

Balance Sheet as of 31 December 2008<sup>1</sup>

(in thousands of euro)	2008 <sup>1</sup>
<b>Assets</b>	
Non-current assets	
Property, plant and equipment, net	121
Investments in subsidiaries	-
Other non-current assets	9
Deferred tax assets	35
Total non-current assets	165
Current assets	
Inventories	0
Trade receivables	1,828
Tax receivables	404
Financial investments at fair value through profit and loss	4
Other current assets	287
Cash and cash equivalents	814
Total current assets	3,337
Total assets	3,502
<b>Liabilities and shareholders' equity</b>	
Shareholders' equity	
Share capital	700
Reserves	(109)
Net income for the year	1,475
Minority Shareholders' equity	0
Total Shareholders' Equity	2,067
Non-current liabilities	
Termination Indemnities	40
Long-term debt	4
Provisions	27
Total non-current liabilities	71
Current liabilities	
Short-term financial borrowings	64
Trade payables	24
Income tax payables	881
Other current liabilities	397
Total current liabilities	1,365
Total liabilities and shareholders' equity	3,502

<sup>1</sup> Consolidated financial statements

## Income Statement for the years ended 31 December 2008<sup>1</sup>

(in thousands of euro)	2008 <sup>1</sup>
Revenue	
Revenue from sales and services	3,728
Total revenue	3,728
Operating costs	
Costs of services	(1,132)
Administration costs	(389)
Distribution & sales costs	(159)
Total operating costs	(1,680)
Operating Income	2,048
Financial income and expense	
Financial income	0
Financial expense	(20)
Investment income / (expense)	(12)
Income before income taxes	2,016
Income taxes	(541)
Net income attributable to the Group	1,475
Earnings per share (basic and diluted) in euro	0.7377
EBITDA	2,087

<sup>1</sup> Consolidated financial statements

### 1.1.1 Accounting policies adopted for the preparation of the financial statements for the years ended 31 December 2006, 2007 and 2008

#### **Basis of presentation**

##### **(a) Financial statement basis of preparation**

The financial statements of Neurosoft Software Production S.A. as of and for the financial years ended 31 December 2006 and 2007 and the consolidated financial statements of Neurosoft Software Production S.A. and its subsidiaries (the **Group**) as of and for the year ended 31 December 2008 have been prepared in accordance with the IFRS as adopted by the European Union.

The Financial Statements as of and for the years ended 31 December 2006, 2007 and 2008 have been prepared on the historical cost basis, as modified by the financial assets and financial liabilities at fair value through profit or loss and on a going concern basis.

In accordance with the provisions of IFRS 27, Neurosoft has prepared consolidated financial statements as of and for the year ended 2008. Thus the amounts in the financial statements and relevant notes refer to stand-alone financial statements as of and for the years ended 31 December 2006 and 2007 and the consolidated financial statements as of and for the year ended 31 December 2008.

The date of transition to IFRS is 1 January 2006.

As requested by IFRS 1, the Company at the date of transition to IFRS (1 January 2006) prepared its opening IFRS balance sheet, which has:

- recognised all assets and liabilities whose recognition is required by IFRS;

- reclassified items that the Company recognised under previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under IFRS;
- applied IFRS in measuring all recognised assets and liabilities with the exception of exemptions/options permitted by IFRS 1 below; and
- recognised those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to IFRS, net of any tax effect.

The preparation of the opening IFRS balance sheet at 1 January 2006 has required the Group to adopt the following options provided by IFRS 1:

- optional exemptions set out by IFRS 1 on the first application of IFRS (1 January 2006);
  - employee benefits (IAS 19): the termination indemnities have been determined on the transition date on the basis of actuarial calculations; the Group elected to recognise the cumulative actuarial gains and losses as of 1 January 2006;
- accounting treatments chosen from the accounting options provided by IFRS:
  - valuation of tangible assets following the initial recording at cost, IAS 16 provides that these assets may be valued either at cost or at fair value. The Group has chosen to adopt the cost method;
  - employee benefits (IAS 19): the termination indemnities have been determined on the transition date on the basis of actuarial calculations; the Group elected not to use the so called "corridor" method.

**(b) Estimations and assumptions**

The preparation of the financial statements according to IFRS requires the use of estimations and assumptions that affect the balances of the assets and liabilities, as well as the notification of the contingent receivables and payables on the date of drafting of the financial statements and the reported income and expenses during the financial year in question. The actual results may eventually differ from these estimations.

**(c) Reporting currency**

The financial statements are stated in euro rounded off to the thousand, unless otherwise stated.

**Statement of compliance with IFRS**

The financial statements of Neurosoft Software Production S.A. as of and for the financial years ended 31 December 2006, 2007 and 2008 have been prepared in accordance with the IFRS, as adopted by the European Union.

The date of transition to IFRS is 1 January 2006.

IFRS means all the International Financial Reporting Standards (**IFRS**), all the revised international accounting standards (**IAS**) and all interpretations from the International Financial Reporting Interpretations Committee (**IFRIC**), including those previously issued by the Standing Interpretations Committee (**SIC**).

The financial statements of Neurosoft Software Production S.A. as of and for the years ended 31 December 2006 and 2007 and the consolidated financial statements of the Group as of and for the year ended 31 December 2008 prepared in accordance with IFRS as adopted by the European Union were authorised for issue in accordance with resolution of the Company's Board of Directors on 7 March 2008.

The financial statements as of and for the year ended 31 December 2008 and as of and for the years ended 31 December 2006 and 2007 have been presented in the form and content required by IAS 1 and in accordance with IFRS as adopted by the European Union relating to recognition and measurement.

In accordance with IAS 1, the Group has presented separate classifications on the face of the balance sheet for current and non-current assets and current and non-current liabilities. In its income statement, the Group has presented the analysis of expenses by function.

The cash flow statement has been prepared using the indirect method and presented in accordance with IAS 7, with cash flows separated according to operating, investing and financing activities.

There have been no departures from IFRS in the preparation of the consolidated financial statements.

Below follows a description of the principal accounting policies adopted in the preparation of the Group's consolidated financial statements.

### **Principles of consolidation**

**a) Subsidiaries:** are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered to be an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements of the parent, the investments in subsidiaries are accounted for at acquisition cost less any cumulative impairment losses.

**b) Affiliates:** are enterprises over which the Group can exercise a significant influence but do not satisfy the conditions to be designated either as subsidiaries or as a joint venture. The assumptions used by the Group imply that, a percentage between 20% and 50% of the company's voting rights indicate significant influence over that company. Investments in affiliates are initially accounted at cost and then considered as using the net position method. On the end of each financial year, the cost increases by the ratio of the investing company in the changes of the net position of the invested company and decreases by the dividends received by the affiliate.

The Company and the Group have no participation in affiliates.

**c) Consolidation basis:** Consolidated financial statements consist of the financial statements of the parent company and its subsidiaries.

The consolidated financial statements as of and for the year ended 31 December 2008 include the companies:

- Neurosoft Software Production S.A.
- Gaeknar Ventures Limited
- Neurosoft Romania S.R.L.

Neurosoft had no subsidiaries eligible for consolidation as of and for the years ended 31 December 2006 and 2007. On 7 October 2008, the Company acquired 100% of Gaeknar's share capital and on 23 June 2008, Gaeknar and Mr. Paschalidis (currently Vice-Chairman of the Company's Board of Directors) 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. For additional information, please see Section One "*Organisational*

*Structure*" and "*Description of the Business - Description of Neurosoft's principal activities*" of this Admission Document.

### ***Conversion of foreign currency***

Transactions in foreign currency are converted to the functional currency using the applicable exchange rates on the date of the transaction.

Profits and losses from foreign exchange differences arising from settlement of such transactions throughout the financial period and from the conversion of the monetary items denominated in foreign currencies at current exchange rates on the balance sheet date are recorded in the results account.

### **Notes on the principal items in the Issuer's Financial Statements**

#### **Property, plant and equipment**

Property, plant and equipment line items are stated at cost, net of ordinary maintenance costs, accumulated depreciation and impairment losses. Such cost includes the cost of replacing plant and equipment, as incurred, if the recording criteria are met.

Assets are systematically depreciated on a straight-line basis using a rate of depreciation which reflects the asset's estimated useful life. The following table shows the annual depreciation rates adopted for each asset category.

<b>Category</b>	<b>Depreciation rate (%)</b>
Computers .....	33
Furniture and fittings.....	20
Electronic office equipment.....	10-30
Cellular phones.....	20

Where, independently of the accumulated depreciated, an impairment indicator exists, the value of the asset is written-down to reflect that impairment.

Ordinary maintenance costs are fully debited to the income statement.

Incremental maintenance costs are allocated to assets to which they relate and which have depreciated over their remaining useful life. To date, it has not been necessary to recognise any impairment losses and no assets have been revalued.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of a property, plant and equipment item is recognised immediately.

The residual value of an asset, its useful life and the valuation methods applied are reviewed annually and the effect of changes, if any, are recognised at each year end.

### **Intangible assets**

The Group's intangible assets include goodwill and software licences.

**Goodwill:** Goodwill is the difference between the acquisition cost and fair value of the assets and liabilities of a subsidiary/affiliate company on the date of acquisition. On the date of acquisition, the Company recognises the goodwill that amounted from the acquisition as an asset item and it records it at cost. This cost is equal to the amount the consolidation cost exceeds the Company's share in the assets and liabilities items and the contingent liabilities of the acquired company.

After its initial recognition, goodwill is subsequently measured at cost minus the accumulated losses due to loss in value. Goodwill cannot be amortised. However, it is evaluated annually for any loss in value if events have occurred that provide grounds for losses according to IAS 36.

In the event that the acquisition cost is less than the Company's share in the acquired company's equity, the Company will re-calculate the acquisition cost, measure the assets and liabilities items and the contingent liabilities of the acquired company and record directly to the financial year results as a profit any difference remaining after the re-calculation.

**Software:** Software is measured at acquisition cost minus amortisation. The amortisation is estimated using the standard method throughout the useful life of these items, which may range from one to five years.

### **Impairment of the value of assets**

Assets that have an indeterminate useful life are not amortised and are audited for impairment once a year and whenever events or circumstances indicate that the book value may not be recoverable. Assets that are amortised are audited for impairment of their value when indications exist that their book value is not recoverable. The recoverable value is the amount of the net selling value or value-in-use, whichever is higher. Damage due to value loss of asset items is recognised by the Company when the book value of these items (or cash-flow generating units) is greater than their recoverable amount.

Net sale price is considered the amount obtained from the sale of an asset in the framework of a reciprocal transaction between knowledgeable and willing parties after subtracting all additional direct costs for the sale of the asset, whereas value in use is the present value of estimated future cash flows expected to accrue to the company from the use of an asset and from its sale at the end of its estimated useful life.

## **Financial Instruments**

Financial instrument is every contract that creates a financial asset in a company and a financial liability or equity holding in another company.

The Group's financial instruments are classified in the following categories based on the subject matter of the contract and the purpose for which they were acquired.

### ***a) Financial assets measured at their fair value through the results (profit and loss) of the Financial Statements for the Relevant Financial Year***

This involves financial assets that satisfy any of the following conditions:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedges, those that are acquired or created with the intent of sale or re-purchase and finally those that are part of a portfolio of recognised financial instruments).
- Upon initial recognition, the Company specifies it as an item measured at fair value by recording the changes in the financial statements for the relevant financial year.

The Group holds investments in this category. See note 14.1.2.6 for additional information.

### ***b) Loans and Receivables***

These comprise non-derivative financial assets with fixed or defined payments, which are not traded in active markets. This category (loans and receivables) does not include:

- (a) Receivables from advance payments for the purchase of goods or services;
- (b) Receivables involving tax transactions, which have been imposed by the state through legislation; or
- (c) Anything not covered by an agreement, in order to give the Company the right to receive cash or other financial fixed assets.

The loans and receivables are included in the Group's current assets other than those with a maturity term longer than 12 months from the date of the balance sheet. The latter are included in the Group's non-current assets.

### ***c) Investments held to their maturity***

Investments held to their maturity include non-derivative financial assets with fixed or determined payments and specific maturity, which the Group has the intention and possibility to retain until their maturity. The Group does not hold any investments in this category.

### ***d) Financial assets available-for-sale***

Available-for-sale assets include non-derivative financial assets which are either determined to be in this category or cannot be included in any of the above-mentioned categories.

Subsequently, the financial assets available-for-sale are measured at fair value and the relevant profits or losses are recorded in the equity reserves until these assets are sold or designated as impaired.

During the sale or when designated as impaired, the profits and losses are carried over to the Group's results. Impairment losses that have been accounted for in the results are not reversed through results.

The purchase and sale of investments are recorded on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. The investments are initially accounted for at their fair value plus the direct expenses ascribed to the transaction, with the exception of direct expenses ascribed to the transaction for those assets that are measured at their fair value with changes in the results (profit and loss). The investments are written-off when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all of the risks and rewards of ownership.

The loans and receivables are recorded in the non-amortised cost based on the actual interest rate method.

The realised and non-realised profits or losses arising from the changes in the fair values of the financial assets measured at fair value with changes in the results are recorded in the results during the period that they arise.

The fair value of the financial assets that are traded in active markets are determined by the current market prices. For the non-traded assets, the fair values are determined using evaluation techniques like the analysis of recent transactions, comparative assets that are traded and discount of cash flows. The equity instruments, non-traded in an active market, that have been classified in the category financial instruments available-for-sale and the fair value of which cannot be determined in a reliable way, are evaluated at their acquisition cost.

On every balance sheet date, the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment.

For shares of companies that have been classified as financial assets available-for-sale, such an indication would be the significant or extended drop of fair value in relation to the acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is carried over to the results.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excluding borrowing costs) and packaging. The cost of raw materials and finished goods are determined based on the weighted average basis. Net realisable value for finished goods 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. The net realisable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow moving or obsolete inventories is made when necessary.

### **Trade receivables**

The receivables from clients are recorded initially at their fair value and later they are measured at un-amortised cost using the method of effective rate minus every estimate for a reduction in their value. In the event that the amortised value or the cost of the financial assets exceeds its current value, then the asset is measured in its recovered cost, namely the current value of the asset's future cash flows that is calculated on the basis of the initial actual interest rate. The relevant loss is carried over directly to the results. Impairment loss, i.e. when there is actual evidence that the Group is in no position to collect all of the amounts due pursuant to the contractual terms, is recorded in the Group's results.

### **Cash-in-hand and cash equivalents**

Cash-in-hand and cash equivalents include cash in the bank and at the cashier's office, as well as short-term investments of high liquidity instruments, such as money market products and bank deposits. Money market products are financial assets that are measured at fair value through the income statement. Cash equivalents include receivable cheques that are due three months after the period end date of the financial statements.

### **Non-current assets classified as held-for-sale**

Assets held-for-sale include the remaining assets (including goodwill), as well as tangible assets that the Group intends to sell within a year from their classification as "held-for-sale".

Assets classified as held-for-sale are measured either at their book value, immediately after their classification as held-for-sale, or at the fair value minus sales cost, whichever is lower. Assets classified as held-for-sale are not subject to amortisation. Profits or losses arising from the sale and re-evaluation of assets held-for-sale are recorded in the "other profits" and "other losses" line items respectively, in the financial statements for the relevant financial year.

At 31 December 2006, the Group classified its investments in Neurocom S.A. and Neurolingo Limited Partnership.

### **Share capital**

Expenses that were made for the issuance of shares are recorded following the subtraction of the relevant income tax minus the issue product. Expenses that are related to the issuance of shares for the acquisition of companies are included in the acquisition cost of the company acquired.

Treasury shares are presented at cost, including the price paid and any relevant expenses, as a separate component in equity. On the purchase, sale, issue or cancellation of the treasury shares, the relevant amounts and the result of each act / settlement are recognised directly in equity.

At 31 December 2008, the Group did not have any treasury shares.

### **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group's income statement over the period of the borrowings using the effective interest method.

Borrowing costs are recognised as expenses over the period of the borrowings.

### **Income tax and deferred tax**

The charge of the financial year with income taxes consists of the current taxes and deferred taxes, i.e. taxes or tax relief related to the economic benefits arising in the period but which have already been accounted for or will be accounted for by the tax authorities in other periods. The income tax is recorded in the financial year results account, other than any tax that refers to transactions recorded directly to equity, in which case it is recorded directly to equity accordingly.

The current income taxes include the short-term liabilities and/or receivables to the fiscal authorities that are related to the taxes payable on the taxable income of the financial year and any additional income taxes of previous financial years.

The current taxes are calculated in accordance to the tax rates and tax laws applied during the financial periods with which they are related, based on the taxable profit for the year. All of the changes in the short-term tax assets or liabilities are accounted for as part of the tax expenses in the results for the relevant financial year.

The deferred income tax is determined using the method of obligation arising in all of the provisional differences between the book value and the tax base of the assets and liabilities. Deferred income tax is not accounted for when it arises from the initial recording of an asset or liability in transaction, with the exception of company unification, which when the transaction was made did not affect either the book or the tax profit or loss.

The deferred tax receivables and liabilities are evaluated based on the tax rates expected to be applied during the period in which the liability or obligation will be settled, taking into account the tax rates (and tax laws) that are in effect or are essentially in effect until the date of the balance sheet. In the event that the precise reversal time of the provisional differences cannot be determined, the tax scale in force for the subsequent balance sheet date of the financial year is applied.

Deferred tax receivables are reflected to the extent that there will be future taxable profit for the use of the provisional difference generated by the deferred tax liability.

Deferred income tax is accounted for using the provisional differences arising from investments in subsidiaries and affiliated companies, except in the case where the reversal of the provisional differences is controlled by the Group and it is likely that the provisional differences will not be reversed in the foreseeable future.

The changes in the deferred tax receivables or liabilities are accounted for as a part of the tax expenses in the results for the relevant financial year. Only the changes in assets or liabilities temporarily affecting the differences are reflected directly in the Group's equity, such as a re-evaluation of real estate value, and which result in a relevant change in deferred tax receivables or liabilities being charged against the relevant account of the net position.

## **Personnel benefits**

**Short-term benefits:** Short-term benefits to employees (other than benefits for the termination of the labour relationship) in cash and in goods are recorded as an expense when they become payable. Any outstanding amount is recorded as a liability, while in the case where the amount already paid exceeds the amount of the benefits, the Company records the excess amount as its asset (prepaid expense) only to the extent that the prepayment will lead to the reduction of future payments or to a return.

**Benefits after exiting from service:** The Group has no benefit liabilities for personnel exiting from service, excluding those provided by labour legislation referring to compensation due to termination of employment or retirement.

Termination indemnities which are paid at or subsequent to termination of employment through a defined benefit plan are recognised in the period in which the obligation to provide post-employment benefit arises.

The liability relating to defined benefit plans, net of any assets related to the plan, is determined on the basis of actuarial assumptions and recorded on an accrual basis (i.e., in the period the employee earns the benefit). Valuation of this liability is conducted by independent actuaries.

The Group has elected not to adopt the "corridor method" provided for under IAS 19 and, consequently, actuarial gains or losses are recorded periodically in the income statement as financial income or personnel costs.

## **Subsidies**

The Group records state subsidies which satisfy the following criteria cumulatively: a) there is a presumed certainty that the Company has complied or will comply with the terms of the subsidy and b) it is likely that the amount of the subsidy will be collected. Such state subsidies are recorded at fair value and accounted for in a systematic way in the income, based on the principle of correlation of the subsidies with the respective costs that they subsidise.

Subsidies that involve assets are included in long-term liabilities as income of future financial years and are recorded systematically and reasonably in the income item throughout the useful life of the fixed asset.

## **Provisions**

Provisions are recorded when the Group has current legal or presumed liabilities as a result of past events, and their settlement is likely through the outflow of resources; also the estimation of the exact amount of the liability may be effected in a reliable way. The provisions are reviewed on the date of drafting of each balance sheet and adjusted in order to reflect the current value of the expenditure expected to be required for the settlement of the liability. Contingent liabilities are not recorded in the financial statements but they are disclosed, unless the likelihood of a resource outflow, which incorporates economic benefits, is minimal. Contingent receivables are not recorded in the financial statements but they are recognised when the inflow of economic benefits is likely.

Provisions for losses that have been created and refer to assets are subtracted from those items in the balance sheet.

Each year a re-evaluation of those provisions is made, regarding liabilities not being paid and the difference with respect to the provision of the previous financial year is carried over to the results.

## Earnings per share

Basic earnings per share are computed by dividing net income attributable to parent company shareholders by the weighted average number of common shares outstanding during each year, excluding the average number of common shares purchased by the Group as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

## Recognition of income and expenses

**Income:** The income includes the fair value of sales of goods, free from value-added tax, discounts and returns. Cross-company income within the Group is written-off entirely. The accounting of income is carried out as follows:

- Sales of goods: Sales of goods are recorded when the Group delivers the goods to the client and those are accepted and the payment of the price is reasonably guaranteed.
- Services rendered: The income from services rendered is accounted for in the period during which the services are provided, based on the completion phase of the provided service with respect to all the provided services.
- Income from interest: Income from interest is recorded based on the time ratio and by applying the actual interest rate method. When there is impairment of receivables, their book value is reduced at their recoverable amount, which is the current value of the expected cash flows discounted at the initial actual rate. Subsequently, the interest is calculated using the same interest rate on the reduced (new accounting) value.
- Dividends: Dividends are recorded as income, when the right for their collection is established.

**Expenses:** Expenses are recorded in the results when they become payable. Payments made for operational leases during lease time are carried over to the results as expenses. Expenses from interest are recorded when payable.

## Leases

Finance leases, which transfer to the Company or 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 property 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 to income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease period.

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 as an expense in the consolidated statement of income on the straight-line basis over the lease period.

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount is not recognised as income in the financial statements but, instead, it is deferred and amortised over the lease term.

If the fair value (sale proceeds) at the time of a sale and leaseback transaction is less than the carrying amount of an asset, no adjustment is made unless there has been impairment in value, in which case, the carrying amount is reduced to the recoverable amount.

## Distribution of dividends

The distribution of dividends to shareholders of the parent company is recorded as a liability in the financial statements on the date on which the distribution is approved by the general meeting of shareholders.

## **New standards and interpretations adopted by the European Union but not yet in force**

As required under IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the potential impact on the accounts of the application of new accounting standards and interpretations is discussed below.

## **Accounting Principles, amendments and interpretations issued but not yet in force**

*Applicable from 1 January 2009*

**IFRS 8 - Segment Information** (replacing IAS 14) - : Operating Segments. Requires a company to base the information disclosed in the reportable segments on the elements which the management uses to make its operating decisions and therefore requiring the identification of the operating segments on the basis of internal reporting which is regularly reviewed by the management for the allocation of resources to different segments and for the purpose of performance analysis. No significant impact on the Group is expected from the application of this standard.

**IAS 23 (Revised) Borrowing Costs:** The revised version of this standard no longer include the option in which a company may immediately record in the statement of income the borrowing costs incurred against assets in which a determined period would normally pass before the asset is ready for use or for sale. The standard will be applicable to borrowing costs relating to assets capitalised from 1 January 2009. No significant impact on the Group is predicted from the application of this standard.

**IAS 1 (Revised) Presentation of Financial Statements:** The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating the most appropriate presentation format.

**IFRS 2 Share based payments - Vesting Conditions and Cancellations:** This amendment to IFRS 2 Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

**IFRS 3 (Revised) Business combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements:** The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Revised) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

**Amendments to IAS 32 and IAS 1 Puttable Financial Instruments:** Amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the Group's financial statements.

## Risk management

The Group is exposed to various financial risks, including interest rate risk, credit risk, financial assets price risk and liquidity risk. The Group's policies for managing these risks aim at minimising the negative effects that these risks may have on its financial position and performance.

The risk of fluctuations in interest rate is minimal for the Group, because the Group does not have a significant amount of short-and long-term bank debt. In addition, the Group's management consistently monitors and evaluates not only any fluctuations in interest rates, but also the Group's financing needs.

The Group's credit risk is also limited, since the majority of the Group's revenues are derived from a small but credit-worthy group of clients. The Group's management monitors the financial situation of its main clients carefully in order to establish the optimal credit policy.

The Group's exposure to financial investments is limited. These investments bear financial assets price risk. For this reason the prices of the financial assets that are traded on a stock exchange are monitored on a daily basis.

The Group's liquidity ratios are satisfactory and its existing cash along with the flexibility provided by unused approved bank credit, maintain the Group's liquidity risk at lower levels.

## Hedging fair value

The Group does not have any hedging transactions that offset the risk of volatility in the fair value of a recognised financial asset.

### 1.1.2 Notes on the principal items in the consolidated balance sheet

#### 14.1.2.1 Property, plant and equipment

The following table sets forth a breakdown of the Group's property, plant and equipment as of 31 December 2006, 2007 and 2008:

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Computers .....	33	20	50
Other equipment .....	50	47	71
<b>Total</b> .....	<b>83</b>	<b>67</b>	<b>121</b>

<sup>1</sup> Consolidated financial statements

"Other equipment" primarily consists of the following items:

- (1) electronic office equipment; and
- (2) office furniture;

The following table sets out the "Historical cost", "accumulated depreciation" and "Net book value" of property, plant and equipment as of 31 December 2006, 2007 and 2008.

	As of 31 December								
	2006			2007			2008 <sup>1</sup>		
	Historical cost	Amort. reserve	Net book value	Historical cost	Amort. reserve	Net book value	Historical cost	Amort. reserve	Net book value
Computers .....	49	16	33	55	35	20	109	59	50
Other equipment .....	65	15	50	70	23	47	131	61	70
<b>Total .....</b>	<b>114</b>	<b>31</b>	<b>83</b>	<b>125</b>	<b>58</b>	<b>67</b>	<b>240</b>	<b>119</b>	<b>121</b>

<sup>1</sup> Consolidated financial statements

The following table shows the changes in property, plant and equipment as of 31 December 2006, 2007 and 2008.

(in thousands of euro)	Computers	Other assets	Total
<b>Net book value as of 1 January 2006</b> .....	21	6	<b>27</b>
Additions .....	56	32	<b>88</b>
Disposals .....	0	0	<b>0</b>
Depreciations .....	(18)	(13)	<b>(31)</b>
<b>Net book value as of 31 December 2006</b> .....	<b>58</b>	<b>25</b>	<b>83</b>
Additions .....	6	5	<b>11</b>
Disposals .....	0	0	<b>0</b>
Depreciations .....	(8)	(18)	<b>(26)</b>
<b>Net book value as of 31 December 2007</b> .....	<b>56</b>	<b>12</b>	<b>67</b>
Additions .....	53	69	<b>122</b>
Disposals .....	0	(27)	<b>(27)</b>
Depreciations .....	(26)	(15)	<b>(41)</b>
<b>Net book value as of 31 December 2008</b> <sup>1</sup> .....	<b>83</b>	<b>38</b>	<b>121</b>

<sup>1</sup> Consolidated financial statements

The increase for the year ended 31 December 2006 was primarily attributable to a significant amount of additions in both the "computers" and "other equipment" line items made in the previous year.

The change in property, plant and equipment for the year ended 31 December 2007 was primarily attributable to ordinary depreciation for the relevant period.

On the other hand, the net increase recorded during the course of the financial year 2008, equal to €54,000, in both categories of assets was attributable mostly to the purchase of new computers, other electronic devices and office furniture and secondly to the depreciation for the period 1 January 2008 to 31 December 2008.

#### 14.1.2.2 Other non-current assets

The following table sets forth a breakdown of the Group's other non-current assets as of 31 December 2006, 2007 and 2008.

(in thousands of euro)	As of 31 December		
	2006	2007	2008 <sup>1</sup>
Guarantees			
Electricity .....	1	1	1
Rent guarantees .....	5	5	8
<b>Other non-current assets</b> .....	<b>6</b>	<b>6</b>	<b>9</b>

<sup>1</sup> Consolidated financial statements

Rent guarantees relate to the lease of parking spaces at the Company's headquarters at Kifissias Avenue, 32 in Maroussi, Attica, Greece.

Electricity guarantees, which remained unchanged throughout the three-year period, relate to guarantees paid to the Public Power Corporation S.A.

#### 14.1.2.3 Deferred tax assets

The following table sets forth a breakdown of deferred tax assets as of and for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Potential losses on receivables.....	21	21	21
Financial leases fixed assets recognition.....	(1)	(3)	(5)
Development costs amortised for fiscal purposes	47	21	6
Valuation of termination indemnities (IAS 19).	5	5	10
Valuation under IAS 32 & 39.....	0	0	3
<b>Total deferred tax assets.....</b>	<b>72</b>	<b>44</b>	<b>35</b>

<sup>1</sup> Consolidated financial statements

#### 14.1.2.4 Inventories

Inventories as of 31 December 2006, 2007 and 2008 amounted to €2,000, €0 and €0, respectively. Inventories are recognised at the lower of the purchase cost and the estimated realisable value based on current market conditions. Inventories are presented at net realisable value.

Inventory at 31 December 2006 consisted of hardware (i.e. printers and screens) that were part of the agreement for the installation of software sold by the Company. The agreement was concluded in 2007.

#### 14.1.2.5 Trade receivables

The following table sets forth a breakdown of the Group's trade receivables as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Trade receivables .....	684	596	1,912
Allowance for doubtful accounts.....	(84)	(84)	(84)
<b>Trade receivables (net) .....</b>	<b>600</b>	<b>512</b>	<b>1,828</b>

<sup>1</sup> Consolidated financial statements

Receivables are recognised at their estimated realisable value.

The amount of allowance for doubtful accounts has been estimated by the Group's management based on historic data. It is noted however that strict monitoring of receivables and strict client acceptance procedures has resulted in no losses from trade receivables from 2006 to date.

#### 2007 compared to 2008

The increase in trade receivables was primarily attributable to an increase in the volume of business and to the conclusion of high-value projects which were invoiced in December 2008, with the normal 30 or 60 day credit policy expiring in 2009.

#### 2006 compared to 2007

The decrease in trade receivables reflected the decrease in revenue.

The following table sets forth an aging analysis of the Group's trade receivables as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>Total</b>	<b>Less than 30 days</b>	<b>31 - 60 days</b>	<b>Past due but not impaired : More than 60 days</b>		
				<b>61 - 90 days</b>	<b>90-120 days</b>	<b>More than 120 days</b>
As of 31 December 2006 .....	<b>684</b>	268	115	249	52	0
As of 31 December 2007 .....	<b>596</b>	215	109	35	20	217
As of 31 December 2008 .....	<b>1,912</b>	1,171	375	14	0	352

#### 14.1.2.6 Tax receivables

The following table sets forth the details of the Group's tax receivables as of 31 December 2006, 2007 and 2008.

<i>(In thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Tax advance .....	73	101	404

<sup>1</sup> Consolidated financial statements

The balance of 2008 reflects the tax advance for the year (80% on the income tax for 2008).

The balance of 2007 relates to an amount equal to €73,000 originating in 2006 and described below and a €28,000 tax advance in 2007.

The balance of 2006 relates to tax was withheld due to sales of services to Greek government organisations. The amount was returned to the Company in 2008 after due process (tax audit) was completed.

#### 14.1.2.7 Financial investments at fair value through profit and loss

Financial investments at fair value through profit and loss for the years 2008 and 2007 consist of 10,000 ordinary shares of Hatzioannou Holdings S.A., a company listed on the Athens Exchange. The table reflects the carrying value of the asset as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Hatzioannou Holdings S.A.....	0	16	4

<sup>1</sup> Consolidated financial statements

#### 14.1.2.8 Other current assets

The following table sets forth a breakdown of other current assets as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Advances to employees and contractors .....	24	12	78
Other short-term receivables .....	5	6	8
Advances to suppliers of services .....	0	0	16
Advances to subsidiaries .....	0	0	185
<b>Other current assets</b> .....	<b>29</b>	<b>18</b>	<b>287</b>

The amount of €185,000 relates mainly to advances given at the end of 2008 for the establishment of the subsidiary Rockberg Holding Ltd.

#### 14.1.2.9 Cash and cash equivalents

The following table sets forth a breakdown of cash and cash equivalents as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	As of 31 December		
	2006	2007	2008 <sup>1</sup>
Bank deposits on demand .....	46	214	545
Cash on hand .....	68	255	269
<b>Cash and cash equivalents</b> .....	<b>114</b>	<b>469</b>	<b>814</b>

<sup>1</sup> Consolidated financial statements

The increase in cash and cash equivalents was primarily attributable to cash flow from the Group's operating activities.

As of 31 December 2008, the Group had available but unused lines of credit equal to €850,000.

#### 14.1.2.10 Non-current assets held for sale

<i>(in thousands of euro)</i>	As of 31 December		
	2006	2007	2008 <sup>1</sup>
Neurocom S.A. ....	54	0	0
Neurolingo Limited Partnership .....	1	0	0
<b>Total</b> .....	<b>55</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Consolidated financial statements

Non-current assets held for sale as of 31 December 2006 relate to:

- Neurocom S.A., a company set up by Neurosoft (in which Neurosoft held a 90% stake) for the purpose of developing software for the telecommunications sector; and
- Neurolingo Limited Partnership in which Neurosoft had a 15% stake.

At the end of 2006, the Company sold the above-mentioned assets and classified them as held-for-sale.

On 31 December 2007, both of the above-mentioned participations were sold at book value.

#### 14.1.2.11 Share capital and reserves

As of 31 December 2008, the Company's share capital consisted of 2,000,000 ordinary shares, with a nominal value of €0.35 each, for a total value of €700,000, fully subscribed and paid-in.

As of 31 December 2006 and 2007, the Company's share capital consisted of 10,000 ordinary shares, with a nominal value of €37.00 each, for a total value of €370,000, fully subscribed and paid-in.

On 17 October 2008, the Company's share capital was increased by an amount equal to €330,000 pursuant to a resolution passed by the Company's general meeting of shareholders, through the capitalisation of undistributed profits (from 2004 to 2007) amounting to €328,010.61 and the payment of €1,989.39 in cash by the shareholders in proportion to each shareholder's ownership stake. It was also decided to reduce the par value of all of the Company's shares from €37 to €0.35 dividing the share capital into 2,000,000 shares with a par value of €0.35 each.

The following table sets forth changes in the Group's equity and reserves as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Profit/ (loss) brought forward</b>	<b>Special reserves</b>	<b>Total</b>
<b>As of 1 January 2006</b> .....	68	0	62	5	<b>135</b>
Share capital Increase .....	0	0	0	0	<b>0</b>
Allocation of prior year result and profit brought forward.....	0	(2)	(62)	0	<b>(64)</b>
	0	0	0	0	<b>0</b>
<b>As of 31 December 2006</b> .....	68	(2)	0	5	<b>71</b>
Allocation of year result .....	1	0	139	0	<b>140</b>
<b>As of 31 December 2007</b> .....	69	(2)	139	5	<b>211</b>
Share capital Increase .....	0	0	0	0	<b>0</b>
Allocation of prior year result and profit brought forward.....	7	0	(127)	0	<b>(120)</b>
	0	0	0	0	<b>0</b>
<b>Dividends</b> .....	0	(200)	0	0	<b>(200)</b>
<b>As of 31 December 2008</b> .....	76	(202)	12	5	<b>(109)</b>

#### *Minority shareholders' equity*

Minority shareholders' equity was generated from the consolidation of Neurosoft Romania S.R.L. incorporated on 23 June 2008, 95% of whose capital is held by Neurosoft S.A. As of 31 December 2008, the Group's minority shareholders' equity was negligible.

#### **Nature and purpose of other reserves**

##### *Legal reserve*

The legal reserve corresponds to the amount indicated in Neurosoft's financial statements.

##### *Other reserves*

The negative balance of other reserves reflects the accounting impacts of the transition to IFRS as of 1 January 2006, i.e. the decrease of profits carried forward due to the IFRS adjustments.

##### *Profit/(loss) brought forward*

This item includes retained profits from prior periods.

#### *14.1.2.12 Termination indemnities*

The following table shows movements in the termination indemnities as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
<b>Termination indemnity at the beginning of the year ...</b>	19	20	20
Benefits paid .....	(2)	(3)	(3)
Current service costs .....	3	5	6
Interest costs on benefit obligation .....	1	1	1
Net actuarial gain/(loss) recognised in the year .....	(1)	(3)	16
<b>Termination indemnity at the end of the year</b> .....	<b>20</b>	<b>20</b>	<b>40</b>

<sup>1</sup> Consolidated financial statements

The primary actuarial assumptions used in the calculation of the termination indemnity are as follows:

(in %)

	As of December		
	2006	2007	2008
Discount rate .....	5%	5%	5%
Inflation rate.....	3%	3%	3%
Future salary increases .....	6%	6%	6%
Estimated employee turnover .....	0%	0%	0%

Termination indemnities have the character of a deferred payment tied to the duration of the employment and the remuneration received during the period of service. In applying IAS 19, the way in which termination indemnities are calculated takes on the character of a "Defined benefit plan" the relevant obligation to recognise (Provision for Terminated Indemnities) is determined by an actuarial calculation, using the projected unit credit method. As permitted by IFRS 1 and IAS 19, Neurosoft opted, both at the time of first adoption of IFRS and during the subsequent financial years, to record in the statement of income all of the actuarial profit and losses as they arise.

The classification of employees is as follows:

	Number of employees as of 31 December		
	2006	2007	2008
<b>EMPLOYEES</b>			
Administration .....	3	3	4
Business and Technical Development .....	4	8	18
Sales .....	1	1	3
<b>Sub-total Employees</b> .....	<b>8</b>	<b>12</b>	<b>25</b>
<b>Contractors</b>			
Business and Technical Development .....	7	8	6
<b>TOTAL</b> .....	<b>15</b>	<b>20</b>	<b>31</b>

#### 14.1.2.13 Long-term debt and short-term borrowings

The following table provides information on financial debt outstanding as of 31 December 2006, 2007 and 2008.

	As of 31 December 2006	As of 31 December 2007	As of 31 December 2008 <sup>1</sup>
(in thousands of euro)			
Leasing .....	25	15	4
<b>Total long-term debt</b> .....	<b>25</b>	<b>15</b>	<b>4</b>
Leasing (short-term) .....	9	10	11
Short-term bank loans .....	116	133	53
<b>Total short-term borrowings</b> .....	<b>125</b>	<b>143</b>	<b>64</b>

<sup>1</sup> Consolidated financial statements

There are no loans supported by real guarantees.

#### 14.1.2.14 Provisions

The following table sets out a breakdown of provisions for the years ended 31 December 2006, 2007 and 2008.

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
(in thousands of euro)			
Provisions for unaudited* fiscal years.....	43	54	27

<sup>1</sup> Consolidated financial statements

\* Unaudited by the tax authorities

The provisions line item exclusively relates to fiscal years unaudited by the tax authorities. The need for provisions for future tax audits arises from the fact that the amount of income tax calculated on the basis of the tax return form and paid by the Company every fiscal year is considered temporary. It is finalised only after the fiscal year is audited by the tax authorities. It is not uncommon for this audit to take place with a delay of a few

years. Usually tax audit differences occur, from items the authorities consider non-deductible. By its nature, this provision is a rough estimate, based on the tax differences of recent tax audits.

#### 14.1.2.15 Trade payables

The following table sets forth a breakdown of trade payables as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Trade payables (open account).....	138	6	2
Trade payables (cheques).....	1	9	19
Others.....	0	0	3
<b>Trade payables - Total</b> .....	<b>139</b>	<b>15</b>	<b>24</b>

<sup>1</sup> Consolidated financial statements

Trade payables and other debts are not interest bearing.

Trade payables/cheques carry a 60-day payment period.

The balance of the "Others" line item equal to €3,000 relates to an amount received by the General Secretariat of Research and Technology in the context of project "Iatroleksi" where Neurosoft acted as coordinator. This amount was forwarded, in accordance with existing agreements, to the Computer Technology Foundation.

#### 2007 compared to 2006

The balance of trade payables on open account decreased dramatically in 2007 as the company ceased outsourcing telecommunication software development.

#### 14.1.2.16 Income tax payables

The following table sets forth the income tax payables to tax authorities as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Corporate income tax and tax advance.....	15	66	881
<b>Income tax payables</b> .....	<b>15</b>	<b>66</b>	<b>881</b>

<sup>1</sup> Consolidated financial statements

The increase of income tax payable, which includes tax advance calculated as a percentage of each year's income tax (80% for 2008, 65% for 2006 and 2007) follows the increase of profit.

#### 14.1.2.17 Other current liabilities

The following table sets forth a breakdown of other current liabilities as of 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>As of 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Social security contributions.....	15	18	50
Personnel salaries payables.....	0	2	9
Third-party fees payables.....	0	39	56
Other creditors.....	2	1	0
VAT and taxes withheld.....	68	71	270
Advances from trade debtors.....	0	0	3
Accrued expenses.....	0	0	9
<b>Other current liabilities</b> .....	<b>85</b>	<b>131</b>	<b>397</b>

<sup>1</sup> Consolidated financial statements

The "Social security contributions" line item comprises amounts due for social security. These amounts increased significantly in 2008 in proportion with the increase of the number of employees.

Third-party fees payable increased primarily as a result of the increased use of contractor's services.

The item "Accrued expense" comprises amounts for costs attributable in 2008 to Gaeknar Ltd relating primarily to accounting and legal fees.

### 1.1.3 Notes on the principal items in the consolidated statement of income for the years ended 31 December 2008, 2007 and 2006

#### 14.1.3.1 Revenue from sales and services

The following table sets forth a breakdown of revenue for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>For year ended 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
Revenue from sales and services .....	1,859	1,773	3,728

<sup>1</sup> Consolidated financial statements

Revenue per business areas is as follows:

<i>(in thousands of euro)</i>	<b>For year ended 31 December</b>					
	<b>2006</b>	<b>% of Revenues</b>	<b>2007</b>	<b>% of Revenues</b>	<b>2008</b>	<b>% of Revenues</b>
Business Intelligence .....	1,346	72.4	704	39.7	755	20.3
Custom .....	222	11.9	242	13.6	27	0.7
Core Factoring .....	47	2.5	107	6.0	196	5.3
Sports Betting & Gaming Analytics .....	244	13.1	720	40.6	2,750	73.8
<b>Total</b> .....	<b>1,859</b>	<b>100</b>	<b>1,773</b>	<b>100</b>	<b>3,728</b>	<b>100</b>

<sup>1</sup> Consolidated financial statements

	<b>Year ended 31 December</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Year to Year Variation (%)</b>			
Business Intelligence .....	n.a.	(47.7)%	7.2%
Custom .....	n.a.	9.0%	(88.8)%
Core Factoring .....	n.a.	127.7%	83.2%
Sport Betting & Gaming Analytics .....	n.a.	195.1%	281.9%
<b>Total</b> .....	<b>n.a.</b>	<b>(4.6)%</b>	<b>110.3%</b>

The "Custom" line item primarily relates to maintenance services related to products designed by the Company, which are no longer available for commercial exploitation and are considered obsolete.

The Company's activities principally consist of the supply of services to a wide cross-industry range of large organisations, as well as major government institutions. Services sold consist primarily of Sports Betting & Gaming Analytics software products and Business Intelligence systems. Companies like OPAP S.A. and Lottomatica S.p.A. from the Lotteries/Sport Betting sector, EFG Eurobank, Piraeus Bank and Athens Exchange from the Banking/Financial sector and Ministry of Mercantile Marine in the Public sector are some representative customers.

In 2008, revenue from sales and service increased by 110% compared to 2007, which was primarily attributable to the launch of the Group's BOLT application and its sale to OPAP S.A. and Lottomatica S.P.A.

In 2008, the subsidiaries of Neurosoft, which were established in 2008, did not generate any revenue.

In 2007, revenue suffered a slight decrease of 4.6% compared to 2006.

### 14.1.3.2 Costs of services

The following table sets forth a breakdown of costs of services for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	Year ended 31 December					
	2006	% of Revenues	2007	% of Revenues	2008 <sup>1</sup>	% of Revenues
Cost of stock sold.....	52	2.8	35	2.0	0	0.0
Cost of personnel.....	301	16.2	290	16.7	526	14.1
Cost of contractors.....	821	44.2	661	37.3	343	9.2
Rents.....	49	2.6	58	3.3	93	2.5
Maintenance.....	6	0.3	6	0.3	20	0.5
Other costs.....	36	1.9	55	3.1	42	1.2
Travel expenses.....	37	1.9	40	2.3	64	1.7
Telecommunications.....	6	0.3	11	0.6	5	0.1
Participation in EU funded projects.....	7	0.4	77	4.4	33	0.9
Depreciation.....	10	0.5	15	0.9	6	0.2
<b>Total.....</b>	<b>1,325</b>	<b>71.3</b>	<b>1,248</b>	<b>70.4</b>	<b>1,132</b>	<b>30.4</b>

<sup>1</sup> Consolidated financial statements

From 2006 to 2008, the Group's cost of services decreased each year, which was primarily attributable to the decrease in the combined cost of personnel and contractors, which form the most significant part of the Group's cost of services. Cost of personnel and cost of contractors should be viewed as one component of cost. An important number of contractors were software engineers who, from a legal standpoint, were not deemed to be employees. From a non-legal standpoint, they were considered part of the Group's staff since they worked for the Group continuously, rather than on a project-by-project basis. This means that when a specific project was completed they were redirected to other projects, and cooperation with them was not terminated. In 2008, however, the Company hired most of the contractor's as employees, which is the primary reason for the decrease in the cost of contractors each year and the increase in the cost of employees. Research and development is carried out by both employees and contractors and amounted to €49,452.43 for 2006 (2.66% of the Company's revenues in 2006), €56,270.67 for 2007 (3.17% of the Company's revenues in 2007) and €151,105.32 for 2008 (4.05% of the Company's revenues in 2008).

### Cost of stock sold

The following table sets forth a breakdown of Cost of stock sold for the years ended 31 December 2006, 2007 and 2008:

<i>(in thousands of euro)</i>	Year ended 31 December					
	2006	% of Revenues	2007	% of Revenues	2008 <sup>1</sup>	% of Revenues
Changes in inventory.....	(2)	(0.1)	2	0.1	0	0.0
Purchases.....	54	2.9	33	1.9	0	0.0
<b>Total cost.....</b>	<b>52</b>	<b>2.8</b>	<b>35</b>	<b>2.0</b>	<b>0</b>	<b>0.0</b>

<sup>1</sup> Consolidated financial statements

Inventories relate to hardware (i.e. printers and screens) that were part of the agreement for the installation of software sold by the Company. The agreement was concluded in 2007.

### 14.1.3.3 Administration costs

The following table sets forth a breakdown of administration costs for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	Year ended 31 December					
	2006	% of Revenues	2007	% of Revenues	2008 <sup>1</sup>	% of Revenues
Cost of personnel.....	23	1.2	19	1.1	112	3.0
Third party fees.....	126	6.8	60	3.4	76	2.0
Rents.....	7	0.4	8	0.5	26	0.7
Maintenance.....	1	0.1	1	0.1	5	0.1
Other costs.....	14	0.8	24	1.4	59	1.5
Telecommunications.....	2	0.1	3	0.2	6	0.2

**Year ended 31 December**

<i>(in thousands of euro)</i>	<b>2006</b>	<b>% of Revenues</b>	<b>2007</b>	<b>% of Revenues</b>	<b>2008<sup>1</sup></b>	<b>% of Revenues</b>
Taxes .....	0	0.0	1	0.1	4	0.1
Subscription .....	3	0.2	1	0.1	2	0.1
Writing & printing material .....	4	0.2	2	0.1	14	0.4
Publishing expenses .....	2	0.1	2	0.1	10	0.3
Transport cost .....	2	0.1	1	0.1	7	0.2
Accounting fees .....	3	0.2	7	0.4	35	0.1
Depreciation .....	9	0.5	11	0.6	33	0.1
<b>Total .....</b>	<b>196</b>	<b>10.5</b>	<b>140</b>	<b>7.9</b>	<b>389</b>	<b>10.4</b>

<sup>1</sup> Consolidated financial statements

Administration costs increased in 2008, which was primarily attributable to Neurosoft's increased revenue and expansion through the establishment of subsidiaries.

**14.1.3.4 Distribution and sales costs**

The following table sets forth a breakdown of distribution and sales costs for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>2006</b>	<b>% of Revenues</b>	<b>2007</b>	<b>% of Revenues</b>	<b>2008<sup>1</sup></b>	<b>% of Revenues</b>
Cost of personnel .....	24	1.3	21	1.2	69	1.8
Third-party fees .....	84	4.5	44	2.5	53	1.4
Telecommunications .....	9	0.5	13	0.7	25	0.7
Other costs .....	5	0.2	1	0.1	12	0.3
<b>Total cost .....</b>	<b>122</b>	<b>6.6</b>	<b>79</b>	<b>4.5</b>	<b>159</b>	<b>4.3</b>

<sup>1</sup> Consolidated financial statements

Distribution and sales costs increased in 2008 as a result of the restructuring of the Business and Technical Development unit and management's decision to focus more intensively on the commercial exploitation of its products and their development.

**14.1.3.5 Personnel costs**

The following table sets forth a breakdown of personnel costs by function for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>2006</b>	<b>% of Revenues</b>	<b>2007</b>	<b>% of Revenues</b>	<b>2008<sup>1</sup></b>	<b>% of Revenues</b>
Cost of services .....	301	16.2	290	16.4	526	14.1
Administration cost .....	23	1.2	19	1.1	112	3.0
Sales and distribution .....	24	1.3	21	1.2	69	1.8
<b>Total cost .....</b>	<b>348</b>	<b>18.7</b>	<b>330</b>	<b>18.6</b>	<b>707</b>	<b>19.0</b>

<sup>1</sup> Consolidated financial statements

The following table sets forth a breakdown of personnel costs by nature for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	<b>2006</b>	<b>% of Revenues</b>	<b>2007</b>	<b>% of Revenues</b>	<b>2008<sup>1</sup></b>	<b>% of Revenues</b>
Salaries and wages .....	269	14.5	258	14.6	546	14.6
Social security costs .....	75	4.0	72	4.0	140	3.8
Other personnel costs .....	4	0.2	0	0.0	1	0.1
<b>Total .....</b>	<b>348</b>	<b>18.7</b>	<b>330</b>	<b>18.6</b>	<b>687</b>	<b>18.5</b>
Termination Indemnities .....	0	0.0	0	0.0	20	0.6
<b>Total cost .....</b>	<b>348</b>	<b>18.7</b>	<b>330</b>	<b>18.6</b>	<b>707</b>	<b>19.1</b>

<sup>1</sup> Consolidated financial statements

The significant increase of personnel cost in 2008 was primarily attributable to the increase in sales, which created the need to hire additional personnel, as well as to the change in Neurosoft's personnel policy, which resulted in the hiring as employees of personnel who previously worked as contractors to the Company.

*Neurosoft Group personnel:*

	Number of employees as of 31 December		
	2006	2007	2008
<b>EMPLOYEES</b>			
Administration .....	3	3	4
Business and Technical Development .....	4	8	18
Sales .....	1	1	3
<b>Sub-total Employees</b> .....	<b>8</b>	<b>12</b>	<b>25</b>
<b>Contractors</b>			
Business and Technical Development .....	7	8	6
<b>TOTAL</b> .....	<b>15</b>	<b>20</b>	<b>31</b>

*Depreciation of assets*

The following table sets out the breakdown of depreciation in property, plant and equipment for the years ended 31 December 2006, 2007 and 2008.

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Depreciation (cost of services) .....	10	15	6
Depreciation (administration costs) .....	9	11	33
<b>Total depreciation of property, plant and equipment</b> .....	<b>19</b>	<b>26</b>	<b>39</b>

<sup>1</sup> Consolidated financial statements

The increase of depreciation in 2008 compared to 2007 was due to the purchase of computers and other equipment.

*14.1.3.8 Financial income*

The following table sets forth a breakdown of financial income for the years ended 31 December 2006, 2007 and 2008.

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Interest on bank accounts and other income.....	0	0	0
Investment income.....	0	7	0

<sup>1</sup> Consolidated financial statements

Income for years 2006, 2007 and 2008 from interest received from bank deposits is negligible.

Investment income for the year ended 31 December 2007 relates primarily to the distribution of profits of Neurolingo Limited Partnership, in which Neurosoft owned a 15% stake in 2006 until 31 December 2007.

*14.1.3.9 Financial expenses*

The following table sets forth a breakdown of financial expenses for the years ended 31 December 2006, 2007 and 2008.

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Bank loans and overdrafts interest .....	8	12	4
Interest and commissions to banks .....	3	5	10
Other financial expenses .....	1	2	4
Interest on long term leasing loans.....	1	2	2
<b>Total</b> .....	<b>13</b>	<b>21</b>	<b>20</b>

<sup>1</sup> Consolidated financial statements

Financial expenses primarily consist of interest paid on short-term bank loans during the year and to commissions paid to banks, primarily related to letters of guarantee.

In 2008, interest on loans decreased as the Company reduced its bank debt and commissions to banks increased as letters of guarantee also increased.

#### 14.1.3.10 Investment valuation loss

The following table sets forth a breakdown of investment valuation loss for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
Value at 1 January .....	0	17	16
Valuation at price of stock 31 December .....	0	16	4
<b>Loss</b> .....	0	(1)	(12)

<sup>1</sup> Consolidated financial statements

#### 14.1.3.11 Income taxes

The following table sets forth a breakdown of income taxes for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
Income tax .....	9	44	505
Provisions for income tax from future tax audit .....	11	11	27
<b>Current tax</b> .....	<b>20</b>	<b>55</b>	<b>532</b>
Deferred tax assets.....	43	28	9
<b>Total income taxes</b> .....	<b>63</b>	<b>83</b>	<b>541</b>

<sup>1</sup> Consolidated financial statements

Current tax includes corporate income tax payable for the period.

In addition to the amounts recorded in the financial statements of the Issuer and the other consolidated entities for the period, deferred tax also relates to consolidation items, where applicable, including adjustments related to restatements from Greek Accounting Principles to IFRS.

The following table provides a reconciliation between the tax charge reported in the consolidated financial statements and the theoretical tax charge based on the nominal rate of corporate tax applicable to the Issuer for the years ended 31 December 2006, 2007 and 2008.

<i>(in thousands of euro)</i>	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
Income before income taxes.....	203	290	2.016
Tax income rate applicable for the period .....	29%	25%	25%
Theoretical tax charge .....	59	72	504
Provisions for income tax from future tax audit .....	11	11	27
Other non-deductible items.....	5	0	10
Change in rate of deferred income taxes .....	(12)	0	0
<b>Total tax charge in Income Statement</b> .....	<b>63</b>	<b>83</b>	<b>541</b>
Effective tax rate .....	31.1%	28.5%	26.8%

<sup>1</sup> Consolidated financial statements

The nominal tax rate for the parent company was 29% for 2006 and 25% for the years 2007 and 2008.

Income tax was equal to €541,000 for the year ended 31 December 2008 compared with €83,000 for year ended 31 December 2007, increased by €458,000. The increase in income tax is as a result of the increase in the Group's profit.

The following table sets forth a breakdown of deferred tax assets as of and for the years ended 31 December 2006, 2007 and 2008.

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Financial leases fixed assets recognition .....	1	2	2
Development costs amortised for fiscal purposes .....	42	26	15
Valuation of termination indemnities (IAS 19) .....	0	0	(5)
Valuation under IAS 32 & 39 .....	0	0	(3)
<b>Total deferred tax assets .....</b>	<b>43</b>	<b>28</b>	<b>9</b>

<sup>1</sup> Consolidated financial statements

The following tables show movements in and composition of the Group's contingency provisions as of 31 December 2006, 2007 and 2008.

	Provision for open tax years
As of January 2006	32
<b>Accruals</b> .....	<b>11</b>
Utilisations .....	0
Reversals and unutilised provisions .....	0
As of 31 December 2006 .....	43
<b>Accruals</b> .....	<b>11</b>
Utilisations .....	0
Reversals and unutilised provisions .....	0
As of 31 December 2007 .....	54
<b>Accruals</b> .....	<b>27</b>
Utilisations .....	54
Reversals and unutilised provisions .....	0
As of 31 December 2008 .....	27

The need for provisions for future tax audits arises from the fact that the amount of income tax, calculated on the basis of the tax return form and paid by the Company every fiscal year, is considered temporary. It is finalised only after the fiscal year is audited by the tax authorities. It is not uncommon for this audit to take place with a delay of a few years. Usually tax audit differences occur, from items the authorities consider non-deductible. By its nature, this provision is a rough estimate, based on the tax differences of recent tax audits.

#### 1.1.4 Additional information

##### 14.1.4.1 Earnings per share

Earnings per share are calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares in circulation during the period. Diluted earnings per share is equivalent to base earnings per share as there is no convertible debt or other financial instrument outstanding which would have a potentially dilutive effect. The following table shows income attributable to the Group and the share data used to calculate earnings per share:

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Income attributable to the Group .....	140	208	1,475

<sup>1</sup> Consolidated financial statements

	Year ended 31 December		
	2006	2007	2008 <sup>1</sup>
<i>(in thousands of euro)</i>			
Number of ordinary shares outstanding at beginning of period ..	10,000	10,000	10,000
Capital increase* .....	0	0	1,990,000
Number of ordinary shares outstanding at end of period .....	10,000	10,000	2,000,000
Number of shares adjusted for comparability purposes* .....	1,057,143	1,057,143	2,000,000
<b>Weighted average number of ordinary shares used to calculate basic and diluted earnings per share .....</b>	<b>1,057,143</b>	<b>1,057,143</b>	<b>2,000,000</b>
<b>Earnings per share - basic and diluted (in euro) .....</b>	<b>0.1325</b>	<b>0.1963</b>	<b>0.7377</b>

\* The capital increase was effected through capitalisation of profit carried forward and the number of shares increased through the decrease of the nominal value of each share from €37 to €0.35.

For the purpose of being comparable, the number of shares for 2006 and 2007 has been converted to become equivalent to the respective number of shares for year 2008.

### **Segment information**

The Group's primary segment reporting is categorised by business activity because the risks and profitability of the company is mainly affected by the type of the product and services offered. Each segment represents a different business area of activity: (i) Business Intelligence, (ii) Core Factoring, (iii) Sports Betting & Gaming Analytics and (iv) "Customs" (which includes mainly revenues derived by maintenance services related to products designed by the Company, that are no longer available for commercial exploitation and are considered obsolete).

#### *Business Intelligence:*

Business Intelligence is defined as the provision of "concepts, methods and tools to improve business decision making". In order to assist its clients with their business intelligence needs, Neurosoft develops, markets and supports an integrated line of statistical software products which enable its clients to effectively bring marketplace and enterprise data together to bear on their decision-making.

#### *Core Factoring:*

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.

#### *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 minimise payout and, by default, maximise revenues.

#### *Operating segments*

The following table provides certain income statement information in connection with each of the Company's business segments for the years ended 31 December 2006, 2007 and 2008.

	<b>Year ended 31 December 2006</b>				
	<b>BI</b>	<b>Custom</b>	<b>Core Factoring</b>	<b>Sports Betting &amp; Gaming Analytics</b>	<b>Total</b>
<i>(in thousands of euro)</i>					
<b>Total revenue</b> .....	<b>1,346</b>	<b>222</b>	<b>47</b>	<b>244</b>	<b>1,859</b>
Operating costs.....	(1,190)	(196)	(41)	(216)	(1,643)
Segment operating profit .....	156	26	6	28	216
	<b>Year ended 31 December 2007</b>				
	<b>BI</b>	<b>Custom</b>	<b>Core Factoring</b>	<b>Sports Betting &amp; Gaming Analytics</b>	<b>Total</b>
<i>(in thousands of euro)</i>					
<b>Total revenue</b> .....	<b>704</b>	<b>242</b>	<b>107</b>	<b>720</b>	<b>1,773</b>
Operating costs.....	(681)	(102)	(88)	(596)	(1,467)
Segment operating profit .....	23	140	18	124	306

Year ended 31 December 2008

<i>(in thousands of euro)</i>	<b>BI</b>	<b>Custom</b>	<b>Core Factoring</b>	<b>Sports Betting &amp; Gaming Analytics</b>	<b>Consolidated</b>
<b>Total revenue</b> .....	755	27	196	2,750	3,728
Operating costs.....	(340)	(12)	(88)	(1,240)	(1,680)
Segment operating profit .....	415	15	108	1,510	2,048