(c) Foreign Currency Translation: The Group's measurement as well as reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are adjusted to reflect the current exchange rates.

Gains or losses of the period ended resulting from foreign currency re-measurements are reflected in the accompanying statement of income. Gains or losses resulting from transactions are also reflected in the accompanying statement of income.

(d) Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are expensed as incurred. Significant improvements are capitalised to the cost of the related asset if such improvements increase the life of the asset, increase its production capacity or improve its efficiency. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the statement of income.

Profit and losses arising from the write-off of assets are included in the income of statement that this asset is written-off.

(e) Depreciation: Depreciation is computed based on the straight-line method at rates, which approximate average useful lives. The useful lives used are as follows:

Classification	Useful lives
Installations on buildings	10-12 years
Transportation means	6-7 years
Furniture and other equipment	3-5 years

(f) Goodwill: Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, at the date of acquisition. Goodwill on acquisitions of subsidiaries is reflected separately in the balance sheet. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment.

Negative goodwill is recognised where the fair value of the Group's interest in the net assets of the acquired entity exceeds the cost of acquisition and is taken to income immediately.

(g) Intangible Assets: Intangible assets include costs of purchased and internally generated software. Purchased intangible assets acquired separately are capitalised at cost while those acquired from a business combination are capitalised at fair value at the date of acquisition. Internally generated software includes costs such as payroll, materials and services used and any other expenditure directly incurred in developing computer software and in bringing the software into its intended use.

Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Classification of Intangible asset	Years
Software	5
Customers' base	8

(h) Research and Development Costs: Research costs are expensed as incurred. Development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognised as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met. Following initial recognition, development expenditure is carried at cost until the asset is ready for its intended use at which time all costs incurred for that asset are transferred to intangible assets or machinery and are amortised over their average useful lives.

(i) Impairment of Assets: With the exception of goodwill which is tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the statement of income. The recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances, the related reversal is recognized as income. Probable impairment of goodwill is not reversed.

(j) Investments and Other (primary) Financial Assets: (Primary) Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following three categories:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Available-for-sale financial assets.

Financial assets are initially recognised at acquisition cost which represents the fair value and, in certain circumstances, plus directly attributable transaction costs. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sell the related financial asset.

The classification of the above mentioned financial assets is determined after initial recognition and, where allowed the designation is re-assessed periodically.

(i) Financial assets at fair value through profit and loss:

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale financial assets:

Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available for sale or are not classified in any of the two preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

The available for sale financial assets for which their fair value cannot be measured reliably, are carried at cost less any impairment in accordance to IAS 39.

(k) **Inventories:** Inventories are stated at the lower of cost or net realisable value. Cost is determined based on the yearly weighted average price. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. A reserve is established when such items are determined to be obsolete or slow moving.

(l) **Trade and Other Accounts Receivables:** Trade accounts receivable, which generally have 30-90day payment terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Accounts receivable for pay-tv are pre-received at the beginning of each month. An estimate for doubtful debts is made when collection is no longer probable. The provision for doubtful debts is charged to the statement of income. Bad debts are written-off against the established reserve when identified.

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

(n) **Borrowing Costs:** Borrowing costs are recognised as an expense in the period in which they are incurred in accordance with the basic treatment of IAS 23 “Borrowing Costs”.

(o) **Loan Agreements:** All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of income either through the amortisation process or where the liabilities are written-off.

(p) **Leases:** Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the leased item, or if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised equally as an expense during the lease agreement in the statement of income.

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

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

Contingent liabilities are not 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 when an inflow of economic benefits is probable.

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

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

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

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

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

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

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

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

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

For transactions recognised directly in equity, any related tax effects are also recognised directly in equity and not in the statement of income.

(s) **Revenue Recognition:** Revenue is accounted for on an accrual basis and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(t) **Earnings/(Loss) per Share:** Basic earnings/(loss) per share are computed by dividing net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year, excluding the average number of shares purchased as treasury shares.

Diluted earnings/(loss) per share amounts are calculated by dividing the net income/(loss) attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding each year as adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

(u) **Reserve for Staff Retirement Indemnities**: Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated on the basis of financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying statement of income and consist of the present value of benefits earned in the period, interest cost on the benefit obligation, prior service cost, actuarial gains or losses and the cost of additional pension charges. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Actuarial gains or losses are recognized based on the corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.

(v) **Segment Reporting:** The Group's primary segment reporting is categorized by business activity because the risks and profitability of the Group is mainly affected by the type of the product and services offered. Each segment represents a different business area of activity: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) Field, (iv) Network and (v) Security.

Factoring and Financials: In order to penetrate in the growing market of Factoring, Neurosoft has developed and introduced Proxima+, a powerful, flexible and scalable business factoring software solution, which aims to assist factoring companies meet their objectives in a cost-efficient and timely manner.
The Company entered the core factoring business in 2004 with a client/server implementation called dynaFactor. Proxima+ was loosely based on dynaFactor and has incorporated many of the latest technological and business improvements available. Furthermore, the company developed Tesla, a web interface for the clients and debtors of a factoring company as well as FoLs, an integrated Risk management and anti-fraud tool tailored for factoring companies.

Sports Betting & Gaming Analytics: In order to serve the area of the Sports Betting Analytics, Neurosoft has developed a business intelligence solution, which provides liability monitoring capabilities to Betting Operators. Based on specially-designed technological architecture and complex algorithms, BOLT ensures the real time measurement of liability and visual analysis. The primary goal of the technology is to enable a betting operator to continually and accurately monitor liability in an effort to minimize payout and, by default, maximize revenues. Alongside with BOLT the company developed Qualytor, a tool that watches the market trends and ensures that the operator stays within "acceptable" limits in their pricing, and thus avoid hedging and arbitrage. Lately, the company is developing a full book making and pricing tool based on state of the art algorithms that allows operators to have the edge on the pricing of their events.

Field: The Field services department is aiming at providing implementation and support services on strict Service Level Agreements. The department has grown substantially over the past couple of years both in terms of geographical coverage and breadth of technologies. Neurosoft today has the capacity to provide services throughout the country for technologies ranging from IT&T (Fixed Access, Microwave, Optical Transport, IT) to non-IT&T (Air-conditioning, Power) environments, utilizing own personnel and a selective network of partners covering respective needs of our customers.

Network: The Networking department is the main driver for new solutions and services for the existing and future telecom needs of our customers. Training and research are paramount values for the department that apart from the design and implementation of new solutions, undertakes the mission of supporting our carrier-grade customers with sensitive SLAs.

Security: With Information Security threats growing both in number and complexity, Neurosoft has identified Cyber Security as an area of growth for the coming years. The department is growing, aiming primarily at a Service-oriented model rather than a solely product-based one. The company focuses on niche markets segment and solutions.

(w) Dividend Distribution: Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the General Meeting of the Company's Shareholders.

(x) Share Capital: Share capital represents the value of the Parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "Share premium" in shareholders' equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

(y) De-recognition of Financial Assets and Liabilities:

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement.
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the

asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

4. GROUP SEGMENT INFORMATION:

The Group's operations are divided into five segments, as described above in note 3(v):

1) Factoring and Financials
2) Sports betting & Gaming analytics
3) Field
4) Network
5) Security

Transactions between business segments are set on arm's length basis in a manner similar to transactions with third parties.

The segment information for the year ended December 31, 2014 and 2013 is analyzed as follows:

F.Y. 2014	Factoring and Financials	Sport Betting & Gaming Analytics	Field	Network	Security	Total
Revenue	532,347	5,077,905	1,455,650	2,729,819	475,682	**10,271,403**
Cost of Revenue	311,982	2,676,993	1,033,991	2,019,232	244,788	**6,286,986**
EBITDA	232,580	2,133,137	224,505	374,175	149,670	**3,114,067**
Trade receivables	128,993	892,883	209,137	678,345	165,334	**2,074,692**
Other Receivables	67,101	453,221	197,334	289,019	58,115	**1,064,790**
Liabilities	76,123	1,458,912	345,991	1,323,221	72,055	**3,276,302**

F.Y. 2013	Factoring and Financials	Sport Betting & Gaming Analytics	Field	Network	Security	Total
Revenue	334,123	2,611,285	726,979	2,045,901	123,981	**5,842,269**
Cost of Revenue	194,390	1,823,901	389,011	1,039,123	30,924	**3,477,349**
EBITDA	45,912	667,890	92,630	656,990	12,190	**1,475,612**
Trade receivables	67,109	789,101	213,109	656,901	199,763	**1,925,983**
Other receivables	67,112	231,109	167,188	178,111	51,927	**695,447**
Liabilities	22,110	1,901,117	560,901	1,771,188	52,982	**4,308,298**

5. PAYROLL COST:

Payroll cost in the accompanying financial statements is analysed as follows:

	December 31,	
	2014	2013
Wages and salaries	977,285	951,125
Social security costs	217,319	256,878
Staff retirement indemnities	20,150	20,813
Other staff costs	16,874	36,591
Total Payroll Cost (Note 8)	**1,231,628**	**1,265,407**

6. DEPRECIATION AND AMORTISATION:

Depreciation and amortization in the accompanying financial statements are analyzed as follows:

	December 31,	
	2014	2013
Depreciation on buildings	2,269	3,268
Depreciation on transportation means	6,465	5,730
Depreciation on furniture and equipment	34,368	40,044
Depreciation on property, plant and equipment	**43,102**	**49,042**
Amortization on software and other intangible assets	409,102	338,791
Amortisation on intangible assets	**409,102**	**338,791**
Depreciation and amortization	**452,204**	**387,833**

7. FINANCIAL INCOME / (EXPENSES):

Financial income (expenses) in the accompanying financial statements are analyzed as follows:

	December 31, 2014	December 31, 2013
Interest on short-term borrowings (Note20)	(84,928)	(70,989)
Finance charges paid under finance leases	-	(747)
Other financial costs	(39,121)	(20,911)
Total financial expenses	**(124,049)**	**(92,647)**
Interest earned on cash at banks and on time deposits (Note 16)	8,155	7,446
Financial income from revaluation of deposits in foreign currency	10,228	-
Other financial income	-	124
Total financial income	**18,383**	**7,570**
Total financial income/(expenses), net	**(105,666)**	**(85,077)**

8. ANALYSIS OF EXPENSES:

Expenses (cost of sales, selling and distribution, administrative) are analyzed as follows:

	December 31, 2014	December 31, 2013
Payroll and related costs (Note 5)	1,231,628	1,265,407
Third party fees and services	3,017,004	1,066,980
Taxes and duties	13,551	23,302
Sundry expenses	770,017	583,518
Depreciation and amortisation (Note 6)	452,204	387,833
Other operating expenses	99,701	213,354
Cost of sales of inventory and consumables	2,198,989	1,249,110
Total expenses	**7,783,094**	**4,789,505**

The above expenses are analyzed as follows:

	December 31 2014	December 31 2013
Cost of sales	6,286,986	3,477,349
Selling and distribution expenses	504,084	363,012
Administrative expenses	992,024	949,144
Total	**7,783,094**	**4,789,505**

9. INCOME TAXES:

According to the new Greek tax law 4110/2013, the tax rate for the Societies Anonymes in Greece has changed from 20% to 26%, for the fiscal years beginning January 1, 2013.

The amounts of income taxes which are reflected in the accompanying statement of income are analyzed as follows:

	January 1-December 31,	
	2014	2013
Current income taxes	9,370	112.324
Prior years' taxes	-	-
Deferred income taxes	(232,593)	167.016
Total income taxes (credit) / debit reflected in the statement of comprehensive income	**(223,223)**	**279,340**

The reconciliation of income taxes reflected in statements of income and the amount of income taxes determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	December 31,	
	2014	2013
Profit before tax	**2,613,724**	**1,002,702**
Income tax calculated at the nominal applicable tax rate (26%)	679,568	260,703
Tax effect of non-tax deductible expenses and non-taxable income	79,587	156,795
Recognition of deferred tax asset on prior years tax losses	(370,894)	(38,289)
Utilization of previously unrecognized tax losses	(611,484)	(109,991)
Tax effect of change in tax rates	-	10,122
Income tax reported in the consolidated income statement	**(223,223)**	**279,340**

Greek tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Tax Compliance certificate

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an “Annual Tax Certificate” as provided for by paragraph 5 of Article 82 of L.2238/1994. This “Annual Tax Certificate” must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days from the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Neurosoft has not been audited by the tax authorities for the fiscal year 2010. As for Neurosoft’s subsidiaries, they have not been audited for the fiscal years shown as follows:

Subsidiary Companies	Unaudited tax years / periods
Neurosoft Cyprus Ltd	-
Neurosoft Romania Srl	23/6/2008 - 31/12/2014

For the fiscal year 2013 Neurosoft S.A. has been tax audited by its statutory auditors in accordance with the paragraph 5 of Article 82 of L.2238/1994. No significant additional tax liabilities arose, in excess of those provided for and disclosed in the financial statements.

The tax compliance certificate for the financial year 2014 is still in progress based on the provisions of §5, article 82 of L.2238/1994. No significant additional tax liabilities are expected to arose, in excess of those provided for and disclosed in the financial statements.

In a future tax audit of the unaudited tax years it is possible that additional taxes and penalties may be assessed to Neurosoft and to its subsidiaries. The Group believes that they have provided adequate provision (€ 54,336) for probable future tax assessments based upon previous years’ tax examinations and past interpretations of the tax laws.

The movement of the deferred tax asset is as follows:

	December 31, 2014	December 31, 2013
Beginning balance	**(293,909)**	**(461,325)**
Income taxes [credit/(debit)]	(232,593)	167,416
Absorption of subsidiary	(89,525)	-
Ending balance	**(616,027)**	**(293,909)**

The movement in deferred tax assets / (liabilities) during the year and the previous year is as follows:

	January 1st, 2014	Debit/ (Credit)to P&L	Absorption of subsidiary	December 31st, 2014
Deferred income tax asset:				
Provision for bad debts	32,834	106,231	-	139,065
Staff retirement indemnities	15,785	17,174	-	32,959
Provision for obsolete stock	1.450	(1,050)	-	400
Currency differences	(74)	15	-	(59)
Tax losses carried forward	321,239	175,759	-	496,998
Intangible assets	(61,204)	(111,005)	98,445	(73,764)
Total	**310,030**	**187,124**	**98,445**	**595,599**
Deferred income tax liability:				
Other	(8,791)	83,881	(8,920)	66,170
Unbilled revenue	-	(42,451)	-	(42,451)
Finance lease	(7,330)	4,039	-	(3,291)
Total	**(16,121)**	**45,469**	**(8,920)**	**20,428**
Net deferred income tax asset	**293,909**	**232,593**	**89,525**	**616,027**

	January 1st, 2013	Debit/ (Credit)to P&L	December 31st, 2013
Deferred income tax asset:			
Provision for bad debts	31,769	1,065	32,834
Staff retirement indemnities	14,666	1,119	15,785
Provision for obsolete stock	1.250	200	1,450
Currency differences	(56)	(18)	(74)
Tax losses carried forward	435,897	(114,658)	321,239
Intangible assets	(7,323)	(53,881)	(61,204)
Total	**476,203**	**(166,173)**	**310,030**
Deferred income tax liability:			
Other	(8,791)	-	(8,791)
Finance lease	(6,087)	(1,243)	(7,330)
Total	**(14,878)**	**(1,243)**	**(16,121)**
Net deferred income tax asset	**461,325**	**(167,416)**	**293,909**

10. SUBSIDIARIES - GOODWILL:

a) Neurosoft's subsidiaries which are included in the accompanying consolidated financial statements are as follows:

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest	
				31.12.2014	31.12.2013
Neurosoft Cyprus Ltd	Cyprus	Full	Direct	100%	100%
Neurosoft Romania	Romania	Full	Indirect	95%	95%
Kestrel S.A. (absorbed by Neurosoft S.A. on November 25th, 2014)	Greece	Full	Direct	-	70%

b) Merger through absorption of Kestrel Information Systems S.A

On November 25th, 2014, completed the merge through absorption of the Company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME" in accordance with the provisions of articles 68 par. 2 and 69-77a of Codified Law 2190/1920, as in force today, as well as the provisions of articles 1-5 of Law 2166/1993, as in force, by "Neurosoft S.A.".

The above mentioned absorption resulted to an increase in the share capital of the Company by the total amount of €204,607.90 and the relocation of its registered offices from Kifissias Avenue 32 in Maroussi to 466 Irakliou Ave. & Kiprou str., in Iraklion, Attica.

11. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment in the accompanying financial statements for the Group are analyzed as follows:

	Buildings	Machinery	Transportation Means	Furniture & Other Equipment	Total
COST					
At January 1, 2013	**60,551**	**-**	**26,205**	**543,181**	**629,937**
Additions	-	-	25,366	6,230	31,596
Disposals / Write-offs	-	-	-	(8,552)	(8,552)
At December 31, 2013	**60,551**	**-**	**51,571**	**540,859**	**652,981**
Additions	61,900	492	15,219	82,797	160,408
Disposals / Write-offs	-	-	-	-	-
At December 31, 2014	**122,451**	**492**	**66,790**	**623,656**	**813,389**
DEPRECIATION					
At January 1, 2013	**(27,592)**	**-**	**(6,840)**	**(444,051)**	**(478,483)**
Depreciation expense	(3,268)	-	(8,409)	(43,137)	(54,814)
Disposals / Write-offs	-	-	-	8,496	8,496
At December 31, 2013	**(30,860)**	**-**	**(15,249)**	**(478,692)**	**(524,801)**
Depreciation expense	(2,269)	(492)	(6,465)	(34,368)	(43,594)
Disposals / Write-offs	-	-	-	-	-
At December 31, 2014	**(33,129)**	**(492)**	**(21,715)**	**(513,060)**	**(568,396)**
NET BOOK VALUE					
At December 31, 2013	**29,691**	**-**	**36,322**	**62,167**	**128,180**
At December 31, 2014	**89,322**	**-**	**45,075**	**110,596**	**244,993**

There is no property, plant and equipment that have been pledged as security. The title of the capitalized leased assets has been retained by the lessor.

12. INTANGIBLE ASSETS:

Intangible assets in the accompanying financial statements for the Group are analyzed as follows:

	Purchased Software	Development of Betscape	Development of Qualytor	Development of Alkemi	Development of Cybersec	Intangible Development from Kestrel	Licences & Other Intagibles	Customer Base	Various Intangibles under development	Total
Cost										
At January 1, 2013	148.199	202.773	-	-	-	259.486	150.000	392.817	901.020	2.054.295
Additions	-	196.577	-	-	-	-	-	-	-	196.577
Disposals / Write offs	(4.731)	-	-	-	-	-	-	-	-	(4.731)
At December 31, 2013	143.468	399.350	-	-	-	259.486	150.000	392.817	901.020	2.246.141
Additions	-	77.166	125.506	268.282	118.635	-				589.589
Disposals	(69.780)	-	-	-	-	-	-	-	-	- 69.780
At December 31, 2014	73.688	476.516	125.506	268.282	118.635	259.486	150.000	392.817	901.020	2.765.950
Amortization										
At January 1, 2013	(98.709)	(3.329)	-	-	-	-	(120.000)	(101.211)	(593.222)	(916.471)
Amortization expense	(25.222)	(37.226)	-	-	-	(51.897)	(30.000)	(55.644)	(145.912)	(345.901)
Disposals / Write offs	-	-	-	-	-	-	-	-	-	0
At December 31, 2013	(123.931)	(40.555)	-	-	-	(51.897)	(150.000)	(156.855)	(739.134)	(1.262.372)
Amortization expense	(7.318)	(79.870)				(51.897)		(57.327)	(161.886)	(358.298)
Disposals	69.780	-	-	-	-	-	-	-	-	69.780
At December 31, 2014	(61.469)	(120.425)	-	-	-	(103.794)	(150.000)	(214.182)	(901.020)	(1.550.890)
Net Book Value										
At December 31, 2013	19.537	358.795	-	-	-	207.589	-	235.962	161.886	983.769
At December 31, 2014	12.219	356.091	125.506	268.282	118.635	155.692	-	178.635	-	1.215.060

13. INVENTORIES:

Inventories in the accompanying financial statements are analyzed as follows:

	December 31, 2014	December 31, 2013
Merchandise	808,996	360,425
Provision for obsolete stock	-	(3,333)
Total	**808,996**	**357,092**

14. TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable in the accompanying financial statements are analyzed as follows:

	December 31, 2014	December 31, 2013
Trade customers	2,068,642	1,984,019
Cheques and notes receivable	137,710	94,774
Doubtful customers	420,882	420,882
Less: Allowance for doubtful accounts receivable	(552,542)	(573,692)
Balance of trade and other receivables	**2,074,692**	**1,925,983**

The movement in the allowance for doubtful accounts receivable is analyzed as follows:

	31 December 2014	31 December 2013
Beginning balance	**573,692**	**552,542**
Provision for the year	-	21,240
Used provision	(21,150)	-
Ending balance	552,542	573,692

15. PREPAYMENTS AND OTHER RECEIVABLES:

Trade accounts receivable in the accompanying financial statements are analyzed as follows:

	December 31, 2014	December 31, 2013
Unbilled revenue	308,271	462,225
Blocked deposits	6,785	8,963
Income tax advance	7,370	-
Prepaid expenses	412,479	184,846
Advances to employees and contractors	-	25,262
Other debtors	329,885	14,151
Balance of trade and other receivables	**1,064,790**	**695,447**

16. CASH AND CASH EQUIVALENTS:

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

	December 31,	
	2014	2013
Cash in hand	170,574	185,226
Cash at banks	2,218,734	2,200,951
Total	**2,389,308**	**2,386,177**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2014, amounted to € 8,155, (for the year ended December 31, 2013: € 7,570) and is included in financial income in the accompanying income statements .

17. SHARE CAPITAL:

Neurosoft's ordinary share capital at December 31, 2008 amounted to € 700,000 divided into 2,000,000 ordinary shares of € 0.35 par value each.

Following the decision of Shareholders' General Meeting in April1, 2009 the Company's ordinary share capital increased to € 2,100,000 divided into 6,000,000 ordinary shares of € 0.35 par value each.

An increase of share capital by the amount of € 6,650,000 was decided in the resolution passed by the Company's General Meeting on 28.09.2009, by use of part of the available funds of the relevant special share premium reserve account, which resulted from the share capital increase realized after the Shareholders' General Meeting of 01.04.2009, by issuance of 19,000,000 new ordinary registered voting shares, of a par value of € 0.35 each, and the free ensuing proportional allocation to shareholders of 19 new shares for each 6 shares held.

On November 25th, 2014, the merge through absorption of the company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME" was completed. The property of the Absorbed Company (assets and liabilities) was transferred to the Absorbing Company, based on its property condition which appears in the Merger Balance Sheet of May 31st, 2014. As a result, the share capital of "Neurosoft S.A." increased simultaneously and in parallel:

a) by the amount of the remaining contributed share capital of the Absorbed Company amounting to € 204,607.76 and

b) as a result of capitalization to the purpose of rounding the nominal value of the shares, part of the share premium account of the Absorbing Company, at the amount of € 0.14.

As a consequence, the total amount of the (net) share capital increase of Neurosoft S.A. will be € 204,607.90, and its total share capital will amount to €8,954,607.90, divided into 25,584,594 ordinary nominal (par value) shares with voting rights at a nominal value of € 0.35 each.

The participation ratio of the shareholders of the Merging Companies to the new share capital of the Absorbing Company, as resulting from the Merger, will be 98.44% for the shareholders of Neurosoft S.A. and 1.56% for the shareholders of Kestrel S.A. Consequently, regarding the new total share capital of the Absorbing Company, which amounts to €8,954,607.90, now divided into 25,584,594 ordinary nominal (par value) shares with voting rights, 25,184,594 shares will correspond to the shareholders of Neurosoft S.A. and 400,000 shares to the shareholders of Kestrel S.A. (except for those of the Absorbing Company).

Following the above, the major shareholders of the Company's share capital as at December 31, 2014, are analyzed as follows:

Major Shareholders	No. of shares	% of participation
OPAP International	6,401,240	25.02%
Minteralo Limited	5,364,444	20.97%
Mavroeidis Angelopoulos	4,200,353	16.42%
GTECH S.P.A	4,176,536	16.32%
OPAP Cyprus Ltd	1,154,314	4.51%
Nikolaos Vassilonikolidakis	954,840	3.73%
George Manioudakis	753,037	2.94%
Other shareholders < 2%	2,579,830	10.08%
Total	**25,584,594**	**100.00%**

18. RESERVES:

Other reserves are analysed as follows:

	December 31, 2014	December 31, 2013
Legal reserve	191,221	191,221
Special reserves	4,846	4,846
Total reserve	**196,067**	**196,067**

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

Special Reserve: Under Greek corporate law, corporations may establish a special reserve without a particular purpose after the decision of the shareholders at their Annual General Meeting or if required by its Articles of Association. The special reserve has been created from non-distributed prior years' after tax profits.

19. DIVIDENDS:

Under Greek corporate law, companies are required each year to distribute in cash, to the shareholders at least 35% of net profit, after allowing for the legal reserve and certain profits from the sale of shares described under par. 1 of art. 3, of Law 148/1967. The above provisions do not apply, if the General Shareholders Meeting by a majority of at least 65% resolves not to distribute profits. In this case, the non-distributed - profits are transferred to a "special reserves account". The Company is obliged within four years from the formation of reserves to capitalize these reserves by the issuance of new shares which it grants free to the beneficiaries (par. 2 art. 3 of the Law 148/1967). The above provisions of par. 1 and 2 do not apply, if approved by the General Shareholders Meeting by a majority of at least 70% of the paid up share capital. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

(a) No dividends can be distributed to the shareholders as long as a company's net equity, as reflected in its financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves.

(b) No dividends can be distributed to the shareholders as long as the unamortized balance of "pre-operating expenses", as reflected in its financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

No dividends were paid or proposed during the years ended December 31, 2014 and 2013. The profit distribution for the year 2014 is as follows:

	Profit Distribution for the year 2014	
	Net profit after tax for the year 2014	2.779.420
Plus	Accumulated Loss from previus years	(7.250.728)
	Acquisition of non controlling interest	(12.464)
	Retained earnings	**(4.483.771)**
	Profits are distributed as follow:	
	1. Dividends	-
	2. General Reserve	-
	3. Retained earninds as at 31/12/2014	(4.483.771)
		(4.483.771)

20. SHORT-TERM BORROWINGS:

The short-term borrowings refer to a loan provided by Alpha Bank initially at March 18, 2004, to Kestrel S.A., which was absorbed by Neurosoft S.A. during the fiscal year 2014. The initial amount of the loan which amounted to € 200,000.00, increased to € 3,245,000.00 by the years, with annual variable interest rates of three months Euribor plus a margin of 4.5%. As at 31 December 2014 the total amount due to Alpha Bank is € 916,216.

The total interest expense for short-term borrowings for the years ended December 31, 2014 and 2013, amounted to € 96,679and € 70,989 respectively, and is included in financial expenses (Note 7), in the accompanying statements of comprehensive income.

21. TRADE ACCOUNTS PAYABLE:

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

	December 31,	
	2014	2013
Domestic and foreign suppliers	1,606,008	1,721,161
Bills payable	-	-
Post-dated cheques payable	40,306	-
Total	**1,646,314**	**1,721,161**

22. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other current liabilities in the accompanying financial statements are analyzed as follows:

	December 31,	
	2014	2013
Social security payable	139,947	210,498
Value added tax and withheld taxes	172,117	211,516
Third-party fees payable	-	127,423
Customer advances	-	45,557
Accrued expenses	19,759	171,614
Other current liabilities	171,893	312,628
Total	**503,716**	**1,078,876**

23. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.

b) **Staff Retirement Indemnities:** Under Greek labor law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

An independent actuary evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2014 and 2013, are:

	December 31,	
	2014	2013
Present value of unfunded obligations	126,764	90,196
Net Liability in Balance Sheet	**126,764**	**90,196**
Components of net periodic pension cost		
Service cost	10,221	7,749
Interest cost	1,722	1,064
Amortisation of unrecognised net loss	-	-
Total charge to operations	**11,943**	**8,813**
Reconciliation of benefit obligation		
	-	-
Present value of liability at start of period	120,611	103,067
Liability from acquisition	-	-
Service cost	10,221	7,749
Interest cost	1,722	23,657
Benefits paid	(3,798)	(38,464)
Actuarial gains/(loss)	(1,992)	(5,813)
Present value of liability at the end of year	**126,764**	**90,196**
Principal Assumptions:		
Discount Rate	4.0%	4.0%
Rate of compensation increase	1.0%	1.0%
Inflation rate	2.0%	3.0%

24. Profit (LOSS) / EARNINGS PER SHARE:

Basic (loss)/profit per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2014 and 2013:

	December 31,	
	2014	**2013**
Net (loss) /income attributable to the shareholders of the parent	**2,734,469**	**643,026**
Total weighted average number of ordinary shares	**25,584,594**	**25,000,000**
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share	**25,584,594**	**25,000,000**
Income per share (basic and diluted)	**0.1069**	**0.0257**

25. RELATED PARTIES:

Related party transactions refer to purchases of goods and services from and services provided to certain related parties in the normal course of business.

Particularly related parties transactions includes:

(a) Transactions between the Company and any related party incurred during fiscal year 2014 (01.01.2014-31.12.2014) and that have materially affected the financial situation or performance of the Company during this period.

(b) Any changes in the transactions between the Company and any related party described in the last annual report, which could have a material effect on the financial situation or performance of the Company during 2014.

Note that the reference to the above transactions, which follows, includes the following:

(a) the amount of such transactions for the year 2014 (01.01.2014-31.12.2014)

(b) the outstanding balance at the end of the year (31.12.2014)

(c) the nature of the related party relationship with the Company and

(d) any information on transactions, which are necessary for an understanding of the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions .

The related parties of the company are as follows:

a) "Neurosoft Cyprus Ltd" headquartered in Cyprus, in which the Company holds a 100% stake.

b) "Neurosoft Romania SRL" headquartered in Romania, in which the Company holds 95% stake indirectly through its subsidiary Neurosoft Cyprus Ltd.

Intercompany sales and other revenue	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

Intercompany purchases	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

The balances of receivables and payable of the Company and its related companies during the current fiscal year are analyzed as follows:

Intercompany balances (receivables)	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	352,450	352,450
Neurosoft Cyprus Ltd	126,000	126,000
Total	**478,450**	**478,450**

Intercompany balances (payables)	**31.12.2014**	**31.12.2013**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

The receivable amount of € 352,450 refers to non-interest loan provided by Neurosoft Cyprus Ltd to Neurosoft Romania Srl.

The receivable amount of € 126,000 refers to non-interest loan provided by Neurosoft S.A. to Neurosoft Cyprus Ltd.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2014 and 2013 are analysed as follows:

	December 31, 2014	December 31, 2013
Salaries and fees for executive members of the BoD	335,944	180,769
Salaries and fees for Senior Managers	42,230	134,516
Total	**378,174**	**315,285**

26. COMMITMENTS AND CONTINGENCIES:

Litigation and Claims: The Group is currently involved in a number of legal proceedings and has various claims pending arising in the ordinary course of business. Based on currently available information, management and its legal counsel believe that the outcome of these proceedings will not have a significant effect on the Group's and Company's operating results or financial position.

Rent: The Group has entered into commercial operating lease agreements for the lease of, office space and vehicles. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2014 and 2013, are as follows:

	December 31, 2014	December 31, 2013
Within one year	131,406	45,376
2-5 years	525,625	-
Over 5 years	525,625	-
Total	**1,182,656**	**45,376**

Guarantees: Letters of guarantee are issued by the Group to various beneficiaries and as at December 31, 2014 and 2013, are analysed as follows:

	December 31, 2014	December 31, 2013
Good execution of agreements	423,967	217,524
Good operation	146,039	73,810
Collateral	6,077	-
Participation in biddings	15,499	108,250
Total	**591,582**	**399,584**

27. FINANCIAL INSTRUMENTS:

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

The fair value of variable rate loans and borrowings approximate the amounts appearing in balance sheets.

Credit Risk: The Management of the Company ensures that sales are addressed to customers with high credit trustworthiness and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries (particularly in Asia), for which the effective control of their credibility it is not always easy. Therefore, the Company continuously develops and further evolves its internal working mechanisms in order to fully confront this risk. As a consequence this risk, although real in view of the general adverse economic environment, is currently evaluated as controlled.

Foreign Currency Risk: As the Group’s transactions are mainly in euro, it is not exposed to variations in foreign currency exchange rate.

Interest Rate Risk: With respect to short-term borrowings, Management monitors on a constant basis the interest rate variances and evaluates the need for assuming certain positions for the hedging of such risks.

The following table demonstrates the sensitivity of the Group’ profit before tax (through the impact of the outstanding floating rate borrowings at the end of the period on profits) to reasonable changes in interest rates, assuming all other variables to be constant.

Sensitivity Analysis of Group's Borrowings due to interest rate changes:

	December 31,2014	
	Interest Rate Variation	**Effect on income**
Euro (€)	1.0%	(10,188)
	(1.0)%	10,188

	December 31,2013	
	Interest Rate Variation	**Effect on income**
Euro (€)	1.0%	(10,992)
	(1.0)%	10,992

Note: Table above excludes the positive impact of interest received from deposits.

Liquidity Risk: The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn committed and uncommitted borrowing facilities that can be utilized to fund any potential shortfall in cash resources.

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The table below summarizes the maturity profile of financial liabilities at December 31, 2014 and 2013, respectively, based on contractual undiscounted payments.

Year ended December 31, 2014	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	152,698	152,707	610,811	-	916,216
Trade and other payables	966,437	774,212	409,381	-	-	2,150,030
Total	**966,437**	**926,910**	**562,088**	**610,811**	**-**	**3,066,246**

Year ended December 31, 2013	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	597,705	597,704	-	-	1,195,409
Trade and other payables	1,384,331	889,156	526,550	-	-	2,800,037
Total	**1,384,331**	**1,486,861**	**1,124,254**	**-**	**-**	**3,995,446**

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong internal calculation credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Group's policy is to maintain leverage targets in line with an investment grade profile. The Group monitors capital with the use of the ratio and Net indebtedness to EBITDA. The Group includes within Net indebtedness, interest bearing loans and borrowings, less cash and cash equivalents.EBITDA is defined as Earnings before interest taxes, depreciation and amortization.

	December 31,	
	2014	2013
Short-term borrowings	916,216	1,195,409
Total Debt	**916,216**	**1,195,409**
Less : Cash and cash equivalents	2,389,308	2,386,177
Net Debt/(cash)	**(1,473,092)**	**(1,190,768)**

28. SUBSEQUENT EVENTS:

There are no subsequent events that should be taken into account for the preparation of the Financial Statements for the year ended December 31, 2014.

Athens, 6 April 2015

President of the BoD	Chief Executive Officer	Head Accountant
Mavroeides Angelopoulos	Nikolaos Vassilonikolidakis	Michalis Amanitis

WEBSITE PLACE OF UPLOADING THE PARENT STATEMENTS, CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS OF SUBSIDIARIES

The annual separate and consolidated financial statements of the Company, the Auditor's report and the Reports of management are registered in the internet in the address www.neurosoft.gr

The financial statements of consolidated companies are registered in the internet in the address www.neurosoft.gr.