ANNUAL FINANCIAL REPORT

for the year ended December 31, 2009

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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, 2009

At its meeting of 14 April 2010 the Board of the Company approved the audited summary consolidated financial statements of NEUROSOFT SA for the period ending 31 December 2009.
The company results also include the results for the fully dependent subsidiaries Gaeknar, Rockberg, Kestrel and Neurosoft Romania. The company's turnover in 2009 amounted to 3,657,320 Euro, compared with 3,728,333 Euro for the same period in 2008.
Losses on business before tax in 2009 amounted to 307,598 Euro, compared with 2,016,217 Euro of profits in the same period of 2008. The fall in profits was mainly due to the expenditure involved in the listing of the company on the Milan Stock Exchange (AIM), and also to an increase in operating expenses owing to the recruitment of engineers and managers as envisaged in the business plan for product development and business development. In 2009 the company achieved the following basic objectives:

- Completion of first production version of the trading engine (Tensor),
- Completion of the retail platform which will replace SYNORA and is named Oberon. The new platform was developed entirely by Neurosoft and meets the current and future needs of the company's products. It is cross-platform, secure, stable, allows even greater speeds and permits integration of third-party products. BOLT is the first product to use the Oberon platform. It is planned that Oberon will also be used for the Tensor
- Upgrading BOLT to support more horse and dog races and thus be more friendly to the British market
- Integration of a data warehouse for real-time updating and workflow engine (iSynergy), based on WMC (workflow management coalition) standards for Proxima+
- Securing associate membership of the WLA

Neurosoft's net losses for 2009 were 409,096 Euro, compared with net profits of 1,475,499 for the same period in 2008. The losses in 2009 were due to the factors set out above, i.e. the expenditure involved in listing the company on the Milan Stock Exchange and the increase in operating expenses owing to the recruitment of engineers and managers as envisaged in the business plan for product development and business development.
All the audited summary consolidated financial accounts will be available via the company's site www.neurosoft.gr

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, 2009, 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 as at December 31, 2009, 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.

Athens, 15 April 2010

The Certified Auditor-Accountant

Georgios A. Batsoulis

BDO Certified & Registered Auditors AE

ANNUAL
FINANCIAL STATEMENTS

for the year ended

December 31, 2009

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in Euro)

	Note	01.01-31.12.2009	01.01-31.12.2008
Revenues	4	3,657,320	3,728,333
Cost of sales	8	(1,985,737)	(1,131,971)
Gross profit		**1,671,583**	**2,596,362**
Selling and distribution expenses	8	(736,402)	(159,367)
Administrative expenses	8	(1,269,175)	(389,272)
Other income		15,537	-
Financial income	7	56,539	-
Financial expenses	7	(45,680)	(31,505)
Profit / (Loss) before taxes		**(307,598)**	**2,016,217**
Income taxes	9	(101,500)	(540,719)
Profit / (Loss) after taxes (A)		**(409,096)**	**1,475,499**
Other total comprehensive income after tax (B)		**-**	**-**
Total comprehensive income/(loss) after tax (A)+(B)		**(409,096)**	**1,475,499**
(Loss) / Profit for the year attributable to:			
Shareholders of the Parent		(472,279)	1,475,499
Non-controlling interest		63,183	-
		(409,096)	**1,475,499**
EBITDA		***(106,355)***	***2,089,099***
(Loss) / Earnings per share (Basic)	24	(0.0418)	0.7377
Weighted Average Number of Shares (Basic)	24	9,775,342	2,000,000

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in Euro)

	Note	31.12.2009	31.12.2008
ASSETS			
Non current assets			
Property, Plant and Equipment	11	232,929	120,652
Intangible assets	12	1,035,216	-
Provisional goodwill	10	269,899	-
Investments in associates		5,000	-
Other non-current assets		24,463	9,049
Deferred tax assets	9	471,379	35,294
Total non current assets		**2,038,885**	**164,995**
Current assets			
Inventories	13	304,322	-
Trade Receivables	14	3,995,656	1,828,134
Prepayments and other receivables	15	1,302,496	691,039
Financial assets in fair value through profit and loss		6,650	3,800
Cash and cash equivalents	16	2,461,843	814,295
Total Current Assets		**8,070,967**	**3,337,268**
TOTAL ASSETS		**10,109,853**	**3,502,263**
EQUITY AND LIABILITIES			
Equity to the equity holders of the parent			
Share capital	17	8,750,000	700,000
Share premium		600,000	-
Other reserves	18	163,330	156,193
Retained earnings/(accumulated deficit)		(1,918,177)	1,210,347
Total		**7,595,153**	**2,066,540**
Non-controlling interest		273,678	-
Total equity		**7,868,831**	**2,066,540**
Non current liabilities			
Long-term finance lease obligations		-	4,291
Reserve for staff retirement indemnities	23	106,501	39,963
Total Non-Current Liabilities		**106,501**	**44,254**
Current Liabilities			
Trade accounts payable	21	926,612	23,847
Short-term borrowings	20	387,185	52,730
Short-term portion finance lease obligations		4,291	10,918
Income tax payable		211,093	907,818
Accrued and other current liabilities	22	605,339	396,156
Total Current Liabilities		**2,134,520**	**1,391,469**
Total Liabilities		**2,241,022**	**1,435,723**
TOTAL LIABILITIES AND EQUITY		**10,109,853**	**3,502,263**

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in Euro)

	Attridutable to the equity holders of the parent					Non-controlling interest	Total Equity
	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
Total Equity beginning at January 1, 2008	**370,000**	**-**	**80,420**	**338,632**	**789,052**	**-**	**789,052**
Total comprehensive income after income taxes of the period	-	-	-	1,475,499	1,475,499	-	1,475,499
Dividends paid	-	-	-	(200,000)	(200,000)	-	(200,000)
Issuance of share capital	330,000	-	-	(328,011)	1,989	-	1,989
Transfer to reserves	-	-	75,773	(75,773)	0		0
Total Equity ending at December 31, 2008	**700,000**	**0**	**156,193**	**1,210,347**	**2,066,540**	**-**	**2,066,540**
Total Equity beginning at January 1, 2009	**700,000**	**-**	**156,193**	**1,210,347**	**2,066,540**	**-**	**2,066,540**
Total comprehensive income after income taxes of the year	-	-	-	(472,279)	(472,279)	63,183	(409,096)
Dividends paid	-	-	-	(200,000)	(200,000)	-	(200,000)
Issuance of share capital	8,050,000	600,000	-	(1,050,000)	7,600,000	-	7,600,000
Business combinations	-	-	7,137	(1,556)	5,581	210,495	216,076
Listing expenses (net of deferred tax)	-	-	-	(1,404,688)	(1,404,688)	-	(1,404,688)
Total Equity ending at December 31, 2009	**8,750,000**	**600,000**	**163,330**	**(1,918,177)**	**7,595,153**	**273,678**	**7,868,831**

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)
FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts in Euro)

	Note	01.01-31.12.2009	01.01-31.12.2008
Cash flows from Operating Activities			
(Loss)/Profit before taxes		(307,598)	2,016,217
Adjustments for:			
Depreciation and amortisation	6	212,102	41,376
Financial (income)/expenses	7	(10,860)	19,524
Provision		27,476	(21,070)
Operating profit/(loss) before working capital changes		**(78,880)**	**2,056,048**
(Increase)/Decrease in:			
Inventories		31,926	-
Trade accounts receivable		(42,167)	(1,315,517)
Prepayments and other receivables		(471,188)	(575,404)
Increase/(Decrease) in:			
Trade accounts payable		749,607	59,978
Accrued and other current liabilities		28,393	568,035
Interest paid		(14,319)	(19,524)
Income taxes paid		(880,647)	(43,919)
Payment of staff retirement indemnities		(13,505)	-
Increase in other non-current assets		(8,581)	(3,300)
Net cash from/(used in) Operating Activities		**(699,360)**	**726,396**
Cash flow from Investing activities			
Capital expenditure for property, plant and equipment and intangible		(1,286,878)	(119,789)
Proceeds from the sale of property, plant and equipment		-	27,099
Interest and related income received		48,667	-
Financial assets in fair value through profit and loss		(2,850)	-
Investment in subsidiary		(5,000)	-
Acquisition of subsidiary	10	(761,055)	-
Net cash used in Investing Activities		**(2,007,116)**	**(92,690)**
Cash flow from Financing activities			
Issuance of share capital		7,600,000	1,989
Listing expenses		(1,824,270)	-
Dividends paid		(200,000)	(200,000)
Net change in short -term borrowings		(1,228,876)	(80,484)
Net change in leases		(10,918)	(10,101)
Net cash from/(used in) Financing Activities		**4,335,936**	**(288,596)**
Net increase in cash and cash equivalents		**1,629,460**	**345,111**
Cash and cash equivalents at the beginning of period		**814,295**	**469,184**
Cash and cash equivalents of acquired company		**18,088**	**-**
Cash and cash equivalents of the end of the period		**2,461,842**	**814,295**

The accompanying notes are an integral part of the Financial Statements

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 market.

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, 2009, amounted to 55 while that of the Company to 42. At December 31, 2008, the respective number of employees was 25 for the Group and 22 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.

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%.

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.

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(d).

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008
- IFRIC 15 Agreements for the Construction of Real Estate effective 1 January 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after 30 June 2009
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 January 2009
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IFRS 7 Financial Instruments: Disclosures (Amended) effective 1 January 2009
- IAS 1 Presentation of Financial Statements (Revised) effective 1 January 2009
- IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective 1 January 2009
- IAS 23 Borrowing Costs (Revised) effective 1 January 2009
- Improvements to IFRSs (May 2008)
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

- **IFRS 8 Operating Segments**
  This Standard replaces IAS 14 'Segment reporting'. IFRS 8 adopts a management approach to segment reporting. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

- **IFRS 7 Financial Instruments: Disclosures (Amended)**
  The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets

used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 27.

- **IAS 1 Presentation of Financial Statements (Revised)**
  The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with “other comprehensive income” (either in one single statement or in two linked statements); and requires the inclusion of a third column on the balance sheet to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group / Company made the necessary changes to the presentation of its financial statements in 2009 and has elected to present a single statement of comprehensive income.

In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 January 2009.

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**
  The amendment clarifies that all of a subsidiary’s assets and liabilities are classified as held for sale, under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale.

- **IFRS 7 Financial Instruments: Disclosures**
  This amendment removes the reference to ‘total interest income’ as a component of finance costs.

- **IAS 1 Presentation of Financial Statements**
  This amendment clarifies that assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

- **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**
  This amendment clarifies that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

- **IAS 10 Events after the Reporting Period**
  This amendment clarifies that dividends declared after the end of the reporting period are not obligations.

- **IAS 16 Property, Plant and Equipment**
  This amendment clarifies that items of property, plant & equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. IAS 7 Statement of cash flows is also revised, to require cash payments to manufacture or acquire such items to be classified as cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also shown as cash flows from operating activities.

- **IAS 18 Revenue**
  This amendment replaces the term ‘direct costs’ with ‘transaction costs’ as defined in IAS 39.

- **IAS 19 Employee Benefits**
  This amendment revises the definitions of ‘past service costs’, ‘return on plan assets’ and ‘short-term’ and ‘other long term’ employee benefits to focus on the point in time at which the liability is due to be settled.

- **IAS 20 Accounting for Government Grants and Disclosure of Government Assistance**
  Loans granted with no or low interest rates are not exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates, thereby being consistent with IAS 39. The difference between the amount received and the discounted amount is accounted for as a government grant. To be applied prospectively – to government loans received on or after 1 January 2009.

- **IAS 23 Borrowing Costs**
  The amendment revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method as described in IAS 39.

- **IAS 27 Consolidated and Separate Financial Statements**
  When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- **IAS 28 Investment in Associates**
  This interpretation clarifies that (i) if an associate is accounted for at fair value in accordance with IAS 39 only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies and (ii) an investment in an associate is a single asset for the purpose of conducting the impairment test – including any reversal of impairment. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance and any impairment is reversed if the recoverable amount of the associate increases.

- **IAS 29 Financial Reporting in Hyperinflationary Economies**
  This amendment revises the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.

- **IAS 31 Interest in Joint ventures**
  This amendment clarifies that if a joint venture is accounted for at fair value, in accordance with IAS 39 only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply.

- **IAS 34 Interim Financial Reporting**
  This amendment clarifies that earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

- **IAS 36 Impairment of assets**
  This amendment clarifies that when discounted cash flows are used to estimate 'fair value less costs to sell', the same disclosure is required as when discounted cash flows are used to estimate 'value in use'.

- **IAS 38 Intangible Assets**
  - Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the services.
  - Deletes references to there being rarely, if ever, persuasive evidence to support an amortisation method for finite life intangible assets that results in a lower amount of accumulated amortisation than under the straight-line method, thereby effectively allowing the use of the unit of production method.
  - A prepayment may only be recognised in the event that payment has been made in advance to obtaining right of access to goods or receipt of services.

- **IAS 39 Financial instruments recognition and measurement**
  - Clarifies that changes in circumstances relating to derivatives – specifically derivatives designated or de-designated as hedging instruments after initial recognition – are not reclassifications. Thus, a derivative may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Similarly, when financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of IFRS 4 Insurance Contracts, this is a change in circumstance, not a reclassification.
  - Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- **IAS 40 Investment property**
  - Revises the scope (and the scope of IAS 16) such that property that is being constructed or developed for future use as an investment property is classified as investment property. If an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Clarifies that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

- **IAS 41 Agriculture**
  - Replaces the term 'point-of-sale costs' with 'costs to sell'.
  - Removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.
  - Removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Rather, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

(b) Standards issued but not yet effective

- **IFRIC 17 Distributions of Non-cash Assets to Owners**
  This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect IFRIC 17 to have an impact on the financial statements as the Group has not made any non-cash distributions to shareholders in the past.

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**
  The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been endorsed by the EU. The Company does not expect that the amendment will have impact on the financial position or performance of the Company.

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**
  The amendment is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. This Earlier application permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU. The

Company does not expect that the amendment will have impact on the financial position or performance of the Company.

- **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)**
  The revision and amendment is effective for annual periods beginning on or after 1 July 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

- **IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items**
  The amendment is effective for annual periods beginning on or after 1 July 2009.The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company does not expect that the amendment will have any impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement**
  The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. 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 the financial position or performance of the Group.

- **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)**
  The amendment is effective for annual periods beginning on or after 1 January 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 32 Classification on Rights Issues (Amended)**
  The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 24 Related Party Disclosures (Revised)**
  The revision is effective for annual periods beginning on or after 1 January 2011.This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. This interpretation has not yet been endorsed by the EU. The Group

does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IFRS 1 Additional Exemptions for First-time Adopters (Amended)**
  The amendment is effective for annual periods beginning on or after 1 January 2010. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2009. This annual improvements project has not yet been endorsed by the EU.

- **IFRS 2 Share-based Payment, effective for annual periods beginning on or after 1 July 2009.** Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are out of scope of IFRS 3 (revised). If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,** effective for annual periods beginning on or after 1 January 2010. Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- **IFRS 8 Operating Segment Information,** effective for annual periods beginning on or after 1 January 2010. Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- **IAS 1 Presentation of Financial Statements,** effective for annual periods beginning on or after 1 January 2010. The terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- **IAS 7 Statement of Cash Flows,** effective for annual periods beginning on or after 1 January 2010. Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2009 upon cash settlement.

- **IAS 17 Leases,** effective for annual periods beginning on or after 1 January 2009. The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.

- **IAS 18 Revenue,** The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk

- **IAS 36 Impairment of Assets,** effective for annual periods beginning on or after 1 January 2010. The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

- **IAS 38 Intangible Assets,** effective for annual periods beginning on or after 1 July 2009. Clarifies that if an intangible asset acquired in business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also, clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

- **IAS 39 Financial Instruments: Recognition and Measurement,** effective for annual periods beginning on or after 1 January 2010. The amendment clarifies that:
  - A prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
  - The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken (Applicable to all unexpired contracts for annual periods beginning on or after 1 January 2010)
  - Gains and losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss (Applicable to all unexpired contracts for annual periods beginning on or after 1 January 2010).

- **IFRIC 9 Reassessment of Embedded Derivatives,** effective for annual periods beginning on or after 1 July 2009. The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or business under common control or the formation of a joint venture. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

- **IFRIC 16 Hedges of a Net Investment in a Foreign Operation,** effective for annual periods beginning on or after 1 July 2009. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

(c) 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, 2009, on April 14th, 2010.

(d) 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) Basis of Consolidation: 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the subsidiary acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income. Paragraph (f) outlines the accounting policy on goodwill.

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

Minority interests are stated at the minority's proportion of the fair values of the identifiable assets and liabilities at the date of acquisition including the minority's proportion on the subsidiary's equity movement up to balance sheet date.

Acquisitions of minority interests, effectively representing step acquisitions made after obtaining control of an entity, are accounted for by recognising the reduction in minority interest based on the carrying amount of equity at the date of acquisition. Any excess of amounts paid over the percentage of the carrying amount of equity acquired are recognised as goodwill. Any deficit of amounts paid over the percentage of the carrying amount of equity acquired is recognised directly in the statement of income.

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

(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

(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 in note 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, 2009 is analysed as follows:

	BUSINESS INTELLIGENCE	FACTORING & FINANCIALS	SPORT BETTING & GAMING ANALYTICS	TELECOMS	OTHER	TOTAL
Revenue	1,389,092	849,794	135,000	1,129,434	154,000	**3,657,320**
Loss before tax	-241,226	-189,148	-23,444	292,342	-146,122	**-307,598**
Trade receivables	696,038	827,291	634,870	1,786,458	51,000	**3,995,656**

5. PAYROLL COST:

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

	December 31,	
	2009	**2008**
Wages and salaries	1,704,280	538,525
Social security costs (Note 23)	406,652	143,757
Staff retirement indemnities (Note 23)	56,332	22,392
Other staff costs	28,986	2,367
Total	**2,196,250**	**707,041**
Less: Amounts capitalised	(845,020)	-
Payroll Cost (Note 8)	**1,351,231**	**707,041**

6. DEPRECIATION AND AMORTISATION:

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

	December 31,	
	2009	**2008**
Depreciation on buildings	2,543	1,812
Depreciation on transportation means	22	-
Depreciation on furniture and equipment	81,353	39,563
Depreciation on property, plant and equipment (Note 11)	**83,918**	**41,376**
Amortisation on software and other intangible assets	128,184	-
Amortisation on intangible assets (Note 12)	**128,184**	**-**
Depreciation and amortisation (Note 8)	**212,102**	**41,376**

7. FINANCIAL INCOME / (EXPENSES):

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

	December 31,	
	2009	**2008**
Interest on short-term borrowings (Note 20)	(7,541)	(4,409)
Finance charges paid under finance leases	(726)	(1,546)
Other financial costs	(37,413)	(25,550)
Total financial expenses	**(45,680)**	**(31,505)**
Interest earned on cash at banks and on time deposits (Note 16)	41,060	-
Other financial income	15,479	-
Total financial income	**56,539**	**-**
Total financial income/(expenses), net	**10.859**	**(31,505)**

8. ANALYSIS OF EXPENSES:

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

	December 31,	
	2009	2008
Payroll and related costs (Note 5)	1,351,231	707,041
Third party fees and services	1,500,065	692,363
Taxes and duties	26,406	9,091
Sundry expenses	400,848	230,740
Depreciation and amortisation (Note 6)	212,102	41,376
Cost of sales of inventory and consumables	500,662	-
Total expenses	**3,991,314**	**1,680,610**

The above expenses are analysed as follows:

	December 31,	
	2009	2008
Cost of sales	1,985,737	1,131,971
Selling and distribution expenses	736,402	159,367
Administrative expenses	1,269,175	389,272
TOTAL	**3,991,314**	**1,680,610**

9. INCOME TAXES:

In accordance with the tax Law, the corporate tax rate which is effective to the Greek société anonyms up to December 31, 2009 is 25%. In accordance with the new tax Law 3697/2008, the corporate tax rate of the société anonyms is gradually decreased from 25% to 20%. More specifically, the tax rate is decreased to 24% for the fiscal years 2010, 23% for the fiscal year 2011, 22% for the fiscal year 2012, 21% for the fiscal year 2013 and 20% for the fiscal year 2014 and on.

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

	December 31,	
	2009	2008
Current income taxes	74,679	531,952
Deferred income taxes	26,821	8,767
Total income taxes (credit) / debit reflected in the statement of comprehensive income	**101,500**	**540,719**

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,	
	2009	**2008**
(Loss) / Profit before tax	**(307,598)**	**2,016,217**
Income tax calculated at the nominal applicable tax rate (25%)	(76,900)	504,054
Tax effect of non tax deductible expenses and non taxable income	54,091	9,865
Prior year income taxes	27,536	26,800
Effect of higher tax rates in Greece	50,277	-
Tax effect of change in tax rates	46,496	-
Income tax reported in the consolidated income statement	**101,500**	**540,719**

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.

Neurosoft has not been audited by the tax authorities for the fiscal years 2008 and 2009. As for Neurosoft's subsidiaries, they have not been audited for the fiscal years shown as follows:

SUBSIDIARY COMPANIES	UNAUDITED TAX YEARS/PERIODS
Gaeknar Venture Ltd	-
Rockberg Holding Ltd	-
Neurosoft Romania Srl	23/6/2008-31/12/2009
Kestrel Information Systems S.A.	31/12/2007 – 31/12/2009

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 (€ 70,336) for probable future tax assessments based upon previous years' tax examinations and past interpretations of the tax laws. Moreover, the Group has not recorded a deferred tax asset on tax losses amounting to approximately € 342 thousand, in order to cover probable additional taxes that may be assessed in a future tax audit.

The movement of the deferred tax asset is as follows:

	December 31,	
	2009	**2008**
Beginning balance	**35,294**	**44,061**
Income taxes [credit/(debit)]	(27,749)	(8,767)
Tax charged to equity (listing expenses)	419,582	-
Tax of acquired companies	44,452	**-**
Ending balance	**471,379**	**35,294**

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

	January 1st, 2009	Debit/ (Credit) from acquisition	Debit/ (Credit) to P&L	Debit/ (Credit) to equity	December 31st, 2009
Deferred income tax asset:					
Provision for bad debts	21,000	15,000	(7,200)	-	28,800
Staff retirement indemnities	4,918	5,925	2,542	-	13,385
Provision for obsolete stock	-	21,572	(21,700)	-	800
Tax losses carried forward	-	-	256,612	-	256,612
Intangible assets	14,542	827	(242,479)	419,582	193,400
Total	**40,460**	**43,324**	**(12,225)**	**419,582**	**492,997**
Deferred income tax liability:					
Expenses on acquisition	-	-	(14,653)	-	(14,653)
Finance lease	(5,166)	-	57	-	(5,109)
Total	**(5,166)**	**-**	**(14,596)**	**-**	**(19,762)**
Net deferred income tax asset	**35,294**	**43,324**	**(26,821)**	**419,582**	**471,379**

During the current fiscal year Neurosoft S.A incurred tax losses of € 1,100,000 (€ NIL at December 31, 2008), for which a deferred tax asset was recognized. The Company's management believes that these tax losses will be recovered through profits of the following five years.

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		Balance	
				31.12.2009	31.12.2008	31.12.2009	31.12.2008
Gaeknar Venture Ltd	Cyprus	Full	Direct	100%	100%	196,500	1,000
Rockberg Holding Ltd	Cyprus	Full	Direct	100%	-	369,000	-
Neurosoft Romania Srl	Romania	Full	Indirect*	95%	-	-	-
Kestrel Information Systems S.A	Athens, Greece	Full	Direct	70%	-	761,055	-
						1,326,555	**1,000**

*: Neurosoft Romania Srl is a subsidiary of Gaeknar Venture Ltd.

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. 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 will be concluded subsequently, as the acquirer has made use of the option provided in the abovementioned standard.
Based on such option the acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

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	49,064	49,064
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**	**2,720,110**
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**	**701,651**
Non-controlling interest (30%)		(210,495)
Total net assets acquired		**491,156**
Provisional goodwill during acquisition		269,899
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**

From the date of acquisition the acquired Company has contributed an amount of € 391,683 to the year's net results before taxes and minority interest.

If the aforementioned acquisition has taken place on January 1st, 2009, the total revenues and the total profit before tax of the Group for the year ended December 31, 2009, would have amounted to € 6,775,394 and € 302,214, respectively.

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 and the Company are analysed as follows:

	Buildings	Transportation Means	Furniture & Other Equipment	Total
COST				
At January 1, 2008	**-**	**-**	**262,424**	**262,424**
Additions	30,200	-	89,589	119,789
Disposals/ Write-offs	-	-	(142,399)	(142,399)
At December 31, 2008	**30,200**	**-**	**209,613**	**239,814**
Business combinations	12,701	1,550	164,904	179,155
Additions	-	-	124,155	124,155
Disposals/ Write-offs	-	-	-	-
At December 31, 2009	**42,901**	**1,550**	**498,672**	**543,123**
DEPRECIATION				
At January 1, 2008	**-**	**-**	**(195,086)**	**(195,086)**
Depreciation expense	(1,812)	-	(39,563)	(41,376)
Disposals/Write-offs	-	-	117,300	117,300
At December 31, 2008	**(1,812)**	**-**	**117,349**	**(119,161)**
Depreciation from Business combinations	(6,595)	(927)	(122,569)	(130,091)
Depreciation expense	(2,543)	(22)	(81,483)	(84,048)
Disposals/Write-offs	-	-	- 23,106	- 23,106
At December 31, 2009	**(10,950)**	**(949)**	**(298,294)**	**310,194**
NET BOOK VALUE				
At January 1, 2008	**-**	**-**	**67,338**	**67,388**
At December 31, 2008	**28,388**	**-**	**92,265**	**120,653**
At December 31, 2009	**31,951**	**601**	**200,377**	**232,929**

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, 2009 and 2008, amounted to € 25,580 and € 29,594, respectively.

12. INTANGIBLE ASSETS:

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

The Group	Purchased Software	Licenses & Other Intangibles	Intangibles Under Development	Total
COST				
At January 1, 2008	**-**	**-**	**-**	**-**
Additions	-	-	-	-
Disposals/write-offs	-	-	-	-
At December 31, 2008	**-**	**-**	**-**	**-**
Additions	113,109	150,000	901,020	**1,164,128**
At December 31, 2009	**113,109**	**150,000**	**901,020**	**1,164,128**
AMORTIZATION				
At January 1, 2008	**-**	**-**	-	**-**
Amortization expense	-	-	-	-
Disposals/write-offs	-	-	-	-
At December 31, 2008	**-**	**-**	-	**-**
Amortization expense	(11,763)	(30,000)	(87,149)	**(128,912)**
At December 31, 2009	**(11,763)**	**(30,000)**	**(87,149)**	**(128,912)**
NET BOOK VALUE				
At January 1, 2008	**-**	**-**	**-**	**-**
At December 31, 2008	**-**	**-**	**-**	**-**
At December 31, 2009	**101,345**	**120,000**	**813,871**	**1,035,216**

13. INVENTORIES:

Inventories in the accompanying financial statements are analysed as follows:

	December 31, 2009	December 31, 2008
Merchandise	304,322	-
Consumables	-	-
Total	**304,322**	**-**

14. TRADE ACCOUNTS RECEIVABLE:

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

	December 31,	
	2009	2008
Domestic customers	3,440,547	1,600,993
Foreign customers	653,286	307,571
Cheques and notes receivable	38,323	3,570
Unbilled revenue	7,500	-
Less: Allowance for doubtful accounts receivable	**(144,000)**	**(84,000)**
Balance of trade accounts receivable	**3,995,656**	**1,828,134**

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

	December 31,	
	2009	2008
Beginning balance	**84,000**	**84,000**
Acquisition of subsidiary	60,000	-
Ending balance	**144,000**	**84,000**

The ageing analysis of trade receivables is as follows:

	December 31,	
	2009	2008
Neither past due nor impaired	3,426,648	1,560,000
Part due not impaired (more than 90 days)		
90-150 days	108,127	-
151-180 days	-	268,134
181-365 days	237,881	-
>365 days	223,000	-
Total	**3,995,656**	**1,828,134**

Trade receivables are non-interest bearing and are normally settled on Group and Company 30-90 days' terms.

15. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables in the accompanying financial statements are analyzed as follows:

	December 31,	
	2009	2008
Income tax advance	404,127	404,051
Prepaid expenses	155,589	1,500
Value Added Tax	20,705	-
Advances to employees and contractors	509,212	77,739
Advances for the establishment / purchase of subsidiaries	150,000	185,000
Advances to suppliers	38,643	16,030
Other debtors	24,220	6,719
Total of other receivables and prepayments	**1,302,496**	**691,039**

16. CASH AND CASH EQUIVALENTS:

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

	December 31,	
	2009	2008
Cash in hand	73,608	268,949
Cash at banks	2,388,335	545,345
Total	**2,461,843**	**814,295**

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, 2009, amounted to € 40,773, (for the year ended December 31, 2008, € NIL) and is included in financial income in the accompanying income statements .

17. SHARE CAPITAL:

Neurosoft's ordinary share capital at December 31, 2008 amounted to € 700,000 divided into 2,000,000 ordinary shares of € 0.35 par value each.
Following the decision of Shareholders' General Meeting in 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.

18. OTHER RESERVES:

Other reserves are analysed as follows:

	December 31,	
	2009	2008
Legal reserve	158,489	151,348
Special reserves	4,841	4,845
Total reserve	**163,330**	**156,193**

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

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

19. DIVIDENDS:

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

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

(b) No dividends can be distributed to the shareholders as long as the 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, 2009 (December 31,2008: declared and paid € 200,000).

20. 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,	
	2009	2008
Credit lines available	3,100,000	300,000
Unused portion	(2,712,815)	(247,270)
Used portion	**387,185**	**52,730**

The total interest expense for short-term borrowings for the years ended December 31, 2009 and 2008, amounted to € 7,541 and € 4,409, respectively, and is included in financial expenses (Note 7), in the accompanying statements of comprehensive income.

21. TRADE ACCOUNTS PAYABLE:

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

	December 31,	
	2009	2008
Domestic suppliers	209,429	5,379
Foreign suppliers	268,928	-
Post dated cheques payable	448,255	18,468
	926,612	**23,847**

22. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	December 31,	
	2009	**2008**
Social security payable	113,820	50,040
Value added tax and withheld taxes	258,962	269,870
Third-party fees payable	53,292	56,112
Customer advances	14,823	3,144
Accrued expenses	120,590	9,462
Other current liabilities	43,852	7,528
	605,339	**396,156**

23. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan. The contributions to the pension funds for the years ended December 31, 2009 and 2008, amounted to € 406,652 and € 143,757, 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, 2009 and 2008, are:

	December 31,	
	2009	**2008**
Present value of unfunded obligations	106,501	39,963
Net Liability in Balance Sheet	**106,501**	**39,963**
Components of net periodic pension cost		
Service cost	53,088	17,191
Interest cost	3,120	1,023
Amortisation of unrecognised net loss	14,006	4,178
Total charge to operations	**56,332**	**22,392**
Reconciliation of benefit obligation		
Present value of liability at start of period	39,963	20,451
Liability from acquisition	22,447	-
Service cost	53,088	17,191
Interest cost	3,121	1,023
Benefits paid	(26,124)	-
Actuarial gains/(loss)	14,006	4,178
Present value of liability at the end of year	**106,501**	**39,963**
Principal Assumptions:		
Discount Rate	5.0%	5,0%
Rate of compensation increase	6.0%	6.0%
Inflation rate	3.0%	3.0%

24. (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, 2009 and 2008:

	December 31,	
	2009	**2008**
Net (loss) /income attributable to the shareholders of the parent	**(420,125)**	**1,475,499**
Total weighted average number of ordinary shares	**9,775,342**	**2,000,000**
Effect of dilution	-	-
Adjusted weighted average number of ordinary shares for diluted (loss)/ income per share	**9,775,342**	**2,000,000**

25. 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.

The Group's transactions and account balances with related companies are as follows:

Related Party	Relation with the Group	Fiscal Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
MANIOUDAKIS GEORGIOS	Shareholder	2008	-	48,539	-	1,856
		2009		35,650	-	1,856
VASILONIKOLIDAKIS NIKOLAOS	Shareholder	2008	-	-	-	-
		2009	-	20,550	3,564	-
SKANDALOS SERAFEIM	Member of the Board	2008	-		-	-
		2009	-		4,460	-
PEDIADITAKIS KOSTAS	Member of the Board	2008	-	-	-	-
		2009	-	15,000	852	-
ANGELOPOULOS MAVROIDES	Shareholder	2008	-	-	-	-
		2009	-	25,000	-	-
PASCHALIDIS NODAS	Shareholder	2008	-	-	-	-
		2009	-	11,250	-	-
PAZAITIS DIMITRIOS	Member of the Board	2008	-	-	-	-
		2009	-	20,625	-	-
KALENA Ltd.	Associated	2008	-	68,950	-	-
		2009	-	77,000	-	-
VERTICAL SOLUTIONS SA	Associated	2008	-	-	-	6,000
		2009	-	-	-	2,380
	Total	**2008**	**-**	**117,489**	**-**	**7,856**
	Total	**2009**	**-**	**205,075**	**8,876**	**4,236**

Salaries and fees for the members the Board of Directors and the General Managers of the Group for the fiscal years 2009 and 2008, are analysed as follows:

	December 31,	
	2009	**2008**
Salaries and fees for executive members of the BoD	149,500	135,000
Salaries and fees for Senior Managers	256,428	116,000
Total	**405,928**	**251,000**

26. COMMITMENTS AND CONTINGENCIES:

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

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, 2009 and 2008, are as follows:

	December 31,	
	2009	**2008**
Within one year	141,795	129,897
2-5 years	587,523	539,432
Over 5 years	594,041	735,272
Total	**1,323,359**	**1,404,061**

Guarantees: Letters of guarantee are issued by the Group to various beneficiaries and as at December 31, 2009 and 2008, are analysed as follows:

	December 31,	
	2009	**2008**
Good execution of agreements	444,349	286,104
Participation in biddings	25,000	-
Guarantee for advance payments received	11,040	175,022
Total	**480,389**	**461,126**

27. FINANCIAL INSTRUMENTS:

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

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

Credit Risk: The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2009, 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 31,2009	
	Interest Rate Variation	**Effect on income**
EURO	1.0%	(3,878)
	-1.0%	3,878

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, 2009 and 2008, respectively, based on contractual undiscounted payments.

Year ended December 31, 2009	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	-	406,544	-	-	406,544
Leases	-	4,291	-	-	-	4,291
Trade and other payables	215,310	825,358	825,358	-	-	1,435,406
Total	**215,310**	**829,649**	**1,231,902**	**-**	**-**	**1,435,406**

Year ended December 31, 2008	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	-	55,367	-	-	55,367
Leases	-	5,459	5,459	4,291	-	15,209
Trade and other payables	63,000	178,501	178,501	-	-	420,003
Total	**63,000**	**183,960**	**239,327**	**4,291**	**-**	**490,579**

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,	
	2009	**2008**
Short-term borrowings	387,185	52,730
Total Debt	387,185	52,730
Less : Cash and cash equivalents	2,461,843	814,295
Net Debt/(cash)	2,074,658	761,565
-EBITDA	(106,355)	2,089,099

28. SUBSEQUENT EVENTS:

There are no subsequent events that should be taken into account for the preparation of the Financial Statements for the year ended December 31, 2009.

Athens, April 14th, 2010

President of the BoD	Chief Executive Officer	Chief Financial Officer
Mavroeides Angelopoulos	Nikolaos Vassilonikolidakis	Evangelia Kritikou