ANNUAL

FINANCIAL REPORT

for the year

ended December 31, 2011

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BOARD OF DIRECTORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

of
«Neurosoft S.A.»

Regarding the consolidated Financial Statements
for the year ended December 31, 2011

Regarding the consolidated Financial Statements for the year ended December 31, 2011

At its meeting of April 2nd, 2012, the Board of Directors of the Company approved the audited consolidated financial statements of NEUROSOFT SA for the financial year ending 31st of December 2011.

Group results include the results of the subsidiaries, Rockberg Holdings Ltd, and Kestrel Information Systems SA. Group turnover for the financial year of 2011 amounted to euro 2,913,853.77 compared to euro 2,880,396 for financial year 2010.
Losses before tax in 2011 amounted to euro 1,260,299, compared to euro 4,776,905 of losses for financial year 2010. The amount of losses was mainly due to the continued dramatic change of the economic climate in Greece.
The turnover for the parent company amounted to euro 1,081,228 and for the Group amounted to € 2,913,853.77 million. In particular per business sector

1. **Business intelligence**

In "Business intelligence area", although the economic crisis has postponed, annulled or reduced significantly planned projects, Neurosoft managed to hold its revenues there and is predicted to increase in 2012.

2. **Sports Betting**

In the last two years, the global economic environment has negatively impacted demand for high-end products and services to sports betting operators where most of orders have been postponed. In 2011, there are positive results from R&D efforts which start slowly to register in sales. Neurosoft expects to expand its global business in 2012.

3. **Factoring**

In "Factoring area" Neurosoft having maintained its dominant position in the Greek market and continues to be aggressively engaged in international outreach activities aiming to establish itself as a regional player.

4. **Telecoms**

In "Telecoms area" Neurosft despite the slowdown in the domestic telecom market retained the turnover with positive EBITDA.. The infrastructure installation business unit contributed further to the growth of the company undertaking projects in Greece and Italy.

Cost of sales for the Group for 2011 amounted to € 2.44 million compared to € 4,41 million in 2010. The total cost of Neurosoft SA amounted to € 2,22 million in 2011 compared with € 4,47 million in 2010.

The payroll costs for Neurosoft SA in 2011 amounted to EUR € 1,35 million compared to € 1,84 million in 2010. This reduction of 26.5%, reflects the continuous effort of the company for reorganization and leaner operations. Both market conditions and in particular the economic situation of the company at the end of 2011, required the company to continue its cost cutting plan without abandoning its strategy for development. This will be achieved by keeping the implementation of the restructuring program that was introduced and accepted by the General Assembly of the company in June 2011.

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT
To the shareholders of
«NEUROSOFT SOFTWARE PRODUCTION S.A.»

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of «NEUROSOFT SOFTWARE PRODUCTION S.A.» and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as at December 31, 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

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

Athens, 1 March 2012
The Certified Auditor-Accountant
Georgios A. Batsoulis

ANNUAL

FINANCIAL STATEMENTS

for the year ended

December 31, 2011

In accordance with the International Financial Reporting

Standards as adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	01.01-31.12.2011	01.01-31.12.2010
Revenues	4	2.913.854	2.880.396
Cost of services	8	(2.443.774)	(4.412.416)
Gross profit/ (loss)		**470.080**	**(1.532.020)**
Selling and distribution expenses	8	(400.690)	(1.122.775)
Administrative expenses	8	(1.439.742)	(1.805.250)
Other income		36.506	1.020
Financial income	7	3.453	20.158
Financial costs	7	(142.198)	(93.940)
Loss before income taxes		**(1.472.592)**	**(4.532.807)**
Income taxes	9	212.294	(244.099)
Net loss (A)		**(1.260.299)**	**(4.776.905)**
Other total comprehensive income after tax (B)		-	-
Total comprehensive losses after tax (A)+(B)		-	-
		(1.260.299)	**(4.776.905)**
Loss attributable to:			
Equity holders of the parent		(1.243.670)	(4.727.175)
Non-controlling interests		(16.628)	(49.730)
		(1.260.299)	**(4.776.905)**

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

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

	Note	31.12.2011	31.12.2010
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	197.506	245.347
Intangible assets	12	892.156	1.078.007
Invstments in subsidiaries			
Investments in associates accounted under the equity method		37.000	37.000
Other non-current assets		37.349	43.226
Deferred tax asset	9	609.653	396.036
Total Non-Current Assets		**1.773.665**	**1.799.616**
Current Assets			
Inventories	13	372.670	351.142
Trade accounts receivable	14	1.762.191	3.304.660
Prepayments and other receivables	14	417.699	776.547
Receivables from intra Group Companies			
Financial assets at fair value through profit and loss		940	3.325
Cash and cash equivalents	15	264.284	314.347
Total Current Assets		**2.817.785**	**4.750.021**
TOTAL ASSETS		**4.591.449**	**6.549.637**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital		8.750.000	8.750.000
Share premium		600.000	600.000
Other reserves		163.331	163.330
Retained earnings		(7.835.335)	(6.645.352)
Total equity		**1.677.996**	**2.867.978**
Minority interests		207.320	223.948
Total equity		**1.885.316**	**3.091.926**
Non-Current Liabilities			
Long term finance lease obligations		1.652	15.854
Reserve for staff retirement indemnities	22	84.104	97.405
Deferred tax liability		-	33.005
Total Non-Current Liabilities		**85.757**	**146.264**
Current Liabilities			
Trade accounts payable	20	355.927	1.042.456
Short-term borrowings	19	1.182.098	1.526.548
Short-term portion of finance lease obligations		14.202	13.484
Income tax payable		86.644	132.341
Accrued and other current liabilities	21	981.505	596.619
Total Current Liabilities		**2.620.376**	**3.311.448**
Total Liabilities		**2.706.133**	**3.457.712**
TOTAL LIABILITIES AND EQUITY		**4.591.449**	**6.549.637**

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

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011

	Share Capital	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total
Balance at 1 January 2010	**8.750.000**	**600.000**	**163.330**	**(1.918.177)**	**7.595.153**	**273.678**	**7.868.831**
Loss for the period	-	-		(4.727.175)	(4.727.175)	(49.730)	(4.776.905)
Balance at 31 December 2010	**8.750.000**	**600.000**	**163.330**	**(6.645.352)**	**2.867.978**	**223.948**	**3.091.926**
Balance at 1 January 2011	**8.750.000**	**600.000**	**163.330**	**(6.645.352)**	**2.867.978**	**223.948**	**3.091.926**
Transfer to reserves		-	1	(1)	-		-
Loss for the period	-	-	-	(1.243.670)	(1.243.670)	(16.628)	(1.260.299)
Absorption of subsidiary	-	-	-	(49.863)	(49.863)	-	(49.863)
Non consolidated subsidiaries	-	-	-	103.551	103.551	-	103.551
Balance at 31 December 2011	**8.750.000**	**600.000**	**163.331**	**(7.835.335)**	**1.677.996**	**207.320**	**1.885.316**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	01.01-31.12.2011	01.01-31.12.2010
Cash flows from Operating Activities		
Loss before income taxes	(1.472.592)	(4.532.807)
Adjustments for:		
Depreciation and amortisation	256.988	339.397
Other Provisions	12.384	50.000
Financial (income)/expenses	138.745	73.782
Provisions for doubtful debts	-	(431.643)
Operating loss before working capital changes	**(1.064.475)**	**(4.501.271)**
(Increase)/Decrease in:		
Inventories	(21.528)	(46.819)
Trade accounts receivables	1.542.469	1.122.638
Prepayments and other receivables	376.083	550.333
Trade accounts payable	(686.529)	115.843
Accrued and other current liabilities	384.886	(8.720)
Interest paid	(112.450)	(73.355)
Tax paid	(31.753)	(228.730)
Payement for staff indemnity	(25.684)	(59.096)
Othe long term liabilities	5.877	3.481
Net cash from/(used in) Operating Activities	**366.895**	**(3.125.696)**
Cash flows from Investing Activities		
Capital expenditure for property, plant and equipment	(64.863)	(159.389)
Increase of participation in affiliated company	-	(32.000)
Interest and related income received	3.454	5.180
Financial assets at fair value through income statement	2.385	-
Net cash used in Investing Activities	**(59.024)**	**(186.209)**
Net Change in finance leases	(13.484)	25.047
Net change in short-term borrowings	(344.450)	1.139.362
Net cash from Financing Activities	**(357.934)**	**1.164.409**
Net increase (decrease) in cash and cash equivalents	**(50.062)**	**(2.147.496)**
Cash and cash equivalents at the beginning of period	**314.347**	**2.461.843**
Cash and cash equivalents at the end of the period	**264.285**	**314.347**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

1. CORPRORATE INFORMATION:

Neurosoft Software Production S.A (the Company) is a société anonyme Company incorporated and domiciled in Greece whose shares are publicly traded at the AIM MILANO multilateral trading facility.

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 Group's number of employees at December 31, 2011, amounted to 48 while that of the Company to 24. At December 31, 2010, the respective number of employees was 51 for the Group and 32 for the Company.

Information on the Subsidiaries:

Kestrel Information Systems S.A.

On November 30, 2009, the Company acquired 70% of Kestrel Information Systems.
Kestrel Information Systems is a Systems Integrator for Telecommunications solutions, operating in several countries of South-eastern Europe including Cyprus, Romania, Bulgaria, Serbia, Albania and, of course, Greece. Kestrel Information Systems is primarily operating on the sector of Fixed and Mobile Telecommunications Operators partnering with leading worldwide equipment and software vendors. The company is focusing on providing high quality design, implementation and support services to its Customers through its specialized and certified personnel. Kestrel Information Systems is constantly reviewing the international and local market trends attempting to expand its product and services portfolio.

Gaeknar Ventures Ltd

On October 7, 2008, the Company acquired 100% of the share capital of Gaeknar, a company incorporated under the laws of Cyprus. On May 3rd, after the approval of the Court of Limassol a merger between Rockberg Holdings and Gaeknar Ventures Ltd took place.

Neurosoft Romania

On June 23, 2008, Gaeknar and Mr. Paschalidis (currently a member of the Company's Board of Directors) established Neurosoft Romania, a software company which is based in Bucharest and is expected to service the market needs for Neurosoft's products in Eastern Europe. At 31 December 2009, Gaeknar holds 95% of the shares in Neurosoft Romania and Mr. Paschalidis holds the remaining 5%. Neurosoft Romania for the fiscal year 2011 was suspended and it was excluded from the Consolidation Accounts

Rockberg Holdings Ltd

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

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

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

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

(b) Basis of Consolidation of Financial Statements:

The accompanying consolidated financial statements include the financial statements of Neurosoft S.A. and all subsidiaries where Neurosoft 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 intercompany 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.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2011. Their adoption has had no significant effect on the financial statements of the Group or the Company:

- **IFRIC 19** Extinguishing Financial Liabilities with Equity Instruments
- **IFRIC 14** Prepayments of a Minimum Funding Requirement (Amended)
- **IFRS 32** Classification on Rights Issues (Amended)
- **IAS 24** Related Party Disclosures (Amended)
- **Improvements to IFRSs (May 2010)**

Standards issued but not yet effective and not early adopted

- **IAS 1 Presentation of Financial Statements (amended)**
  The amendment is effective for annual periods beginning on or after July 1, 2012. This amendment changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)**
  The amendment is effective for annual periods beginning on or after January 1, 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment has not yet been endorsed by the EU. The Group and the Company do not expect that this amendment will have an impact on their financial position or performance.

- **IAS 19 Employee Benefits (amended)**
  The amendment is effective for annual periods beginning on or after January 1, 2013. The amended IAS 19 proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). The result is greater balance sheet volatility for those entities currently applying the corridor approach. These amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. Expected returns on plan assets will be replaced by a credit to income based on the corporate bond yield rate. In addition, the revised standard requires immediate recognition of past service costs as a result of plan amendments (in the income statement) and requires termination benefits to be recognised only when the offer becomes legally binding and cannot be withdrawn. Early application is permitted. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 27 Separate Financial Statements (amended)**
  This amendment is effective for annual periods beginning on or after January 1, 2013.As a result of the new standards IFRS 10, IFRS 11 and IFRS 12, this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on its financial position or performance.

- **IAS 28 Investments in Associates and Joint Ventures (amended)**
  The Standard is effective for annual periods beginning on or after January 1, 2013. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12, this standard was amended to prescribe the accounting for investments in associates and set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2014.This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities amendments. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements**
  The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2013.The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 9 Financial Instruments – Phase 1, classification and measurement**
  The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS addresses classification and measurement of financial instruments. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 10 Consolidated Financial Statements**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position or performance.

- **IFRS 11 Joint Arrangements**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 12 Disclosures of Interests in Other Entities**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. IFRS 12 replaces the requirements previously included in IAS 27, IAS 31, and IAS 28 Investments in Associates. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRS 13 Fair Value Measurement**
  The new standard is effective for annual periods beginning on or after January 1, 2013. The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. IFRS 13 consolidates and clarifies the guidance on how to measure fair value and also to increase convergence with USGAAP which has also been amended by FAASB. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The Group and the Company are in the process of assessing the impact of the new standard on the financial position or their performance.

- **IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine**
  The amendment is effective for annual periods beginning on or after 1 January 2013. This interpretation considers when and how to account for separately (i) the usable ore that can be used to produce inventory and, (ii) the improved access to further quantities of material that will be mined in future periods that arise from the stripping activity, as well as how to measure these benefits both initially and subsequently. IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Early application is permitted. IFRIC 20 has not yet been endorsed by the EU. This interpretation is not applicable to the Group and the Company.

(b) Approval of Financial Statements:

The Board of Directors of Neurosoft S.A. approved the separate and consolidated financial statements for the period ended at December 31, 2011, on April 4, 2012. The abovementioned financial statements are subject to the final approval of the General Assembly of the Shareholders.

(c) Significant Accounting Judgements and Estimates:

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES:

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition

date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Classification of Intangible asset	Years
Software	3.3
Customers' base	8.0

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

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

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

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

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

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

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

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

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

(ii) Loans and receivables:

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

(iii) Available-for-sale financial assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

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

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

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

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

- Except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.

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

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

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

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

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

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

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

(v) Segment Reporting: The Group’s primary segment reporting is categorised by business activity because the risks and profitability of the Group is mainly affected by the type of the product and services offered. Each segment represents a different business area of activity: (i) Business Intelligence, (ii) Core Factoring, (iii) Sports Betting & Gaming Analytics and (iv) Telecommunications.

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

Core Factoring: In order to penetrate in the growing market of Factoring, Neurosoft has developed and introduced Proxima+, a powerful, flexible and scalable business factoring software solution, which aims to assist factoring companies meet their objectives in a cost-efficient and timely manner.

The Company entered the core factoring business in 2004 with a client/server implementation called dynaFactor. Proxima+ was loosely based on dynaFactor and has incorporated many of the latest technological and business improvements available.

Sports Betting & Gaming Analytics: In order to serve the area of the Sports Betting Analytics, Neurosoft has developed a business intelligence solution, which provides liability monitoring capabilities to Betting Operators. Based on specially-designed technological architecture and complex algorithms, BOLT ensures the real time measurement of liability and visual analysis. The primary goal of the technology is to enable a betting operator to continually and accurately monitor liability in an effort to minimise payout and, by default, maximise revenues.

Telecommunications: The activities of the subsidiary Kestrel Information Systems, which concern the sale and service of telecommunication integrated equipment, is regarded as a different segment for the Group.

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

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

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

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

- The rights to receive cash flows from the asset have expired.

- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement.

- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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

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

4. GROUP SEGMENT INFORMATION:

The Group's operations are divided into four segments, as described above innote 3(v):

1) Business Intelligence
2) Core factoring
3) Sports betting & Gaming analytics
4) Telecommunications

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

The segment information for the year ended December 31, 2011 and 2010 is analysed as follows:

FY 2011	BUSINESS INTELLIGENCE	FACTORING & FINANCIALS	SPORT BETTING & GAMING ANALYTICS	TELECOMS	OTHER	**TOTAL**
Revenue	149,774	473,738	457,715	1,781,878	50,749	**2,913,854**
Gain /(Loss) before tax	(204,334)	(503,583)	(501,113)	(53,376)	(210,186)	**(1,472,592)**
Trade receivables	27,502	218,921	201,051	1,286,717	28,000	**1,762,191**

FY 2010	BUSINESS INTELLIGENCE	FACTORING & FINANCIALS	SPORT BETTING & GAMING ANALYTICS	TELECOMS	OTHER	**TOTAL**
Revenue	-	283,208	135,000	2,390,037	72,150	**2,880,395**
Loss before tax	-	(2,479,600)	(1,579,858)	(64,021)	(409,328)	**(4,532,807)**
Trade receivables	-	614,843	-	2,689,817	-	**3,304,660**

5. PAYROLL COST:

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

	December 31,	
	2011	**2010**
Wages and salaries	1,674,621	1,894,927
Social security costs	387,752	432,814
Staff retirement indemnities	12,384	51,454
Other staff costs	19,709	3,536
Total	-	2,382,731
Payroll Cost (Note 8)	**2,094,466**	**2,382,731**

6. DEPRECIATION AND AMORTISATION:

Depreciation and amortisation in the accompanying financial statements are analysed as follows:

	December 31,	
	2011	2010
Depreciation on buildings	6,906	4,430
Depreciation on transportation means	708	233
Depreciation on furniture and equipment	77,064	77,659
Depreciation on property, plant and equipment (Note 11)	**84,678**	**82,322**
	-	
Amortisation on software and other intangible assets	172,310	257,075
Amortisation on intangible assets (Note 12)	**172,310**	**257,075**
Depreciation and amortisation (Note 8)	**256,988**	**339,397**

7. FINANCIAL INCOME / (EXPENSES):

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

	December 31,	
	2011	2010
Interest on short-term borrowings (Note 20)	(104,149)	(49,501)
Finance charges paid under finance leases	(1,207)	(5,362)
Other financial costs	(36,842)	(39,077)
Total financial expenses	**(142,198)**	**(93,940)**
	-	
Interest earned on cash at banks and on time deposits (Note 16)	93	4,479
Other financial income	3,361	15,679
Total financial income	**3,453**	**20,158**
Total financial income/(expenses), net	**138,745**	**(73,782)**

8. ANALYSIS OF EXPENSES:

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

	December 31,	
	2011	2010
Payroll and related costs (Note 5)	2,094,466	2,382,731
Third party fees and services	1,065,418	2,039,914
Taxes and duties	21,195	27,315
Sundry expenses	250,920	734,023
Depreciation and amortisation (Note 6)	206,933	339,397
Losses from advance payment	-	150,000
Receivables write-off	-	423,643
Other operating expenses	297,703	161,615
Cost of sales of inventory and consumables	297,517	1,081,803
Total expenses	**4,284,207**	**7,340,441**

The above expenses are analysed as follows:

	December 31	
	2011	2010
Cost of sales	2,443,774	4,412,416
Selling and distribution expenses	400,690	1,122,775
Administrative expenses	1,439,742	1,805,250
TOTAL	**4,284,207**	**7,340,441**

9. INCOME TAXES:

In accordance with the tax laws, the corporate tax rate which was effective to Greek corporations through to December 31, 2010, was 24%. Moreover, the corporate tax rate was to be gradually reduced to 20% from fiscal year 2014 onwards. According to the new law L. 3943/2011, the corporate tax rate is 20% for fiscal year 2011 and thereafter.

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

	December 1-December 31,	
	2011	2010
Current income taxes	1,324	-
Prior years' taxes	-	135,751
Deferred income taxes	(213,617)	108,348
Total income taxes (credit) / debit reflected in the statement of comprehensive income	**(212,294)**	**244,099**

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

	December 31,	
	2010	2009
(Loss) / Profit before tax	**(1,472,592)**	**(4,109,164)**
Income tax calculated at the nominal applicable tax rate (25%)	(294,518)	(986,199)
Tax effect of non tax deductible expenses and non taxable income	81,759	22,639
Prior year income taxes	-	135,751
Effect of higher tax rates in Greece	285	38,855
Losses carried forward, for which no deferred tax was calculated	-	1,033,053
Tax effect of change in tax rates	180	-
Income tax reported in the consolidated income statement	**(212,294)**	**244,099**

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

Tax Compliance certificate

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

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

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Rockberg Holding Ltd	-
Neurosoft Romania Srl	23/6/2008-31/12/2011
Kestrel Information Systems S.A.	31/12/2007 – 31/12/2011

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

The movement of the deferred tax asset is as follows:

	December 31,	
	2011	2010
Beginning balance	**363,031**	**471.379**
Income taxes [credit/(debit)]	(246,622)	(108,348)
Tax charged to equity (listing expenses)	-	-
Tax of acquired companies	-	-
Ending balance	**609,653**	**363,031**

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

	January 1st, 2011	Debit/ (Credit) to P&L	December 31st, 2011
Deferred income tax asset:			
Provision for bad debts	28.800	3.425	32.225
Staff retirement indemnities	14.449	(710)	13.739
Provision for obsolete stock	800	-	800
Currency differences	-	101	101
Tax losses carried forward	256.612	241.808	498.420
Intangible assets	85.247	(118)	85.129
Total	**383.780**	**244.506**	**630.414**
Deferred income tax liability:			
Expenses on acquisition	(11.722)	2.931	(8.791)
Finance lease	(9.027)	(2.943)	(11.970)
Total	**(20.749)**	**(12)**	**(20.761)**
Net deferred income tax asset	**363,031**	**246,622**	**609,653**

	January 1st, 2010	Debit/ (Credit) to P&L	December 31st, 2010
Deferred income tax asset:			
Provision for bad debts	28,800	-	28,800
Staff retirement indemnities	13,385	1,064	14,449
Provision for obsolete stock	800	-	800
Tax losses carried forward	256,612	-	256,612
Intangible assets	191,544	(106,297)	85,247
Total	**491,141**	**(107,361)**	**383,780**
Deferred income tax liability:			
Expenses on acquisition	(14,653)	2,931	(11,722)
Finance lease	(5,109)	(3,918)	(9,027)
Total	**(19,762)**	**(987)**	**(20,749)**
Net deferred income tax asset	**471,379**	**(108,348)**	**363,031**

10. SUBSIDIARIES - GOODWILL:

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

Subsidiary	Country of Incorporation	Consolidation Method	Participation Relationship	Equity Interest	
				31.12.2011	31.12.2010
Gaeknar Venture Ltd	Cyprus	Full	Indirect	100%	100%
Rockberg Holding Ltd	Cyprus	Full	Direct	100%	100%
Kestrel Information Systems S.A	Athens, Greece	Full	Direct	70%	70%

A merger between Gaeknar Venture Ltd and Rockberg Holdings Ltd took place during 2011

b) Acquisition of Kestrel Information Systems S.A

On November 30, 2009, Neurosoft S.A completed the acquisition of 70% of shares in Kestrel Information Systems S.A, against payment of a total consideration of € 761,055.

The goodwill that arose due to the above acquisition, is included in the accompanying consolidated balance sheet, was based on the carrying fair values of the balance sheet of the acquired company as at November 30, 2009 and is considered provisional. During the fiscal year 2010 the procedure of determination of the fair value of assets, liabilities and contingent liabilities of the acquired company, the purchase price allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill was completed.

The carrying fair values of the balance sheet of the acquired company, the total cost of acquisition and the provisional goodwill for the Group as at November 30, 2009, date of the acquisition, are as follows:

ASSETS	CARRYING VALUES	FAIR VALUE AT ACQUISITION DATE
Property, plant and equipment – Intangible assets	49,064	318,963
Deferred tax asset	43,324	43,324
Inventories	336,249	336,249
Current assets	2,273,385	2,273,385
Cash and cash equivalents	18,088	18,088
Total assets	**2,720,110**	**2,990,009**
LIABILITIES		
Short-term borrowings	(1,563,332)	(1,563,332)
Other long-term liabilities	(122,324)	(122,324)
Other short-term liabilities	(332,803)	(332,803)
Total liabilities	**(2,018,459)**	**(2,018,459)**
Net Assets	**701,651**	**971,055**
Non-controlling interest (30%)		(210,495)
Total net assets acquired		**761,055**
Provisional goodwill during acquisition		-
Total acquisition cost		**761.055**
The total acquisition cost is analyzed as follows:		
Cash		700,000
Acquisition expenses		61.055
Net assets acquired		**761.055**

After the purchase price allocation the provisional goodwill was allocated to intangible assets and more specific to the category 'Customers' base'.

Cash outflow at the acquisition date:

Cash and cash equivalents acquired	18,088
Net cash flow used in acquisition	(761,055)
Total cash outflow at the acquisition date	**(742,967)**

11. PROPERTY, PLANT AND EQUIPMENT:

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

	Buildings	Transportation Means	Furniture & Other Equipment	Total
COST				
At January 1, 2010	**42.901**	**1.550**	**498.672**	**543.123**
Additions	18.458	-	76.282	94.740
Disposals/ Write-offs	-	-	-	-
At December 31, 2010	**61.359**	**1.550**	**574.954**	**637.863**
Additions	-	-	613	613
Disposals/ Write-offs	(808)	(77)	(9.744)	(10.629)
At December 31, 2011	**60.551**	**1.473**	**565.823**	**627.847**
DEPRECIATION				
At January 1, 2010	**(10.950)**	**(949)**	**(298.294)**	**(310.194)**
Depreciation expense	(4.430)	(233)	(77.659)	(82.322)
Disposals/Write-offs	-	-	-	-
At December 31, 2010	**(15.380)**	**(1.182)**	**(375.953)**	**(392.516)**
Depreciation expense	(6.506)	(293)	(77.879)	(84.678)
Disposals/Write-offs	800	77	45.975	46.852
At December 31, 2011	**(21.086)**	**(1.398)**	**(407.857)**	**430.341**
NET BOOK VALUE				
At January 1, 2010	**31.951**	**601**	**200.377**	**232.929**
At December 31, 2010	**45.978**	**368**	**199.001**	**245.347**
At December 31, 2011	**39.465**	**75**	**157.966**	**197.506**

There is no property, plant and equipment that have been pledged as security. The title of the capitalized leased assets has been retained by the lessor. The net book value of the Group's capitalized leased (furniture and computers) assets at December 31, 2011 and 2010, amounted to € 50,939 and € 64,696, respectively.

12. INTANGIBLE ASSETS:

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

The Group	Purchased Software	Licenses & Other Intangibles	Customer base	Intangibles Under Development	Total
COST					
At January 1, 2010	**113.109-**	**150.000-**	**-**	**901.020-**	**1.164.129**
Additions	29.967	-	269.899	-	**299.866**
Disposals	-	-	-	-	**-**
At December 31, 2010	**143.076**	**150,000**	269.899-	**901,020**	**1.463.995**
Additions	11.223	-	-	-	**11.223**
Disposals	-	-	-	-	**-**
At December 31, 2011	**154.299**	**150,000**	**269,899**	**901,020**	**1.475.218**
AMORTIZATION					
At January 1, 2010	**(11.763)-**	**(30.000)**	-	**(87.149)**	**(128.912)**
Amortization expense	(44.976)	(30,000)	(33.737)	(148.362)	**(257.075)**
At December 31, 2010	**(56.739**	**(60.000)**	(33.737)	**(235.511)**	**(385.987)**
Amortization expense	14.976	30.000	33.737	118.362	**197.075**
At December 31, 2011	**71.715**	**90.000**	**67.474**	**353.873**	**583.062**
NET BOOK VALUE					
At January 1, 2010	**101.345-**	**120.000**	**-**	**813.871**	**1.035.216**
At December 31, 2010	**86.337**	**90.000**	**236.162**	**665.509**	**1.078.007**
At December 31, 2011	**82.584**	**60.000**	**202.425**	**547.147**	**892.156**

13. INVENTORIES:

Inventories in the accompanying financial statements are analysed as follows:

	December 31, 2011	December 31, 2010
Merchandise	376.003	354.475
Consumables	(3.333)	(3.333)
Total	**372.670**	**351.142**

14. TRADE ACCOUNTS RECEIVABLE:

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

	31 Δεκεμβρίου	
	2011	**2010**
Trade customers	1.528.862	3.320.746
Cheques and notes receivable	252.268	115.357
Unbilled revenue	167.600	361.200
Doubtful customers	495.882	-
Income tax advance	146.424	517.233
Prepaid expenses	44.046	168.542
Advances to employees and contractors	24.694	84.431
Other debtors	20.400	6.341
Less: Allowance for doubtful accounts receivable	**(500.285)**	**(492.643)**
Balance of trade accounts receivable	**2.179.891**	**4.081.207**

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

	31 December	
	2011	**2010**
Beginning balance	**492.643**	**144.000**
Acquisition of subsidiary	-	-
Provision for the year	7.642	423.643
Used provision	-	(75.000)
Ending balance	**500.285**	**492.643**

15. CASH AND CASH EQUIVALENTS:

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

	December 31,	
	2011	**2010**
Cash in hand	138.039	36.158
Cash at banks	126.245	278.189
Total	**264.284**	**314.347**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2011, amounted to € 0, (for the year ended December 31, 2010, € 4,479) and is included in financial income in the accompanying income statements .

16. 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 28.09.2009, by use of part of the available funds of the relevant special share premium reserve account, which resulted from the share capital increase realized after the Shareholders' General Meeting of 01.04.2009, by issuance of 19,000,000 new ordinary registered voting shares, of a par value of € 0.35 each, and the free ensuing proportional allocation to shareholders of 19 new shares for each 6 shares held.

Following the above increase, the Company's share capital amounts to € 8,750,000, divided into 25,000,000 ordinary shares of a par value € 0.35 each.

17. OTHER RESERVES:

Other reserves are analysed as follows:

	December 31,	
	2011	2010
Legal reserve	158.486	158.485
Special reserves	4.845	4.845
Total reserve	**163.331**	**163.330**

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

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

18. DIVIDENDS:

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

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

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

No dividends were proposed for approval at the annual general meeting for the year ended December 31, 2011 (December 31,2010: NIL).

19. SHORT-TERM BORROWINGS:

The acquired company Kestrel Information Systems S.A has short-term borrowings with annual variable interest rates of three months Euribor plus a margin of 1,5%-2,5%. The table below presents the credit lines available to the Group as well as the utilized portion.

	December 31,	
	2011	**2010**
Credit lines available	-	2.200.000
Unused portion	-	(673.452)
Used portion	**1.182.098**	**1.526.548**

The total interest expense for short-term borrowings for the years ended December 31, 2011 and 2010, amounted to € 103,602 and € 49,501 respectively, and is included in financial expenses (Note 7), in the accompanying statements of comprehensive income.

20. TRADE ACCOUNTS PAYABLE:

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

	December 31,	
	2011	**2010**
Domestic and foreign suppliers	117.457	996.373
Bills payable	6.347	-
Post dated cheques payable	111.110	46.083
	355.927	**1.042.456**

21. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	December 31,	
	2011	**2010**
Social security payable	404.461	93.160
Value added tax and withheld taxes	179.781	248.693
Third-party fees payable	168.339	107.504
Customer advances	28.699	-
Accrued expenses	130,139	119.901
Other current liabilities	70,086	27.361
	981,505	**596.619**

22. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2011 and 2010, amounted to € 538.035 and € 432,814 respectively.

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

An independent actuary evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study as at December 31, 2011 and 2010, are:

	December 31,	
	2011	2010
Present value of unfunded obligations	84.104	98.859
Net Liability in Balance Sheet	**84.104**	**98.859**
Components of net periodic pension cost		
Service cost	13.245	45.604
Interest cost	495	1.649
Amortisation of unrecognised net loss	(1.356)	3.998
Total charge to operations	**12.384**	**51.454**
Reconciliation of benefit obligation		
	-	-
Present value of liability at start of period	98.664	106.501
Liability from acquisition	-	
Service cost	13.245	44.604
Interest cost	495	1.649
Benefits paid	(25.684)	(59.096)
Actuarial gains/(loss)	(2.616)	4.201
Present value of liability at the end of year	**84.104**	**98.859**
Principal Assumptions:		
Discount Rate	4,0%	5,0%
Rate of compensation increase	1,0%	3,5%
Inflation rate	3,0%	3,0%

23. (LOSS) / EARNINGS PER SHARE:

Basic (loss)/profit per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.
Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).
The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2010 and 2009:

	December 31,	
	2011	**2010**
Net (loss) /income attributable to the shareholders of the parent	**(1.243.670)**	**(4.727.175)**
Total weighted average number of ordinary shares	**25.000.000**	**25.000.000**
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share	**(0,0497)**	**(0,1890)**

24. RELATED PARTIES:

The Group purchase goods and services from and provides services to certain related parties in the normal course of business. These related parties consist of companies that have a significant influence over the Group (shareholders) or are associates of the Group.

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2011 and 2010, are analysed as follows:

	December 31,	
	2011	2010
Salaries and fees for executive members of the BoD	141.081	206.422
Salaries and fees for Senior Managers	352.072	213.513
Total	**493.153**	**412.935**

25. 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.

Commitments:

Rent: The Group has entered into commercial operating lease agreements for the lease of, office space and vehicles. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2010 and 2009, are as follows:

	December 31,	
	2011	2010
Within one year	66.329	76.132
2-5 years	-	100.789
Over 5 years	-	-
Total	**66.329**	**176.921**

Guarantees: Letters of guarantee are issued by the Group to various beneficiaries and as at December 31, 2011 and 2010, are analysed as follows:

	December 31,	
	2011	2010
Good execution of agreements	187.987	399.740
Participation in biddings	167.526	-
Guarantee for advance payments received	-	-
Total	**355.513**	**399.740**

26. FINANCIAL INSTRUMENTS:

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

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

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2010, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets. The Group has no significant concentrations of credit risk with any single counter party.

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

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

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

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

	December 31,2010	
	Interest Rate Variation	**Effect on income**
EURO	1.0%	(11.821)
	-1.0%	11.821

	December 31,2009	
	Interest Rate Variation	**Effect on income**
EURO	1.0%	(19,659)
	-1.0%	19,659

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

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

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

The table below summarizes the maturity profile of financial liabilities at December 31, 2011 and 2010, respectively, based on contractual undiscounted payments.

Year ended December 31, 2011	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	591.049	591.049	-	-	1.182.098
Leases	-	7.101	7.101	1.652	-	15.854
Trade and other payables	284.331	526.551	526.550	-	-	1.337.432
Total	**284.331**	**1.124.701**	**1.124.700**	**1.652**	**-**	**2.535.384**

Year ended December 31, 2010	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	763.274	763.274	-	-	1.526.548
Leases	-	6.742	6.742	15.854	-	29.338
Trade and other payables	341.853	648.611	648.611	-	-	1.639.075
Total	**341.853**	**1.418.627**	**1.418.627**	**15.854**	**-**	**3.194.961**

Capital Management

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

	December 31,	
	2011	2010
Short-term borrowings	(1.182.098)	(1.526.548)
Total Debt	**-**	**(1.526.548)**
Less : Cash and cash equivalents	253.493	314.347
Net Debt/(cash)	**253.493**	**(1.212.201)**

27. SUBSEQUENT EVENTS:

There are no subsequent events that should be taken into account for the preparation of the Financial Statements for the year ended December 31, 2011.

Athens, April 4th, 2012

President of the BoD
Mavroeides Angelopoulos

Chief Executive Officer
Nikolaos Vassilonikolidakis

Head Accountant
Leonidas Dimitroulias