



## Board of Directors of Neurosoft S.A. approves 2010 Financial Results

- Consolidated revenues in 2010 to € 2.88 million (€ 3.66 million in 2009)
- Gross loss in 2010 to € - 1.53 million (€ 1.67 million in 2009)
- Net loss in 2010 to € - 4.78 million (€ - 0.4 million in 2009)
- Net Financial Position as of 31 December 2010 to € 1.24 million (€ - 2.08 million as of 31 December 2009)

**Athens, 31st May 2011** - The Board of Directors of **Neurosoft S.A.** met today and approved the 2010 audited consolidated financial statements, including the results for its subsidiaries Gaeknar Ventures Ltd, Rockberg Holding Ltd, Kestrel Information Systems S.A. and Neurosoft Romania SRL. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has Banca Akros as its Nominated Adviser.

The Board of Directors also resolved to convene the Annual Shareholders' Meeting for 30 June 2011 on first call or 14 July 2011 on second call.

*"Neurosoft's revenues dropped approximately 20 percent in 2010 following the pronounced economic downturn in Greece which hit all technology companies particularly hard as the market postponed IT investments and upgrades." **declared Nikolaos Vassilonikolidakis, Chief Executive Officer of Neurosoft** and added "To manage this decline, we took a series of brave measures to rationalize our cost structure and believe that we are leanly structured to aggressively penetrate international markets as well as to take advantage of the opportunities that will arise in Greece as conditions improve."*

### **2010 Key Financial Results**

Neurosoft **consolidated revenues** for 2010 amounted to € 2.88 million compared to € 3.66 million in 2009. In particular the decrease of turnover by business area is due to the following factors:

- in “Business intelligence area”, the economic crisis has postponed, annulled or reduced significantly planned projects. It is remarkable that the most important of those have been deferred by Neurosoft’s clients (mostly banking institutions) for later years.
- in “Sports betting & Gaming analytics” Neurosoft registered no sales. In 2010 the company mainly focused on the development of existing products such as BOLT and other risk management modules, as well as preparing the ground for international expansion..
- in “Factoring area” Neurosoft having achieved a dominant position in the greek market aggressively engaged in international outreach activities aiming to establish itself as a regional player.
- in “Telecoms area” Neurosoft recorded a strong increase in turnover. A significant amount of support contracts for telecommunication equipment were executed successfully throughout the year with both domestic and international service providers. On top of that a new activity was introduced, namely Infrastructure Installations which contributed to further development from the second half of the year onwards.

**Cost of sales for the group** in 2010 amounted to € 4.41 million compared to € 1.98 million for financial year 2009. The increase reflects the choice not to capitalize any payroll costs (845k € in 2009) and the increase cost of goods sold for Kestrel, Neurosoft’s subsidiary. For Neurosoft S.A payroll cost actually decreased by approximately 10% and is expected to fall even further following the implementation of a move towards leaner operations.

**Net loss** in 2010 amounted to € 4.78 million compared to € 0.4 million of losses for financial year 2009. Part of it reflects the 424 K write off of OPAP S.A. receivables.

**Net financial debt** as of 31 December 2010 for the Group amounts to € 1,24 million (which mainly comes from Kestrel’s financial position) compared to Net Cash of € 2,08 million as of 31 December 2009.

### **Outlook**

The Board of Directors has decided, under a revised business plan, to make a radical restructuring and rationalization of resources and expenses of the company in order to restore profitability in the coming years. This restructuring program will be introduced during the General Assembly of the company, where all the changes already implemented will be presented.

### **Auditors’ opinion**

Auditors state that the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2010, 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.

Without qualifying their opinion, auditors’ emphasis is on the fact that the Group’s net results for the year were losses of € 4.776.905 and the accumulated net deficit as at

December 31, 2010 amounted to € 6.645.352 for an equity of € 3.091.926. The operating cash flows for the year 2010 were negative, amounting to € 3.125.696. So the above circumstances imply the existence of material uncertainty which may cast significant doubt to the Group's ability to continue as a going concern.

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**Neurosoft** is a leading business software provider supplying solutions that optimize business and operational processes with a view to maximize customer profitability. Neurosoft's innovative integrated software systems in factoring, sports betting, business intelligence, liability management, transactional systems, and the implementation of mission critical applications have provided tools to financial institutions, stock exchanges, telecom companies and sports betting operators to increase operating efficiencies, act on well-depicted real-time risk and liability analysis, and increase revenues and bottom line capitalizing on sophisticated predictive analytics. Neurosoft was founded in 1994 and became the first company to be floated in the AIM Italia market of the Milan Stock Exchange in May 2009. Based in Athens, Neurosoft has a multinational presence in Romania, Albania, Serbia, Bulgaria and Cyprus.

*On behalf of Neurosoft SA*

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**NEUROSOFT S.A.**

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Notes</u>	<u>01.01-31.12.2010</u>	<u>01.01-31.12.2009</u>
Revenues	4	2.880.396	3.657.320
Cost of sales	8	(4.412.416)	(1.985.737)
<b>Gross profit/(loss)</b>		<b>(1.532.021)</b>	<b>1.671.583</b>
Selling expenses	8	(1.122.775)	(736.402)
Administrative expenses	8	(1.805.250)	(1.269.175)
Other income		1.020	15.537
Financial income	7	20.158	56.539
Financial expenses	7	(93.940)	(45.680)
<b>Loss before income taxes</b>		<b>(4.532.807)</b>	<b>(307.598)</b>
Income taxes	9	(244.099)	(101.500)
<b>Net loss after taxes (A)</b>		<b>(4.776.905)</b>	<b>(409.096)</b>
<b>Other total comprehensive income after tax (B)</b>		-	-
<b>Total comprehensive income after tax (A)+(B)</b>		<b>(4.776.905)</b>	<b>(409.096)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(4.727.175)	(409.096)
Non controlling interests		(49.730)	-
		<b>(4.776.905)</b>	<b>(409.096)</b>
<b>Profit per share (Basic and diluted)</b>	<b>24</b>	(0,1911)	(0,0418)
Weighted Average Number of Shares (Basic)		25.000.000	9.775.342

The accompanying notes are an integral part of the Financial Statements

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**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010**

	<u>Notes</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	11	245.347	232.929
Intangible assets	12	1.078.007	1.035.216
Provisional goodwill	10	-	269.899
Investments in subsidiaries	10	-	-
Investments in associates		37.000	5.000
Other non-current assets		43.226	24.463
Deferred tax assets	9	396.036	471.379
<b>Total non current assets</b>		<b><u>1.799.616</u></b>	<b><u>2.038.885</u></b>
<b>Current assets</b>			
Inventories	13	351.142	304.322
Trade Receivables	14	3.304.660	3.995.656
Prepayments and other receivables	15	776.547	1.302.496
Intragroup balances		-	-
Financial assets valued through profit and loss		3.325	6.650
Cash and cash equivalents	16	314.347	2.461.843
<b>Total Current Assets</b>		<b><u>4.750.021</u></b>	<b><u>8.070.967</u></b>
<b>TOTAL ASSETS</b>		<b><u>6.549.637</u></b>	<b><u>10.109.853</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	8.750.000	8.750.000
Share premium	17	600.000	600.000
Other reserves	18	163.330	163.330
Accumulated deficit		(6.645.352)	(1.918.177)
<b>Total</b>		<b><u>2.867.978</u></b>	<b><u>7.595.153</u></b>
Non controlling interest		223.948	273.678
<b>Total equity</b>		<b><u>3.091.926</u></b>	<b><u>7.868.831</u></b>
<b>Non-current liabilities</b>			
Long-term leases		15.854	-
Reserve for staff retirement indemnities	23	97.405	106.501
Deferred tax liabilities	9	47.233	-
<b>Total Non-Current Liabilities</b>		<b><u>160.492</u></b>	<b><u>106.501</u></b>
<b>Current Liabilities</b>			
Trade accounts payable	21	1.042.456	926.612
Short-term borrowings	20	1.526.548	387.185
Short-term leases		13.484	4.291
Income tax payable		118.113	211.093
Accrued and other current liabilities	22	596.619	605.339
<b>Total Current Liabilities</b>		<b><u>3.297.219</u></b>	<b><u>2.134.520</u></b>
<b>Total liabilities</b>		<b><u>3.457.711</u></b>	<b><u>2.241.022</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>6.549.637</u></b>	<b><u>10.109.853</u></b>

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**NEUROSOFT S.A.**

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

	Attributable to equity holders of the parent company				Non controlling interest	Total Equity	
	Share capital	Share premium	Other reserves	Accumulated deficit	Total		
<b>Total Equity as at January 1, 2009</b>	<b>700.000</b>	-	<b>156.193</b>	<b>1.210.347</b>	<b>2.066.540</b>	-	<b>2.066.540</b>
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
Acquisition of subsidiary	-	-	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)
<b>Total Equity as at December 31, 2009</b>	<b>8.750.000</b>	<b>600.000</b>	<b>163.330</b>	<b>(1.918.177)</b>	<b>7.595.153</b>	<b>273.678</b>	<b>7.868.831</b>
<b>Total Equity as at January 1, 2010</b>	<b>8.750.000</b>	<b>600.000</b>	<b>163.330</b>	<b>(1.918.177)</b>	<b>7.595.153</b>	<b>273.678</b>	<b>7.868.831</b>
Total comprehensive income after income taxes of the year	-	-	-	(4.727.175)	(4.727.175)	(49.730)	(4.776.905)
<b>Total Equity as at December 31, 2010</b>	<b>8.750.000</b>	<b>600.000</b>	<b>163.330</b>	<b>(6.645.352)</b>	<b>2.867.979</b>	<b>223.948</b>	<b>3.091.925</b>

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**NEUROSOFT S.A.**

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**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>01.01- 31.12.2010</b>	<b>01.01- 31.12.2009</b>
<b>Cash flows from Operating Activities</b>		
Loss before income taxes	(4.532.807)	(307.598)
Adjustments for:		
Amortisation of subsidies	328.942	212.102
Financial (income)/expenses	73.782	(10.860)
Allowance for doubtful accounts receivable	(431.643)	-
	50.000	27.476
<b>Operating loss before working capital changes (Increase)/Decrease in:</b>	<b>(4.511.726)</b>	<b>(78.880)</b>
Inventories	(46.819)	31.926
Trade accounts receivable	1.122.638	(42.167)
Prepayments and other receivables	560.788	(471.188)
Intragroup balances receivable		
<b>Increase/(Decrease) in:</b>		
Trade accounts payable	115.843	749.607
Accrued and other current liabilities	(8.720)	28.393
Interest paid	(73.355)	(14.319)
Tax paid	(228.730)	(880.647)
Payment of staff retirement indemnities	(59.096)	(13.505)
Increase in other long-term assets	3.481	(8.581)
<b>Net cash used in Operating Activities</b>	<b>(3.125.696)</b>	<b>(699.360)</b>
<b>Cash flows from Investing Activities</b>		
Capital expenditure for property, plant and equipment	(159.389)	(1.286.878)
Interest and related income received	5.180	48.667
Financial assets valued through profit and loss	-	(2.850)
Increase in investment in associates	(32.000)	(5.000)
Acquisition of subsidiary	-	(761.055)
<b>Net cash used in Investing Activities</b>	<b>(186.209)</b>	<b>(2.007.116)</b>
<b>Cash flows from Financing Activities</b>		
Net proceeds from the issuance of share capital	-	7.600.000
Listing expenses	-	(1.824.270)
Dividends paid	-	(200.000)
Net change in short-term borrowings	1.139.362	(1.228.876)
Net Change in leases	25.047	(10.918)
<b>Net cash from Financing Activities</b>	<b>1.164.409</b>	<b>4.335.936</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.147.497)</b>	<b>1.629.460</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2.461.843</b>	<b>814.295</b>
<b>Cash and cash equivalents of acquired companies</b>	<b>-</b>	<b>18.088</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>314.347</b>	<b>2.461.843</b>

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