



**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2016
(JANUARY 1 – JUNE 30, 2016)
OF NEUROSOFT SOFTWARE PRODUCTION S.A.
AND ITS SUBSIDIARIES**

**IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS
(AS ENDORSED BY THE EUROPEAN UNION)**

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**BOARD OF DIRECTORS' REPORT ON THE SEMI-ANNUAL FINANCIAL STATEMENTS
Of "Neurosoft S.A."**

Regarding the interim condensed consolidated Financial Statements
For the six month period ended June 30, 2016

This Semi - Annual Board of Directors' Report, which follows, (hereinafter referred for brevity as the "Report" or "Semi Annual Report"), refers to the six month period (01.01.2016-30.06.2016), and was prepared in accordance with the relevant provisions of Law 3556/2007 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 S.A. COMPANY of SOFTWARE PRODUCTION» (hereafter referred to as the "Company" or «NEUROSOFT») and the NEUROSOFT Group of companies, in which are included apart from the Company the following affiliated companies :

- 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.

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, 2014, 2015 and the 1st half of 2016 remained inactive.

This report accompanies the unaudited interim condensed consolidated financial statements for the six month period ended at June 30, 2016 (01.01.2016-30.06.2016) 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 companies. The report along with the financial statements and other information and statements required by law are included in the Semi Annual Financial Report for the six month period 01.01.2016-30.06.2016.

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

SECTION A

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 strengthen its competitiveness through the entrance in new markets.

The usual financial and other risk exposures of the Company and the risks which may be encountered during the course of the second half of 2016 (01.07.2016-31.12.2016) 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:

		30 June 2016	
		Interest rates volatility	Effect on Comprehensive Income Statement
Euro		1.0%	(10.122)
		(1.0%)	10.122

		30 June 2015	
		Interest rates volatility	Effect on Comprehensive Income Statement
Euro		1.0%	(10,986)
		(1.0%)	10,986

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 June 30, 2016 and 2015 respectively.

Period ended June 30, 2016	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	62,070	62,070	496,560	280,739	901,439
Trade and other payables	830,829	104,260	104,260	236,655	-	1,276,004
Total	830,829	166,330	166,330	733,215	280,739	2,177,443

Period ended June 30, 2015	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
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Borrowings	-	475,842	475,842	-	-	951,684
Trade and other payables	1,110,779	836,674	382,053	-	-	2,329,506
Total	1,110,779	1,312,516	857,895	-	-	3,281,190

SECTION B

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:

- Transactions between the Company and any related party incurred during the 1st half of 2016 (01.01.2016-30.06.2016) and that have materially affected the financial situation or performance of the Company during this period.
- 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 the first half of 2016.

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

- The amount of such transactions for the first half of 2016 (01.01.2016-30.06.2016)
- The outstanding balance at the end of the first half of 2016 (30.06.2016)
- The nature of the related party relationship with the Company and
- 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:

- «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a 100% stake,
- “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	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
Total	-	-

Intercompany purchases	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD		22,500
Total	-	22,500

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

Intercompany balances (receivables)	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	126,000	126,000
Total	478,500	478,500

Intercompany balances (payables)	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	800	-
Total	800	-

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the six month period ended on June 30, 2016 are as follows:

	30.06.2016
Remuneration of members of the board	56,490
Executives and management members remuneration	169,248

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 C

FURTHER INFORMATION

- 1.1 Regarding any subsequent events, as of the day of the drafting of this report, please see at note 18 below.
- 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 companies included in the consolidation, relative analysis is presented in Section G of this Report.

All the unaudited condensed consolidated financial accounts will be available via the company's site www.neurosoft.gr

**UNAUDITED INTERIM
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the period ended
June 30, 2016

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		01.01- 30.06.2016	01.01- 30.06.2015	01.01- 30.06.2016	01.01- 30.06.2015
Revenues		4.877.902	6.280.193	4.840.716	6.265.507
Cost of services	6	(2.960.131)	(3.339.237)	(2.948.481)	(3.335.087)
Gross profit		1.917.771	2.940.957	1.892.235	2.930.421
Selling and distribution expenses	6	(291.919)	(291.976)	(263.155)	(283.976)
Administrative expenses	6	(466.436)	(467.089)	(466.436)	(461.326)
Other income		54.189	3.289	54.189	3.289
Financial income	5	1.535	1.260	1.535	1.260
Financial costs	5	(34.495)	(56.296)	(34.095)	(55.896)
Profit before income taxes		1.180.644	2.130.145	1.184.271	2.133.772
Income taxes	7	(429.794)	(134.417)	(429.794)	(134.417)
Net Profit (A)		750.850	1.995.728	754.478	1.999.355
Other total comprehensive income after tax (B)		-	-	-	-
Total comprehensive income after tax (A)+(B)		-	-	-	-
Profit attributable to:		750.850	1.995.728	754.478	1.999.355
Equity holders of the parent		750.850	1.995.728	754.478	1.999.355
Non-controlling interests		-	-	-	-
		750.850	1.995.728	754.478	1.999.355
		-	-	-	-
Total weighted average number of ordinary shares		25.584.594	25.584.594	25.584.594	25.584.594
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share		25.584.594	25.584.594	25.584.594	25.584.594
Income per share (basic and diluted)		0,0293	0,0780	0,0295	0,0781

The accompanying notes are an integral part of the Financial Statements

INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.2016	31.12.2015	30.06.2016	31.12.2015
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	570.837	554.940	570.837	554.940
Intangible assets	10	1.803.423	1.551.375	1.711.078	1.430.268
Investments in subsidiaries		37.000	37.000	850.500	850.500
Other non-current assets		88.355	88.285	88.355	88.285
Total Non-Current Assets		2.499.614	2.231.600	3.272.622	2.975.845
Current Assets					
Inventories		610.696	549.732	610.696	549.732
Trade accounts receivable	11	3.055.205	2.886.950	3.024.805	2.856.550
Prepayments and other receivables	11	843.495	1.111.531	826.163	1.095.189
Cash and cash equivalents	12	3.883.232	3.960.210	3.872.134	3.947.409
Total Current Assets		8.392.628	8.508.423	8.484.548	8.599.630
TOTAL ASSETS		10.892.242	10.740.024	11.757.170	11.575.475
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	13	8.954.608	8.954.608	8.954.608	8.954.608
Share premium		600.000	600.000	600.000	600.000
Other reserves		196.067	196.067	226.169	208.391
Retained earnings		(1.762.120)	(2.512.970)	(904.774)	(1.641.474)
Total equity		7.988.555	7.237.705	8.876.003	8.121.525
Minority interests		-	-	-	-
Total equity		7.988.555	7.237.705	8.876.003	8.121.525
Non-Current Liabilities					
Reserve for staff retirement indemnities	23	217.438	212.863	217.438	212.863
Deferred tax liability		115.550	29.201	115.550	29.201
Total Non-Current Liabilities		332.988	242.064	332.988	242.064
Current Liabilities					
Trade accounts payable	14	940.874	1.661.692	929.355	1.640.109
Short-term borrowings		901.440	987.969	901.440	987.969
Income tax payable		393.255	48.811	393.255	48.811
Accrued and other current liabilities	15	335.130	561.784	324.130	534.998
Total Current Liabilities		2.570.699	3.260.255	2.548.179	3.211.886
Total Liabilities		2.903.687	3.502.319	2.881.167	3.453.950
TOTAL LIABILITIES AND EQUITY		10.892.242	10.740.024	11.757.170	11.575.474

The accompanying notes are an integral part of the Financial Statements

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2015	8.954.608	600.000	196.067	(4.483.772)	5.266.904	-	5.266.904
Total operating income after tax	-	-	-	1.995.728	1.995.728	-	1.995.728
Total Equity as at 30 Jun 2015	8.954.608	600.000	196.067	(2.488.043)	7.262.632	-	7.262.632
Total Equity as at 1 Jan 2016	8.954.608	600.000	196.067	(2.512.970)	7.237.705	-	7.237.705
Total operating income after tax	-	-	-	750.850	750.850	-	750.850
Total Equity as at 30 Jun 2016	8.954.608	600.000	196.067	(1.762.120)	7.988.555	-	7.988.555

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2015	8.954.608	600.000	208.391	(3.644.580)	6.118.419
Total operating income after tax	-	-	-	1.999.355	1.999.355
Total Equity as at 30 Jun 2015	8.954.608	600.000	208.391	(1.645.225)	8.117.774
Total Equity as at 1 Jan 2016	8.954.608	600.000	208.391	(1.641.474)	8.121.525
Total operating income after tax	-	-	-	754.478	754.478
Total Equity as at 30 Jun 2016	8.954.608	600.000	208.391	(886.996)	8.876.003

The accompanying notes are an integral part of the Financial Statements

INTERIM CASH FLOW STATEMENT

	Group		Company	
	01.01- 30.06.2016	01.01- 30.06.2015	01.01- 30.06.2016	01.01- 30.06.2015
Cash flows from Operating Activities				
Profit before income taxes	1.180.644	2.130.145	1.184.271	2.133.772
Adjustments for:				
Depreciation and amortisation	229.864	189.523	229.864	178.129
Other Provisions	9.823	9.345	9.823	9.345
Financial (income)/expenses	32.960	55.036	32.560	54.636
Operating profit before working capital changes	1.453.291	2.384.049	1.456.519	2.375.882
(Increase)/Decrease in:				
Inventories	(60.964)	(294.194)	(60.964)	(294.194)
Trade accounts receivables	(159.966)	(2.502.337)	(199.225)	(2.489.945)
Prepayments and other receivables	268.036	704.731	269.026	702.386
Trade accounts payable	(720.818)	83.214	(710.754)	83.214
Accrued and other current liabilities	(226.653)	96.262	(210.868)	91.697
Interest paid	(34.495)	(56.296)	(34.095)	(56.530)
Payment for staff indemnity	(5.248)	-	5.248	-
Other long term liabilities	(70)	(62.893)	(70)	(62.893)
Net cash from Operating Activities	513.112	352.536	514.815	349.616
Cash flows from Investing Activities				
Capital expenditure for property, plant and equipment	(505.096)	(420.339)	(505.096)	(420.339)
Interest and related income received	1.535	1.260	1.535	1.260
Net cash used in Investing Activities	(503.561)	(419.079)	(503.561)	(419.079)
Cash flow from financing activities				
Net change in short-term borrowings	(86.529)	35.468	(86.529)	35.468
Net cash from Financing Activities	(86.529)	35.468	(86.529)	35.468
Net increase (decrease) in cash and cash equivalents	(76.978)	(31.075)	(75.275)	(33.995)
Cash and cash equivalents at the beginning of the year	3.960.210	2.389.308	3.947.409	2.388.956
Cash and cash equivalents at the end of the year	3.883.232	2.358.234	3.872.134	2.354.961

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**1. CORPORATE INFORMATION:**

Neurosoft Software Production S.A (the Company) is a société anonyme incorporated and domiciled in Greece, based 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 following an 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 five core business areas: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) Field Services, (iv) Network and (v) Security, 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 June 30, 2016, amounted to 98. At December 31, 2015, the respective number of employees was 96 for the Group and the Company.

Information on the Subsidiaries:Neurosoft Cyprus Ltd

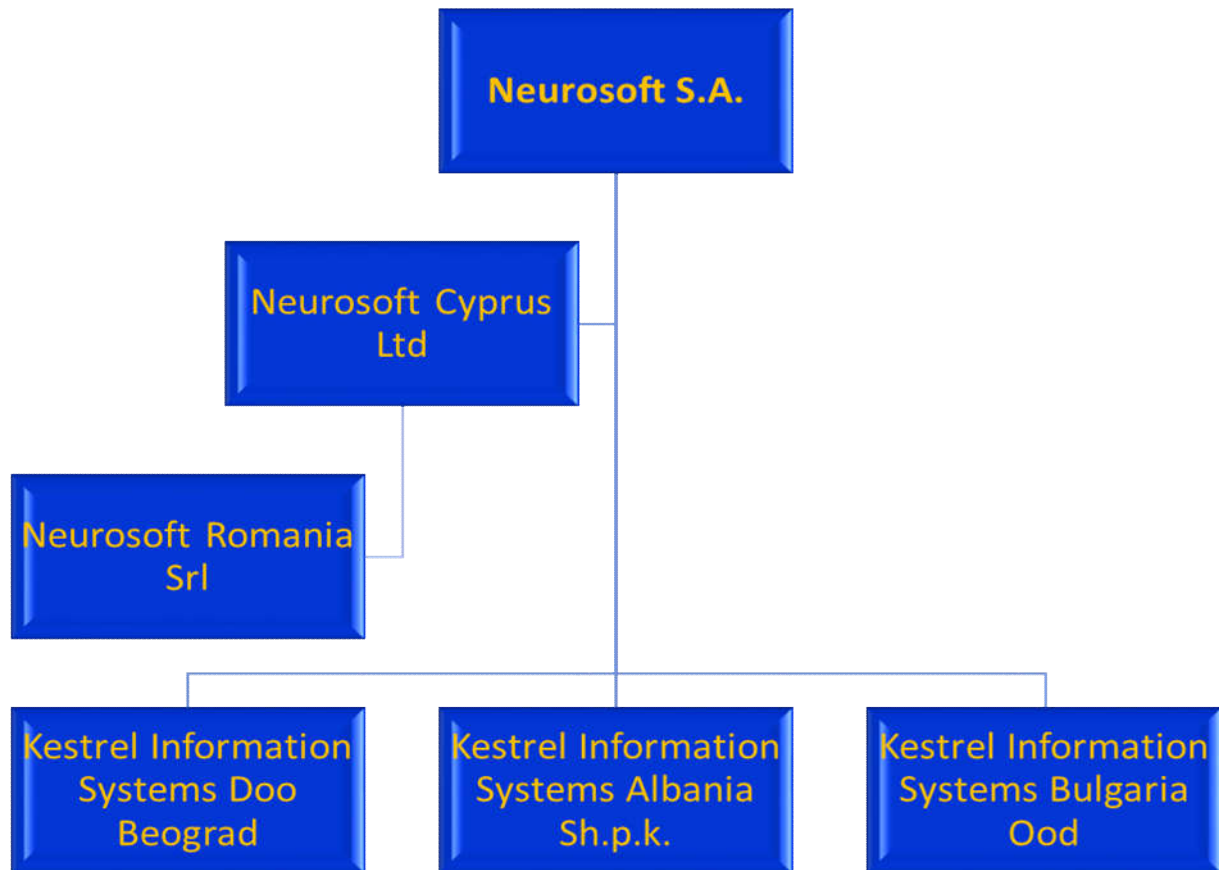
On February 2, 2009, the Company established "Rockberg Holdings Ltd" as a limited liability company under the laws of Cyprus. "Rockberg Holdings Ltd" owns the intellectual property rights related to the use and commercial exploitation of the website: "http://betonews.com/", which provides statistical 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 Srl", a software company which is based in Bucharest and is expected to service the market needs for "Neurosoft's S.A." products in Eastern Europe. At 31 December 2015, "Rockberg Holdings Ltd" holds 95% of the shares in "Neurosoft Romania Srl" 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 accompanying separate and consolidated interim condensed financial statements, for the six-month period ended at June 30, 2016, have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The accompanying separate and consolidated interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the published annual financial statements for the year ended December 31, 2015, which are available on the internet in the address www.neurosoft.gr.

Certain line items of the previous period/year financial statements were reclassified in order to conform to the current period’s presentation.

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, which have been prepared at fair value.

The preparation of the 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(e).

(b) Basis of Consolidation of Financial Statements:

The accompanying separate and consolidated interim condensed financial statements comprise the financial statements of “Neurosoft S.A.” and all the 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 in the preparation of the interim condensed financial statements, are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2015, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2016.

New standards, interpretation and amendments adopted by the Group and the Company

New standards and amendments apply for the first time in 2016 (annual periods beginning on or after January 1, 2016). However, they do not have a significant impact on the annual financial statements or the interim condensed financial statements of the Group and the Company or they are not applicable for the Company.

- **IAS 1: Initiative on disclosures (Amendment)**
- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
- **IAS 19 Employee benefits (Amended): Employee Contributions**

The IASB has issued the Annual Improvements to IFRSs 2010 - 2012 Cycle, which is a collection of amendments to IFRSs.

- ***IFRS 2 Share-based Payment***
- ***IFRS 3 Business combinations***
- ***IFRS 8 Operating Segments***
- ***IFRS 13 Fair Value Measurement***
- ***IAS 16 Property Plant & Equipment***
- ***IAS 24 Related Party Disclosures***

- ***IAS 38 Intangible Assets***

The IASB has issued the Annual Improvements to IFRSs 2012 - 2014 Cycle, which is a collection of amendments to IFRSs.

- ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations***
- ***IFRS 7 Financial Instruments***
- ***IAS 19 Employee Benefits***
- ***IAS 34 Interim Financial Reporting***

There are no new standards, amendments / improvements or interpretations, which are applied in the accounting periods beginning after December 31, 2016, in addition to those that have been disclosed in the financial statements for the year ended at December 31, 2015, apart from the below mentioned amendment:

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. 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 their financial position or performance.

The Group nor the Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(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 June 30, 2016, on September 22, 2016. The above mentioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

(e) Significant Accounting Judgements and Estimates:

The Group and the Company make 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 and the Company'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 and Company'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.

(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 preparation of accompanying separate and consolidated interim condensed financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as, revenue and expenses as of the reporting period. Actual results may differ from those estimates.

The Group and the Company make 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 adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and the Company's annual financial statements for the year ended December 31, 2015.

4. GROUP SEGMENT INFORMATION:

The Group's and Company's operations are divided into five segments:

- 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 of the Group for the period ended June 30, 2016 and 2015 is analyzed as follows:

For the period ended June 30, 2016	Factoring and Financials	Sport Betting & Gaming Analytics	Field	Network	Security	Total
Revenue	381.456	1.337.033	984.117	1.904.574	270.722	4,877,902
Cost of Revenue	225,093	1,222,901	445,345	938,336	128,456	2,960,131
EBITDA	163,923	363,817	437,187	409,834	126,234	1,500,995
Trade receivables	271,923	1,673,942	311,092	460,021	338,227	3,055,205
Other Receivables	211,902	330,713	211,112	45,443	44,325	843,495
Liabilities	86,223	1,562,839	389,123	1,390,221	57,601	3,486,007

For the period ended June 30, 2015	Factoring and Financials	Sport Betting & Gaming Analytics	Field	Network	Security	Total
Revenue	310.717	1.721.179	1.280.625	2.567.672	400.000	6,280,193
Cost of Revenue	165,704	1,421,844	549,189	1,072,484	130,015	3,339,237
EBITDA	201.966	843.378	589.088	546.272	194.000	2,374,704
Trade receivables	284,575	1,969,810	461,382	1,496,513	364,747	4,577,027
Other receivables	22,690	153,256	66,728	97,732	19,652	360,058
Liabilities	81,334	1,558,786	369,677	1,413,806	76,988	3,500,590

5. FINANCIAL INCOME / (EXPENSES):

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

	Group		Company	
	January 1 - June 30, 2016	2015	January 1 - June 30, 2016	2015
	Unaudited		Unaudited	
Interest on short-term borrowings	(26,767)	(35,468)	(26,379)	(35,468)
Currency differences	(12)	(10,228)	-	
Other financial costs	(7,716)	(10,600)	(7,716)	(20,427)
Total financial expenses	(34,495)	(56,296)	(34,095)	(55,896)
Interest earned on cash at banks and on time deposits	1,535	1,260	1,535	1,260
Total financial income	1,535	1,260	1,535	1,260
Net total financial income/(expenses)	(32,960)	(55,036)	(32,560)	(54,636)

6. ANALYSIS OF EXPENSES:

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

	Group		Company	
	January 1 - June 30,		January 1 - June 30,	
	2016	2015	2016	2015
	Unaudited		Unaudited	
Payroll and related costs	1,170,890	994,789	1,170,890	994,789
Third party fees and services	1,144,535	1,358,107	1,144,535	1,368,957
Taxes and duties	4,944	5,855	4,944	5,855
Sundry expenses	529,985	583,862	489,571	583,862
Depreciation and amortisation	229,864	189,523	229,864	160,760
Other operating expenses	46,624	11,380	46,624	11,380
Cost of sales of inventory and consumables	591,645	954,785	591,645	954,785
Total expenses	<u>3,718,486</u>	<u>4,098,301</u>	<u>3,678,072</u>	<u>4,080,388</u>

The above expenses are analyzed as follows:

	Group		Company	
	January 1 - June 30,		January 1 - June 30,	
	2016	2015	2016	2015
	Unaudited		Unaudited	
Cost of sales	2,960,131	3,339,237	2,948,481	3,335,087
Selling and distribution expenses	291,919	291,976	263,155	283,976
Administrative expenses	466,436	467,089	466,436	461,326
Total	<u>3,718,486</u>	<u>4,098,301</u>	<u>3,678,072</u>	<u>4,080,388</u>

7. INCOME TAXES:

According to the new Greek tax law L.4334/GG A' 80/16.07.2015, the tax rate for the Societes Anonymes in Greece, was raised from 26% to 29%, for the fiscal years beginning January 1, 2015.

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

	Group		Company	
	January 1 - June 30,		January 1 - June 30,	
	2016	2015	2016	2015
	Unaudited		Unaudited	
Current income taxes	-	-	-	-
Prior years' taxes	-	-	-	-
Deferred income taxes	429,794	134,417	429,794	134,417
Total income taxes (credit) / debit reflected in the statement of comprehensive income	429,794	134,417	429,794	134,417

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 Article 65a of L.4174/2013. 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 - today

For the fiscal years 2011, 2012, 2013, 2014 and 2015 Neurosoft S.A. has been tax audited by its statutory auditors in accordance with the paragraph 5 of Article 82 of L.2238/1994 and the article 65a of L.4174/2013. 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 2016 is still in progress based on the provisions of article 65a of L.4174/2013. No significant additional tax liabilities are expected to arise, 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 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.

8. SUBSIDIARIES - GOODWILL:

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

Company Name	Group			
	30/06/2016		31/12/2015	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	-	100%	-	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
Other	37,000		37,000	
	<u>37,000</u>		<u>37,000</u>	

Company Name	Company			
	30/06/2016		31/12/2015	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	813,500	100%	813,500	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
Other	37,000		37,000	
	<u>850,500</u>		<u>850,500</u>	

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.

9. PROPERTY, PLANT AND EQUIPMENT:

Capital expenditure for property, plant and equipment amounted to € 46,111 and to € 250,339 for the Group and to € 46,111 and € 46,111 for the Company, for the six-month period ended June 30, 2016 and 2015, respectively.

10. INTANGIBLE ASSETS:

Intangible assets comprise:

- a) The website www.betonews.gr, owned by the subsidiary Rockberg S.A. Useful life was estimated by Management at 5 years.
- b) The development costs (payroll) of internally generated software. The costs meet the criteria of development costs described in IAS 38 “Intangible Assets”. Useful life was estimated by Management at 5 years.
- c) The customer base which derived from the allocation of the provisional goodwill (acquisition of Kestrel)

Capital expenditure for intangible assets amounted to € 458,985 and € 170,000 for the six-month period ended June 30, 2016 and to € 458,985 and € 170,000 for the six-month period ended June 30, 2015, for the Group and the Company respectively.

11. TRADE ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES:

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

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	Unaudited	Audited	Unaudited	Audited
Trade customers	2,930,384	2,792,530	2,930,384	2,762,130
Cheques and notes receivable	59,774	59,774	59,774	59,774
Doubtful customers	105,306	105,306	105,306	105,306
Blocked deposits	157,039	173,190	157,039	173,190
Income tax advance	118,340	89,744	118,340	89,744
Prepaid expenses	142,007	225,745	142,007	225,745
Advances to employees and contractors	10,064	10,317	10,064	8,882
Vat	5,039	-	5,039	-
Other debtors	441,407	612,534	393,675	597,628
Less: Allowance for doubtful accounts receivable	(70,660)	(70,660)	(70,660)	(70,660)
Balance of trade and other receivables	<u>3,898,700</u>	<u>3,998,482</u>	<u>3,850,968</u>	<u>3,951,740</u>

12. CASH AND CASH EQUIVALENTS:

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

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	Unaudited	Audited	Unaudited	Audited
Cash in hand	200,441	242,325	200,441	242,325
Cash at bank	3,682,791	3,717,885	3,671,693	3,705,084
Total	<u>3,883,232</u>	<u>3,960,210</u>	<u>3,872,134</u>	<u>3,947,409</u>

13. 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 April 1, 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 September 28, 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 April 1, 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).

14. TRADE ACCOUNTS PAYABLE:

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

	Group		Company	
	30.06.2016 Unaudited	31.12.2015 Audited	30.06.2016 Unaudited	31.12.2015 Audited
Domestic and foreign suppliers	940,874	1,629,637	929,355	1,608,054
Post-dated cheques payable	-	32,055	-	32,055
Total	940,874	1,661,692	929,355	1,640,109

15. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	Unaudited	Audited	Unaudited	Audited
Social security payable	77,122	135,313	77,122	135,313
Value added tax and withheld taxes	43,159	328,922	43,159	328,922
Accrued expenses	113,109	76,065	113,109	69,731
Other current liabilities	101,740	21,484	90,740	1,032
Total	335,130	561,784	324,130	534,998

16. 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 the 1st half of 2016 (01.01.2016-30.06.2016) 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 the first half of 2016.

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

(a) The amount of such transactions for the first half of 2016 (01.01.2016-30.06.2016)

(b) The outstanding balance at the end of the first half of 2016 (30.06.2016)

(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:

- «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a 100% stake,
- “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	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
Total	-	-

Intercompany purchases	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	22,500
Total	-	22,500

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)	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	126,000	126,000
Total	478,500	478,500

Intercompany balances (payables)	30.06.2016	30.06.2015
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	800	-
Total	800	-

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the six-month period ended on June 30, 2016 and 2015 are as follows:

Executives and management members' remuneration

	30.06.2016	30.06.2015
Remuneration of members of the board	56,490	19,161
Executives and management members' remuneration	169,248	104,899

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.

17. 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.

18. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE:

There are no subsequent events that should be taken into account for the preparation of the Financial Statements for the period ended June 30, 2016.

Athens, September 22, 2016

President of the BoD
Mavroeides Angelopoulos

Chief Executive Officer
Nikolaos Vasilonikolidakis

Head Accountant
Michalis Amanitis