



**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2015  
(JANUARY 1 – JUNE 30, 2015)  
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, 2015

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 (01.01.2015-30.06.2015), 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 and the 1st half of 2015 remained inactive and therefore has been excluded from consolidation.

This report accompanies the unaudited interim condensed consolidated financial statements for the six month period ended at June 30, 2015 (01.01.2015-30.06.2015) 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 01.01.2015-30.06.2015.

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

## SECTION A

### **Significant events that occurred during the six month period 01.01.2015 -30.06.2015**

The significant events that occurred during the six month period (01.01.2015-30.06.2015) with calendar series, as well as any impact on the semi-annual financial statements are summarized as follows:

#### **1. Annual Ordinary General Meeting of the Shareholders of the Company**

On Friday, June 26th 2015, the Annual Ordinary General Meeting was held at the offices of the Company at Iraklio, which was attended in person or by proxy by shareholders representing 23,658,887 ordinary shares and voting rights, i.e 92.473 % of total 25,584,594 shares and equal voting rights in the Company.

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

1. The shareholders approved in their entirety the annual corporate and consolidated financial statements for financial year 2014 as well as the Board of Directors Report (Management Report) and the Auditor's Report for the same fiscal year 2014.
2. The shareholders approved the distribution of profits as depicted in the annual financial statements for financial year 2014 and in particular approved no dividend distribution.
3. The shareholders Meeting discharged the Directors and the Auditors from any liability related to the results of the financial year 2014 as well as the annual financial statements of the said fiscal year.
4. The shareholders approved the remuneration payable to the Board of Directors for financial year 2014 and for the first semester of 2015 and also pre-approved the remuneration to be paid to the Board of Directors for the second semester of 2015 as well as for the first semester of 2016.
5. The shareholders approved the appointment of the auditing firm HELLENIC AUDITING COMPANY S.A. (SOEL Reg. Number: 156) as Certified Auditors for the financial year 2015 (auditing of the financial statements corporate and consolidated) approving also their fees.
6. The shareholders granted the permit to the members of the Board of Directors to be a shareholder and/or director of any other company of the Group and of the companies which are the Company's shareholders and also approved the existing contracts between the Company and its shareholders.

7. The shareholders confirmed and ratified the election of Mr. Thomas Tzokas as temporary (interim) member of the Board of Directors in place of the resigned Director Mr. Andreas Theodorou in compliance with article 22 of Codified Law 2190/1920 pursuant to the decision of the Board of Directors dated March 11, 2015 and also approved all actions and declaration of the above interim member that followed its election.
8. The shareholders elected a new Board of Directors of the Company due to expire of the term of office of the previous Board for the next five (5) years, until 26.06.2020 and in any case until the day on which the Ordinary General Meeting shall convene in order to approve the annual financial statements for the fiscal period from 01.01.2020 to 31.12.2020. The new Board of Directors of the Company comprises seven members, namely Messrs: Mavroeidis Angelopoulos, Nikolaos Vasilonikolidakis, Kamil Ziegler, Michal Houst, Athanasios Rigas, Thomas Tzokas and Ioannis Papanikolaou.
9. The Chairman of the General Meeting outlined the goals and prospects of this fiscal year, as mentioned in detail in the annual Financial Report and also noted that the outlook for the current fiscal year 2015 looks positive for the Group. In particular, in the first semester of 2015, Neurosoft:
  - signed an agreement with OPAP on Software Development and Security Operations
  - was appointed to install Proxima+ at Stopanska FYROM (member of NBG Group)
  - was appointed to develop the new LOS system at Piraeus Bank
  - launched fully overhauled Betscape in Android and iOS
  - completed development of interfacing with GVC's MM1 system on handling transactions for Betbuzz
  - Was assigned by EDET S.A. - Procurement, Installation, Commissioning & Support of Juniper Networks Wi-Fi infrastructure for 29 Public Hospitals outside Athens
  - was assigned by EDET S.A. - Procurement, Installation, Commissioning & Support of Juniper Networks Switch Fabric Infrastructure in EDET Data Centers
  - was assigned by OPAP S.A. - Transportation, Installation & Maintenance of 16,500 VLTs in new Gaming Halls of OPAP nationwide
  - was assigned by GTECH - Transportation, Installation & Maintenance of 660 i-Link in new Gaming Halls of OPAP nationwide i-Link Installations & Maintenance
  - was assigned by HOL - Procurement of Juniper Networks Equipment Expansions for the Dynamic BRAS infrastructure
  - was assigned by HOL - Procurement for CPEs from Technicolor for DSL residential subscribers.
  - was assigned by Infinera - New installations & Support for transport, multi-wavelength infrastructure for end-customer OTEGLOBE.

- was assigned by SARACAKIS GROUP - Penetration Testing and Security Assessment Services for SARACAKIS Corporate Network
- was assigned by Lafarge Group - Penetration Testing and Security Assessment Services for Lafarge Corporate Network
- was assigned by Med Nautilus - Procurement of Juniper Equipment Expansions
- was assigned by OTE - Procurement of Juniper Networks Equipment Expansions for the Dynamic BRAS infrastructure SNFCC - Info-kiosks support
- was assigned by Deloitte - Procurement, Commissioning and Support for Load Balancer Equipment
- continued with its 20+ support contracts in all areas of activity

## **2. New Board of Directors election Member election**

The Company elected the new Board of Directors which comprises seven members, namely Messrs: Mavroeidis Angelopoulos, Nikolaos Vasilonikolidakis, Kamil Ziegler, Michal Houst, Athanasios Rigas, Thomas Tzokas and Ioannis Papanikolaou.

## **SECTION B**

### **Principal risks and uncertainties**

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

The usual financial and other risk exposures of the Company and the risks which may be encountered during the course of the second half of 2015 (01.07.2015-31.12.2015) are market risk, credit risk, liquidity risk etc.

### **1. Credit risk**

The Management of the Company ensures that sales are addressed to customers with high credit trustworthiness and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries (particularly in Asia), for which the effective control of their credibility it is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms in

order to fully confront this risk. As a consequence this risk, although real in view of the general adverse economic environment, is currently evaluated as controlled.

## 2. Currency risk

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

## 3. Interest rate risk

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

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

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

	<b>30 June 2015</b>	
	<b>Interest rates volatility</b>	<b>Effect on Comprehensive Income Statement</b>
Euro	1.0%	(10,986)
	(1.0%)	10,986
	<b>30 June 2014</b>	
	<b>Interest rates volatility</b>	<b>Effect on Comprehensive Income Statement</b>
Euro	1.0%	(10,773)
	(1.0%)	10,773

**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, 2015 and 2014 respectively.

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

<u>Period ended June 30, 2014</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 5 years</u>	<u>&gt;5 years</u>	<u>Total</u>
Borrowings	-	449,997	449,996	-	-	899,933
Trade and other payables	258,936	568,590	568,590	-	-	1,396,116
<b>Total</b>	<b>258,936</b>	<b>1,148,055</b>	<b>1,146,403</b>	<b>-</b>	<b>-</b>	<b>2,296,049</b>

#### SECTION C

##### Important related party transactions

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

Particularly this section includes:

- (a) Transactions between the Company and any related party incurred during the 1st half of 2015 (01.01.2015-30.06.2015) 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 2015.

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

- (a) The amount of such transactions for the first half of 2015 (01.01.2015-30.06.2015)
- (b) The outstanding balance at the end of the first half of 2015 (30.06.2015)



- (c) The nature of the related party relationship with the Company and
- (d) Any information on transactions, which are necessary for an understanding of the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions.

The related parties of the company are as follows:

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

Intercompany sales and other revenue	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
<b>Total</b>	-	-

Intercompany purchases	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	22,500	-
<b>Total</b>	-	-

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)	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	126,000	126,000
<b>Total</b>	<b>478,500</b>	<b>478,500</b>

Intercompany balances (payables)	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
<b>Total</b>	-	-

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

	30.06.2015
Executives and management members remuneration	19,161
Remuneration of members of the board	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.

## **SECTION D**

### **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](http://www.neurosoft.gr)

**UNAUDITED INTERIM  
CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

For the period ended  
June 30, 2015

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

**INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Note	Group	
		01.01- 30.06.2015	01.01- 30.06.2014
Revenues	4	6.280.193	5.033.226
Cost of services	6	(3.339.237)	(1.943.958)
<b>Gross profit</b>		<b>2.940.957</b>	<b>3.089.268</b>
Selling and distribution expenses	6	(291.976)	(808.642)
Administrative expenses	6	(467.089)	(476.714)
Other income		3.289	13.065
Financial income	5	1.260	5.442
Financial costs	5	(56.296)	(45.209)
<b>Profit before income taxes</b>		<b>2.130.145</b>	<b>1.777.210</b>
Income taxes	7	(134.417)	(101.755)
<b>Net Profit (A)</b>		<b>1.995.728</b>	<b>1.675.455</b>
<b>Other total comprehensive income after tax (B)</b>		-	-
<b>Total comprehensive income after tax (A)+(B)</b>		-	-
<b>Profit attributable to:</b>		<b>1.995.728</b>	<b>1.675.455</b>
Equity holders of the parent		1.995.728	1.655.171
Non-controlling interests		-	20.284
		<b>1.995.728</b>	<b>1.675.455</b>
		-	-
Total weighted average number of ordinary shares		25.584.594	25.000.000
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share		25.584.594	25.000.000
<b>Income per share (basic and diluted)</b>		<b>0,0780</b>	<b>0,0662</b>

The accompanying notes are an integral part of the Unaudited Interim Condensed Consolidated Financial Statements

**INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	Group	
		30.06.2015	31.12.2014
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	451.933	244.993
Intangible assets	10	1.238.936	1.215.060
Invstments in subsidiaries	8	37.000	37.000
Investments in associates accounted under the equity method		-	-
Other non-current assets		140.953	78.060
Deferred tax asset		495.891	630.308
<b>Total Non-Current Assets</b>		<b>2.364.712</b>	<b>2.205.421</b>
<b>Current Assets</b>			
Inventories		1.103.191	808.996
Trade accounts receivable	11	4.577.027	2.074.692
Prepayments and other receivables	11	360.058	1.064.790
Cash and cash equivalents	12	2.358.234	2.389.308
<b>Total Current Assets</b>		<b>8.398.510</b>	<b>6.337.785</b>
<b>TOTAL ASSETS</b>		<b>10.763.222</b>	<b>8.543.206</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	13	8.954.608	8.954.608
Share premium		600.000	600.000
Other reserves		196.067	196.067
Retained earnings		(2.488.043)	(4.483.771)
<b>Total equity</b>		<b>7.262.632</b>	<b>5.266.904</b>
Minority interests		-	-
<b>Total equity</b>		<b>7.262.632</b>	<b>5.266.904</b>
<b>Non-Current Liabilities</b>			
Reserve for staff retirement indemnities		136.109	126.764
Other liabilities		14.281	14.281
<b>Total Non-Current Liabilities</b>		<b>150.390</b>	<b>141.045</b>
<b>Current Liabilities</b>			
Trade accounts payable	14	1.729.528	1.646.314
Short-term borrowings		951.684	916.216
Income tax payable		69.011	69.011
Accrued and other current liabilities	15	599.978	503.716
<b>Total Current Liabilities</b>		<b>3.350.201</b>	<b>3.135.257</b>
<b>Total Liabilities</b>		<b>3.500.590</b>	<b>3.276.302</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10.763.222</b>	<b>8.543.206</b>

The accompanying notes are an integral part of the Unaudited Interim Condensed Consolidated 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 Jan 1, 2014	8.750.000	600.000	196.067	(7.250.728)	2.295.339	263.684	2.559.024
Total operating income after tax	-	-	-	1.655.171	1.655.171	20.284	1.675.455
<b>Balance at June 30, 2014</b>	<b>8.750.000</b>	<b>600.000</b>	<b>196.067</b>	<b>(5.595.557)</b>	<b>3.950.510</b>	<b>283.968</b>	<b>4.234.478</b>
Total Equity as at Jan 1, 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
<b>Balance at June 30, 2015</b>	<b>8.954.608</b>	<b>600.000</b>	<b>196.067</b>	<b>(2.488.043)</b>	<b>7.262.632</b>	<b>-</b>	<b>7.262.632</b>

The accompanying notes are an integral part of the Unaudited Interim Condensed Consolidated Financial Statements

**INTERIM CASH FLOW STATEMENT**

	<b>Group</b>	
	<b>01.01- 30.06.2015</b>	<b>01.01- 30.06.2014</b>
<b>Cash flows from Operating Activities</b>		
Profit before income taxes	2.130.145	1.777.210
Adjustments for:		
Decrease/(increase) in financial assets	-	-
Depreciation and amortisation	189.523	190.073
Other Provisions	9.345	19.280
Financial (income)/expenses	55.036	(50.651)
<b>Operating profit before working capital changes</b>	<b>2.384.049</b>	<b>1.935.912</b>
<b>(Increase)/Decrease in:</b>		
Inventories	(294.194)	(366.531)
Trade accounts receivables	(2.502.337)	(585.943)
Prepayments and other receivables	704.731	254.585
Trade accounts payable	83.214	(1.225.473)
Accrued and other current liabilities	96.262	(212.383)
Interest paid	(56.296)	(45.209)
Tax paid	-	(50.606)
Payment for staff indemnity	-	-
Other long term liabilities	(62.893)	-
<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>352.536</b>	<b>(295.648)</b>
<b>Cash flows from Investing Activities</b>		
Capital expenditure for property, plant and equipment	(420.339)	(171.119)
Interest and related income received	1.260	5.442
Increase of participation in subsidiary / affiliated company	-	-
Financial assets at fair value through income statement	-	-
<b>Net cash used in Investing Activities</b>	<b>(419.079)</b>	<b>(165.677)</b>
<b>Cash flow from financing activities</b>		
Net Change in finance leases	-	-
Net change in short-term borrowings	35.468	(295.476)
<b>Net cash inflows/(outflows) from Financing Activities</b>	<b>35.468</b>	<b>(295.476)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31.075)</b>	<b>(756.801)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2.389.308</b>	<b>2.386.177</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2.358.234</b>	<b>1.629.376</b>

The accompanying notes are an integral part of the Unaudited Interim Condensed Consolidated 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 with the approval of the Shareholders' General Meeting.

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

The number of employees for the Group and the Company at June 30, 2015, amounted to 94. At December 31, 2014, the respective number of employees was 69 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 3<sup>rd</sup>, 2011, after the approval of the Court of Limassol, a merger between Rockberg Holdings Ltd. and Gaeknar Ventures Ltd. took place.

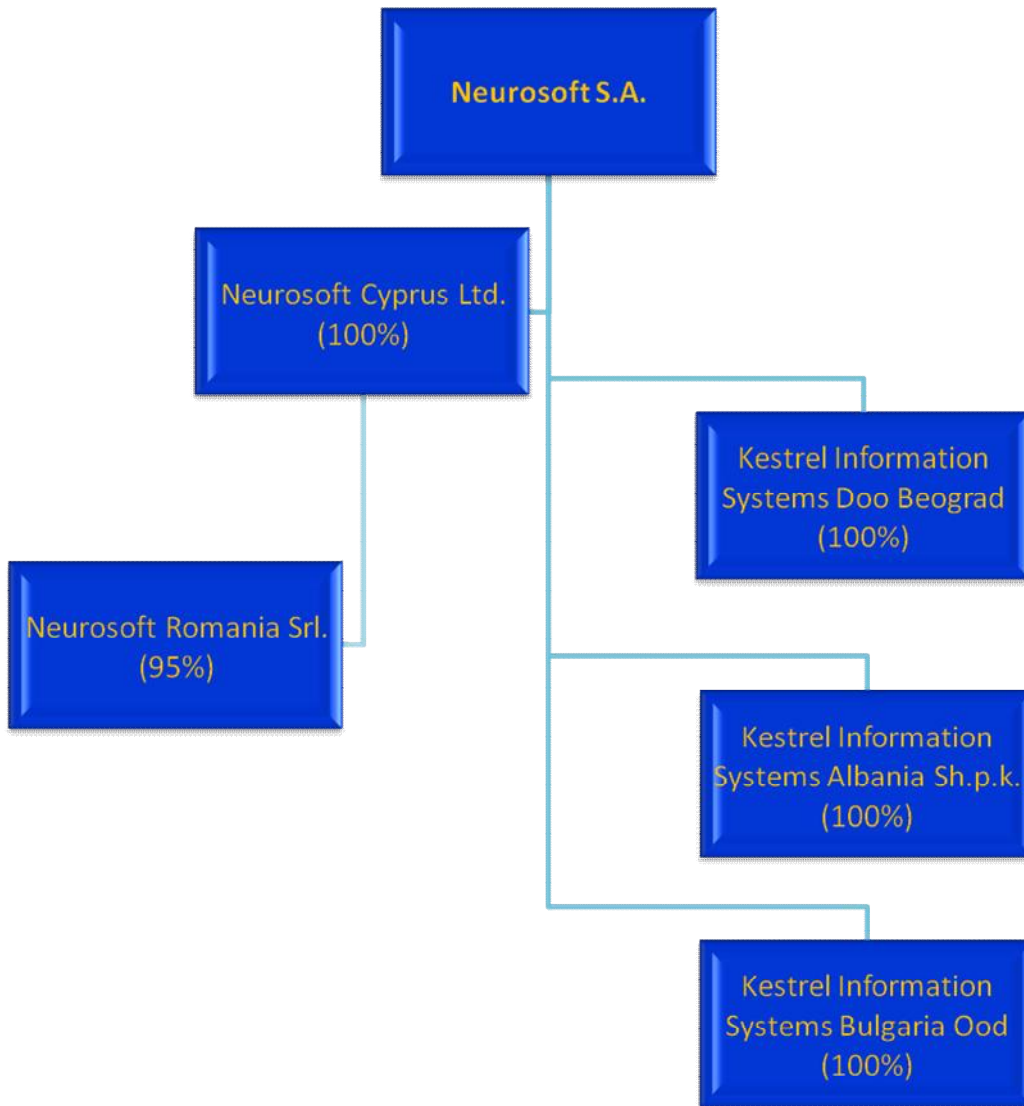
In 2014 the company "Rockberg Holdings Ltd." changed its name to "Neurosoft Cyprus Ltd."

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 products in Eastern Europe. At December 31, 2009, "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 interim condensed consolidated financial statements, for the six month period ended at June 30, 2015, have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at December 31, 2014, which are available at [www.neurosoft.gr](http://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 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 interim condensed consolidated 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 consolidated financial statements, are consistent with those followed in the preparation of the annual financial statements of the Group and the Company for the year ended December 31, 2014, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2015.

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

New standards and amendments apply for the first time in 2015 (annual periods beginning on or after January 1, 2015). 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 Group and the Company.

- The IASB has issued the Annual Improvements to IFRSs 2011 - 2013 Cycle, which is a collection of amendments to IFRSs.

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

There are no new standards, amendments / improvements or interpretations, which are applied in the accounting periods beginning after December 31, 2015, in addition to those that have been disclosed in the financial statements for the year ended at December 31, 2014, apart from the below mentioned change:

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

The IASB decided to extend by a year the effective date of the new standard. As a result, IFRS 15, will be applied for fiscal periods beginning at January 1, 2018.

The Group and the Company have 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, 2015, on September 23, 2015. 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 makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and

judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- (a) **Allowance for doubtful accounts receivables:** The Group's Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling.
- (b) **Provision for income taxes:** According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.
- (c) **Depreciation rates:** The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.
- (d) **Impairment of property, plant and equipment:** Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.
- (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 interim condensed consolidated 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 makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments 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, 2014.

### **4. GROUP SEGMENT INFORMATION:**

The Group'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 for the period ended June 30, 2015 and 2014 is analyzed as follows:

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	<b>6,280,193</b>
Cost of Revenue	165,704	1,421,844	549,189	1,072,484	130,015	<b>3,339,237</b>
EBITDA	201.966	843.378	589.088	546.272	194.000	<b>2,374,704</b>
Trade receivables	284,575	1,969,810	461,382	1,496,513	364,747	<b>4,577,027</b>
Other Receivables	22,690	153,256	66,728	97,732	19,652	<b>360,058</b>
Liabilities	81,334	1,558,786	369,677	1,413,806	76,988	<b>3,500,590</b>

For the period ended June 30, 2014	Factoring and Financials	Sport Betting & Gaming Analytics	Field	Network	Security	Total
Revenue	1,471,215	2,012,229	-	1,549,782	-	<b>5,033,226</b>
Cost of Revenue	96,466	827,736	319,714	624,354	75,689	<b>1,943,958</b>
EBITDA	149,900	1,374,830	144,696	241,160	96,464	<b>2,007,050</b>
Trade receivables	121,793	843,043	197,463	640,480	156,105	<b>1,958,884</b>
Other receivables	62,634	423,049	184,197	269,778	54,246	<b>993,904</b>
Liabilities	60,912	1,167,383	276,853	1,058,807	57,657	<b>2,621,611</b>

#### 5. FINANCIAL INCOME / (EXPENSES):

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

	January 1 - June 30,	
	2015	2014
	Unaudited	
Interest on short-term borrowings	(35,468)	(31,014)
Currency differences	(10,228)	-
Other financial costs	(10,600)	(14,195)
<b>Total financial expenses</b>	<b>(56,296)</b>	<b>(45,209)</b>
Interest earned on cash at banks and on time deposits	1,260	5,442
<b>Total financial income</b>	<b>1,260</b>	<b>5,442</b>
<b>Total financial income/(expenses), net</b>	<b>(55,036)</b>	<b>(39,767)</b>

**6. ANALYSIS OF EXPENSES:**

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

	January 1 - June 30,	
	2015	2014
	Unaudited	
Payroll and related costs	994,789	654,023
Third party fees and services	1,358,107	1,820,405
Taxes and duties	5,855	6,967
Sundry expenses	583,862	300,821
Depreciation and amortisation	189,523	190,073
Other operating expenses	11,380	17,002
Cost of sales of inventory and consumables	954,785	240,023
<b>Total expenses</b>	<b>4,098,301</b>	<b>3,229,314</b>

The above expenses are analyzed as follows:

	January 1 - June 30,	
	2015	2014
	Unaudited	
Cost of sales	3,339,237	1,943,958
Selling and distribution expenses	291,976	808,642
Administrative expenses	467,089	476,714
<b>Total</b>	<b>4,098,301</b>	<b>3,229,314</b>

**7. INCOME TAXES:**

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

According to the new Greek tax law L.4334/GG A' 80/16.07.2015, the tax rate for the Societies Anonymes in Greece, was raised from 26% to 29%, for the fiscal years beginning January 1, 2015. The law was enacted after the reporting date of the Interim Financial Statements and therefore the calculation of income tax and deferred tax, for the current period, was carried out by a factor of 26%.

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



	<b>January 1 - June 30,</b>	
	<b>2015</b>	<b>2014</b>
Current income taxes	-	-
Prior years' taxes	-	-
Deferred income taxes	134,417	101,755
<b>Total income taxes (credit) / debit reflected in the statement of comprehensive income</b>	<b>134,417</b>	<b>101,755</b>

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 - 31/12/2014

For the fiscal years 2011, 2012, and 2013 Neurosoft S.A. has been tax audited by its statutory auditors in accordance with the paragraph 5 of Article 82 of L.2238/1994 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 2014 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:

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest	
				30.06.2015	31.12.2014
Neurosoft Cyprus Ltd	Cyprus	Full	Direct	100%	100%
Neurosoft Romania	Romania	Full	Indirect	95%	95%

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

On November 25<sup>th</sup>, 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 € 242,858 and to € 5,227 for the six month period ended June 30, 2015 and 2014, 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 € 177,481 for the six month period ended June 30, 2015 and to € 129,070 for the six month period ended June 30, 2014.

**11. TRADE ACCOUNTS, PREPAYMENTS AND OTHER RECEIVABLES:**

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

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	<u>Unaudited</u>	<u>Audited</u>
Trade customers	4,648,895	2,068,642
Cheques and notes receivable	59,792	137,710
Unbilled revenue	23,271	308,271
Doubtful customers	420,882	420,882
Blocked deposits	61,263	6,785
Income tax advance	80	7,370
Prepaid expenses	192,019	412,479
Advances to employees and contractors	19,832	-
Other debtors	63,593	329,885
Less: Allowance for doubtful accounts receivable	<b>(552,542)</b>	<b>(552,542)</b>
<b>Balance of trade and other receivables</b>	<b><u>4,937,085</u></b>	<b><u>3,139,482</u></b>

**12. CASH AND CASH EQUIVALENTS:**

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

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	<u>Unaudited</u>	<u>Audited</u>
Cash in hand	359,529	170,574
Cash at bank	1,998,705	2,218,734
<b>Total</b>	<b><u>2,358,234</u></b>	<b><u>2,389,308</u></b>

**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 25<sup>th</sup>, 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:

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	<u>Unaudited</u>	<u>Audited</u>
Domestic and foreign suppliers	1,721,213	1,606,008
Post-dated cheques payable	8,315	40,306
<b>Total</b>	<b><u>1,729,528</u></b>	<b><u>1,646,314</u></b>

#### 15. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	<u>Unaudited</u>	<u>Audited</u>
Social security payable	58,786	139,947
Value added tax and withheld taxes	388,014	172,117
Accrued expenses	91,694	19,759
Deferred income	19,759	-
Other current liabilities	41,725	171,893
<b>Total</b>	<b><u>599,978</u></b>	<b><u>503,716</u></b>

**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 2015 (01.01.2015-30.06.2015) 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 2015.

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

- (a) The amount of such transactions for the first half of 2015 (01.01.2015-30.06.2015)
- (b) The outstanding balance at the end of the first half of 2015 (30.06.2015)
- (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.

<b>Intercompany sales and other revenue</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
<b>Total</b>	-	-

<b>Intercompany purchases</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	<b>22,500</b>	-
<b>Total</b>	-	-

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)	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	126,000	126,000
<b>Total</b>	<b>478,500</b>	<b>478,500</b>

Intercompany balances (payables)	30.06.2015	30.06.2014
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the six month period ended on June 30, 2015 and 2014 are as follows:

	30.06.2015	30.06.2014
Executives and management members remuneration	19,161	71,117
Remuneration of members of the board	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:**

According to the new Greek tax law L.4334/GG A' 80/16.07.2015, the tax for the Societies Anonymes in Greece, was raised from 26% to 29% for the fiscal years beginning January 1, 2015. The law was enacted after the reporting date of the Interim Financial Statements and therefore the calculation of income tax and deferred tax, for the current period, was carried out by a factor of 26%. The effect of the change in the tax rate, if the deferred tax calculation was performed at 29%, would result in a decrease of the deferred tax asset for the Group, of approximately € 70,000.

Athens, September 23, 2015

Chairman of the BoD  
Mavroeides Angelopoulos

Chief Executive Officer  
Nikolaos Vassilonikolidakis

Head Accountant  
Michalis Amanitis