PROFILE SYSTEMS & SOFTWARE SA

INTERIM CONDENSED

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED

30 JUNE 2019

(In accordance with article 5 of Law 3556/2007 and the decisions of the

Hellenic Capital Market Commission)

PROFILE SYSTEMS & SOFTWARE SA
COMPANY REGISTRATION NUMBER: 122141660000
NEA SMYRNI (SYGGROU AV. 199)

INDEX

STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS (IN ACCORDANCE WITH ARTICLE 5 § 2 OF LAW 3556/2007)

The following statements, which are effected in accordance with article 5 par. 2 of the L.3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. Charalampos Stasinopoulos of Panagiotis, resident in Nea Smyrni Attica, Syggrou Av. 199, **Chairman of the Board of Directors and Chief Executive Officer**.
2. Spyridon Barbatos of Antonios-Ioannis, resident in Psychiko Attica, P. Chatzikonstanti Str 20, **Vice Chairman of the Board of Directors**.
3. Kostantinos Mantzavinatos of Georgios, resident in Ilioupoli Attika, Anexartisias Sq. 7, **Member of the Board of Directors**.

The undersigned, in our above-mentioned capacity, as Members of the Board of Directors, of "PROFILE SOCIETE COMMERCIAL AND INDUSTRIAL INFORMATICS SOCIETE ANONYME" and trade title "PROFILE SYSTEMS & SOFTWARE S.A." (hereto the "Company", or "PROFILE"), in accordance with the applicable law, during the meeting of the Board of Directors of the 4th of September 2019, we state and assert that to the best of our knowledge:

(a) the Interim Condensed Financial Statements, Separate and Consolidated, for the six month period ended June 30, 2019, which were compiled according IAS 34 "interim financial reporting ", provide a true and fair view of the assets and liabilities, the equity and the results of the Company, and its subsidiaries which are included in the consolidation, according to that stated in paragraphs 3 up to 5 of article 5 of Law 3556/2007 and the respective issued executive decisions of the Board of Directors of Hellenic Capital Market Commission

(b) The six-month Report of the Board of Directors of the Company provides a true and fair view of the information required according to the paragraphs 6 of the article 5 of Law 3556/2007 and the respective issued executive decisions of the Board of Directors of Hellenic Capital Market Commission.

Nea Smyrni, 4th of September 2019
The declaring Members of the Board of Directors

Charalampos Stasinopoulos	Spyridon Barbatos	Konstantinos Mantzavinatos
ID. S 577589	ID. AE 077416	ID. P 280422

BOARD OF DIRECTORS’ REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The report of the Board of Directors of “PROFILE SOCIETE COMMERCIAL AND INDUSTRIAL INFORMATICS SOCIETE ANONYME” hereinafter referred to as the "Company” or "Profile") has been prepared in accordance with the provisions of article 5 of Law 3556/2007, as well as the issued executive decision of the Board of Directors of Hellenic Capital Market Commission and refers to the Interim Condensed Financial Statements for the six month period ended 30 June 2019.

The Board of Directors report includes an analysis of the Company’s financial performance for the period from January 01, 2019 to June 30, 2019,, the significant events which took place in the first half of 2019, a presentation of the principal risks and uncertainties for the second half of 2019, the Group’s and the Company’s significant transactions with related parties and post balance it events.

The PROFILE Group, except the Parent Company PROFILE, includes the following affiliated companies:

- ✓ "GLOBALSOFT SA”, with headquarters in Nea Smyrni, Attica, in which the Company participates with a percentage of 97,09%;
- ✓ "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD", based in Cyprus, in which the Company participates with a percentage of 100%;
- ✓ "COMPUTER INTERNATIONAL FRANCHISE LTD", based in Nea Smyrni, Attica, in which the Company participates with a percentage of 50.18%.
  In relation to this Limited Liability Company, it is noted that under the Notarial Act No 5055 / 01.07.2008 of the Notary of Athens Chariklia Serveta-Filis, has been dissolved and is under liquidation which has not been completed yet;
- ✓ "PROFILE SYSTEMS & SOFTWARE (SUISSE) S.A.", based in Switzerland, in which the Cypriot subsidiary participates with a holding percentage of 60%,
- ✓ "PROFILE SOFTWARE (UK) LTD", located in the United Kingdom, in which the Cypriot subsidiary participates with a percentage of 100% and;
- ✓ "PROFILE DIGITAL SERVICES SA", with headquarters in Nea Smyrni, Attica, in which the Company participates with a percentage of 100% and;
- ✓ "LOGIN S.A.", based in France, in which the Cypriot subsidiary "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD") participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD.

The themes and the content of this Report are as follows:

SECTION A

Performance, Financial Highlights and position of the Group – Key Financial and non-financial performance indicators

This section, which goes beyond the minimum mandatory content of Article 5 of Law 3556/2007, as it stands today, includes a fair and concise presentation of the performance, activities and position of all the undertakings included in the consolidation.

The presentation takes place in such a way as to provide a balanced and comprehensive analysis of the above categories, which corresponds to the size and complexity of the Group operations.

Also, at the end of the relevant presentation are some key indicators (financial and non-financial) that the Company's Management considers useful for the understanding of the Group operations.

Financial Data

In the 1st Half of 2019, there was another special period for the Greek economy as political and economic developments were rapid, dynamic and continuous.

The Profile Group in this ominous environment succeeded to increase its turnover and profitability. An important role in this growth linked to the significant increase of Group's operations in the international markets (a direction in which the Group has consistently invested over the recent years), as well as the Group's ability to complete complex projects even within an unstable and uncertain environment. At the same time, the Group continues to monitor the Greek economy in order to take all the necessary action to ensure the continuity of the operations both in the Greek market and abroad.

Through this effort of increasing the productivity of both human and financial resources, the Group aims in the stabilization of the financial indicators not only in the improvement of the operational results of the Parent Company, but mainly in the Group.

1. Performance and Key Financial Highlights

Group's Key Performance Indicators over the past three years and during the 1st Half of 2019 and 2018 and 2017 respectively are as follows:

GROUP					
	31.12.2018	**31.12.2017**	**30.06.2019**	**30.06.2018**	**30.06.2017**
Total Assets	35,883,907	37,121,263	37,100,114	36,692,887	35,556,206
Total Equity	18,575,283	18,154,447	18,549,585	17,913,414	17,367,120
Revenue	13,829,001	11,556,502	7,609,220	6,349,567	4,544,566
Gross Profit	6,795,325	5,772,323	4,027,443	3,306,017	2,384,145
Profit before taxes	1,703,627	1,403,624	1,239,506	683,044	287,142
Profit after taxes	1,259,584	1,023,458	1,013,816	489,924	181,406
EBITDA	4,056,403	3,930,452	2,102,435	1,756,591	1,530,467

Revenue, EBITDA

At a Group level, for H1 2019, turnover reached € 7,609 thousand compared to € 6,349 thousand in H1 2018, increased by 20%, as a result of Group's steady penetration to international markets. The Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) increased by 20% compared to the respective previous period, while the EBITDA Margin remained at 28%. Earnings after taxes increased, to € 1,014 thousand from € 489 thousand in the previous period.

2. Financial and non-financial performance indicators

Below are some financial and non-financial ratios that are relevant to the Group's key performance, position and financial position.

	GROUP		COMPANY	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Asset Capitalization: (The ratio measures the proportion of funds allocated to fixed assets)	36.37%	37.53%	42.46%	43.39%
Equity/ Fixed Assets: (The ratio measures the capital structure)	1.37	1.38	1.38	1.41
Days Sales Outstanding-DSO (*): (The ratio measures the days required to collect receivables from customers)	113	114	64	129
Total Liabilities / Total Equity & Liabilities: (The ratio measures the debt dependency)	50.00%	48.24%	41.34%	38.67%
Equity / Total Equity & Liabilities: (The ratio measures debt dependency)	50.00%	51.76%	58.66%	61.33%
Loans / Equity: (The ratio measures the proportion of equity in the total debt)	23.66%	24.87%	26.93%	28.17%
Current Assets / Current Liabilities: (The ratio measures Group's and company's ability to cover short-term obligations with current assets)	1.60	1.85	1.56	1.96
Return on Assets: (The ratio measures net Earnings after taxes (*) as a percentage of assets)	4.81%	3.51%	3.22%	3.84%
Return on Equity: (The ratio measures net Earnings after taxes (*) as a percentage of Equity)	9.61%	6.78%	5.49%	6.27%
Gross Profit Margin: (The ratio measures Gross Profit as a percentage of sales)	52.93%	49.14%	38.71%	46.39%
Net Profit Margin: (The ratio measures net profit after taxes and minority interests as a percentage of sales)	13.32%	9.11%	22.63%	11.98%

(*) Earnings after taxes and revenue were calculated in an annual period (1.7.2018-30.06.2019)

3. Alternative Performance Measurement Indicator

As an Alternative Performance Measurement Indicator, according to the definition of the European Securities and Markets Authority, a financial measure is used to measure historical or future financial performance, financial position or cash flows, but which is not defined or provided for in the current financial reporting framework. Although not included in IFRSs, Alternative Performance Measurement Indicators should be evaluated as ancillary and always in conjunction with IFRS results in order to better understand the Group's operating results and financial position in order to facilitate decision-making of the users of the financial statements.

The Group has not made adjustments to the amounts of the statement of Profit and Loss, statement of financial position or cash flow statements in the current financial period and the comparative period, and has not implemented any extraordinary or non-recurrent income or expense that would have a significant impact in the formation of these indicators.

In the context of the Alternative Performance Measurement Indicators, the Group quotes the "Earnings before Interest, Taxes, Depreciation and Impairment - EBITDA" ratio. EBITDA is calculated as the sum of the operating results (earnings before taxes, financing and investing results) and depreciation. Investment results include gains or (losses) on revaluation of fixed assets, grants, impairment of goodwill and intangible assets and gains or (losses) of subsidiaries held for sale. Furthermore, EBITDA excludes one-off and non-recurring charges which are not included in the normal operations of the company such as provisions for indemnity due to legal court cases, in addition to other one-off non-recurring items. These adjustments are required in order that the said financial indicator be comparative and historically consistent, in compliance and in accordance with the ESMA guidelines and the alternative performance measures (APM's).

	GROUP		COMPANY	
	30.06.2019	**30.06.2018**	**30.06.2019**	**30.06.2018**
Operating results (Profit before tax, financial & investment results) (A)	1,036,701	725,082	(323,697)	48,904
Total Depreciation (B)	1,065,734	1,031,509	346,621	340,780
EBITDA (A) + (B) = (C)	**2,102,435**	**1,756,591**	**22,924**	**389,684**
Revenue (D)	7,609,220	6,349,567	3,813,920	3,597,898
EBITDA margin (%) (C) / (D)	**28%**	**28%**	**1%**	**11%**

SECTION B

SIGNIFICANT EVENTS IN THE 1st HALF 2019

The significant events that took place during the period 01.01.2019-30.06.2019 at Group and Company and their possible impact on the Interim Condensed financial statements are summarized below:

1. Increase and parallel decrease (Return of Capital) of Capital

On the 8th of May 2019 the Annual Shareholders meeting approved the Increase the Company's share capital by 590,609.65 € by a capitalization of the same amount of the following reserves: (a) special tax reserve under article 22 of Law 1828/1989, amount of € 374,155.64, (b) special tax reserve under article 2 of Law 3220/2004, amount of € 58,500.00 and (c) Share premium, amount of € 157,954.01 by an increase of the nominal value of each common share issued by the company by € 0.05 (from € 0.47 to € 0.52). In the same meeting approved the decrease of the share capital of the company by the amount of € 590,609.65 by a decrease of the nominal value of each common share issued by the company by € 0.05 (from € 0.52 to € 0.47) and return – payment of the respective amount to the Company's shareholders.

2. Important Implementations

- ✓ Sumitomo Mitsui Trust Bank, (SuMiTB) in Japan selected Acumen^{net} to support their Treasury operations across six overseas offices in the United Kingdom, USA, China, Singapore, Hong Kong and Thailand.
  Founded in 1925 and headquartered in Tokyo, SuMiTB provides banking and trust services in Japan. SuMiTB offers financial services such as syndicated loans, real estate finance, project finance and other finances. It also provides asset management and real estate management service, as well as consulting services, including M&A advisory and consulting for corporate client.

- ✓ 'MADA Capital' and `Mada Financial Services' subsidiaries of Primavis Capital, a Dubai-based investment firm, selected Axia omni-channel platform to comprehensively support their wealth and fund management operations. MADA Capital is a financial group based in Dubai, providing financial services and advisory including asset management, fund management and growing wealth for individuals, family offices and institutional investors through tailor-made solutions and global expertise.

3. Launch new solutions

Axia Suite 2.1 available which offers new features
Axia Suite, Profile's leading omni-channel and cloud-based investment management platform, has been upgraded to 2.1 release delivering advanced investment management, compliance and reporting.
Specifically, enhancements focus on creating better user experience across operational and compliance-related tasks that would automate processes and reduce (operational) risks. Latest features include additional user-defined, flexible and advanced limits as well as compliance rules for internal investment management and regulatory (compliance) purposes, respectively. Rules defined apply both to pre-trade and post-trade activities. The user can group rules, setup logical formulas and check against actual or potential breaches of limits. Axia Suite also offers pre-configured compliance rules libraries accommodating specific regulations like UCITS, MiFID II, etc.

FMS.next has been enhanced to support PSD2 and Open Banking requirements
Already having a number of international implementations, the FMS.next Banking platform has been enhanced with the required functionality to accommodate compliance with PSD2 and UK specific Open Banking; it now offers a seamless and effective way for banks and Fintech firms to integrate with global banking networks, exchanging information and accepting transaction initiations in a secure, robust and expandable manner.

4. Significant International Distinctions

Recognition of Profile's «FinTech» from international organizations
A few of the company's latest awards and recognitions that showcase the systems' modular architecture, elegant design and omni-channel capabilities, providing top quality services and complete automation include:

- ✓ "Best Financial Solutions Provider of the Year - United Kingdom ",
- ✓ "Best Investment Management Software Provider - Greece 2019" - International Finance Awards 2019,
- ✓ "FinTech Solutions Provider of the Year 2019 - United Kingdom" - 2019 Corporate Excellence Awards - Corporate Vision Magazine,
- ✓ "Best Investment Management Software Solutions Providers 2019 – UK" - AI Hedge Fund Awards,
- ✓ "Best Financial Solutions Provider of the Year - UK" - M&A Today - Global Awards 2019,
- ✓ "Profile Software: Ones To Watch in Investment Management Solutions 2019" - Global Business Insight Awards,
- ✓ "Top 10 Banking Tech Solution Providers 2019" - MyTechMag.

More information related to International Distinctions of the Group, is available at https://www.profilesw.com/el/news.php

5. International events in which the Group participated

- ✓ Sponsor at Compeer Wealth Management Conference in London.
  Profile sponsored Compeer's Wealth Management Conference: The Yearly Review 2019, taking place on the 18th June in Fishmongers' Hall in London.
- ✓ Gold Sponsor at FinanceMalta's 12th Annual Conference 2019
  Profile supported FinanceMalta's 12th Annual Conference 2019 taking place on 5-6 June at the Hilton Conference Center, in St Julian's, Malta.
- ✓ Sponsor at 24th Banking Forum in Athens
  Profile sponsored 24o Banking Forum, taking place on 9-10 April at Aegli Zappiou in Athens.
- ✓ Sponsor at 6th Digital Banking Forum in Athens
  Profile, supported 6th Digital Banking Forum, taking place on 21 March 2019 at the Divani Caravel Hotel in Athens.
- ✓ Co-partner sponsor at Digital Integration in Wealth Management Conference in London,
  Profile, supported Digital Integration in Wealth Management Conference 2019, taking place on the 27th and 28th February 2019 in London.

More information related to International events in which the Group participated, is available at https://www.profilesw.com/el/news.php

SECTION C

Prospects of the Group for the 2nd Half of 2019

Given the strong extraversion of the Group, the prospects, results and performance of the Group and the Company for the second half of the current fiscal year 2019 are directly related to the prevailing situation in the world economy and market, without, however, ignoring the volatile conditions in the domestic market and economy, which are still characterized, albeit to a lesser degree, by the volatility and uncertainty of the economic environment, the difficulty of raising money. and maintain restrictions and controls on the movement of capital and the conduct of transactions, albeit in an improved framework. The Group's Management, having systematically attempted to enhance its extroversion over the past few years, will concentrate its efforts on the estimated market shares that will arise:

(a) further enhancing its overseas operations, as it maintains and consolidates its presence with offices and subsidiaries, as well as with additional representation partnerships beyond Greece, France and Cyprus and to England, the United Arab Emirates and Singapore,

(b) the recruitment of new and specialized personnel;

(c) the development and introduction of new features and innovative products in the domestic and international market as well as,

(d)cost reduction, which is already being implemented through the reorganization of corporate functions and sub-divisions, in order to make the most of all the relevant global opportunities in the software sector as well as

(e) the targeted approach of new projects and in particular complex software projects.

The flexibility of the internal structure and organization that has already been created by the Group enables it to adapt more rapidly and effectively to the emerging market conditions, so as to exploit, if present, real growth opportunities.

In addition, previous years' investments to maintain competitive advantage and the development of the Group's operations in sectors with high added value, they are expected to have a beneficial effect on the profit margins and the Group's figures for the current year (as also reflected in the financial statements for the first half of 2019).

The Group, and in particular the Management of the Company, are expected to maintain the growth of new solutions developed, which are based on cutting-edge technologies (FMS.next IMSplus, Axia, Acumen). Specifically, they are focused on the creation of innovative technologies and integrated quality solutions, with the aim of improving and continuously expanding the range of products produced, with an emphasis on their competitiveness, combined with the continuous and systematic monitoring of market trends and needs, using modern production methods. and development in line with international standards.

The Group systematically enhances its presence and activities in international markets, in order to fully meet and serve the needs of the banking and investment sector, in which it has significant expertise. The Company also invests in the operations of its offices in an effective manner.

In this respect the Group's increase its operations in the Asian region, increasing the number of skilled staff in the Dubai office for greater penetration into the region with local partners, while the overall strategy pursued is consolidating the presence of the Company and the Group in these high interest and dynamic markets and promoting its specialized products in new markets.

It is particularly important that these efforts are recognized internationally by awarding business excellence awards for developing new solutions.

SECTION D

Major risks and uncertainties

The Company is operating in a highly competitive and highly demanding international environment, which is changing rapidly, and over the last few years systematically and with a specific development plan it has been trying to steadily and safely strengthen the international expansion, not in one way, but in the geographical areas of strategic interest, focusing on state-of-the-art technologies and the constant technological upgrading of the products and solutions it provides while parallel develop new activities and promotes entry into new markets, in order to further enhance its competitiveness, especially since the domestic market has, due to the ongoing recession, intense negative outlook.

Its specialized know-how, its years of experience and presence in the field, its organization and the intense activation of all its executives, its wide recognition in connection with the study, development and marketing of new products, as well as the continuous improvement and upgrading the existing ones, focusing on the quality and the ability to meet demand directly and the changing needs of end customers, as well as the creation of strong infrastructure and the penetration into new markets, helps the Company to remain competitive despite the inherent problems of the industry, which have been boosted during the economic crisis.

The controlled financial exposure of the Group and its significant qualitative and product diversification, combined with the continuous development and upgrading of its products, as well as the expansion of the Group in new geographic markets, constitute the main tools for the Group for the minimization of the negative effect of the economic crisis. However, it is expected that in the current period the Group's revenues and results will be affected by the intensity and the growth of the phenomenon and the general state of suffocation and the lack of liquidity in the market, whose situation has deteriorated considerably with the imposition of restrictions on the movement of capital and which leads a large part of the broad customer base to which the Group is seeking to suspend investment projects The postponement of programs for modernization.

The financial and other risks to which the Company and the Group are exposed, and which may be affected during the 2nd half of 2019 are the following:

1. Risk of the reduction in demand

Although this specific risk is limited due to the specific categories of software that developed and marketed by the Group, however, in order to avoid the reduction in demand which is mainly attributed to the general downturn in the Greek market and the consequent shrinking of the potential domestic customer base, The Group develops a wide range of products in different categories addressed to the international market in order to minimize the potential losses. The Company develops its software products based on a continuous and a day-to-day monitoring of the market and research as well as on new technologies, to minimize any potential losses by entering new markets.

However, in the view of the general negative conditions in the domestic and international markets, which have affected Company's operations, such a risk is considered actual. In this respect the Group and the Company emphasize on strengthening the International exposure.

In addition, the referendum held in the United Kingdom on 23 June 2016 and the decision to exit from the European Union, creates an uncertain environment in the global economy. Due to the uncertainty which exists even today with regards to the special terms and conditions for the implementation of the decision as well as the implementation the long-term timeline, the impacts to the markets are still unknown.

2. Risk of increased competition from imported companies

The specific risk is always present and measurable in the area where the Company operates, especially if it is taken into account that entry barriers are not so strong in this field, as the majority of the technical terms used for the implementation and integration of information Systems and customization of software products are widespread, which allows foreign companies to penetrate relatively easily to the market, taking advantage in particular of comparative advantages available, especially in sizes level. The Company addresses this risk with emphasis on the design and development of quality and modular products, the systematic and targeted improvement, upgrading and adaptability of the products it already markets, the representation of powerful and world-known companies, the creation of lasting and trustful relationships with its customers Basis and the expansion of its activities abroad. Nevertheless, the specific risk is a viable and potential risk at any time and this importance is addressed by the Company's Management, for which reason the Company always emphasizes its quality and product diversification and in general the provision High-level services to its customers, while systematically enhancing its outward-looking approach to overcoming this risk and upgrading its role and presence on the international market, which Makes it more resilient to address this risk. In addition, the steady increase in the global market size partially mitigates the impact of competition, so that activity outside Greece can offset any inevitable losses in the Greek market.

3. Risk of technological developments

Technological developments have a major impact on the competitiveness of companies active in the IT sector. Companies that are active in the IT industry must be constantly aware of possible variations in existing technology and make the necessary investments to ensure the high technological level.

Based on the above and to reduce as much as possible the risk of technological developments, the Group:

✓ develops products on highly efficient and internationally recognized platforms,
✓ Continuing training of staff on technological issues, in collaboration with internationally recognized organizations specialized in high technology industries,
✓ offers innovative applications commensurate with the needs and requirements of the market.

For these reasons, the specific risk is assessed as actual but in any case, as manageable over the given period.

4. Credit risk

Group's and Company's Management, based on its internal operating principles, ensures that sales of goods and services take place to customers of high creditworthiness and ability. Due to the expansion of the Company's activities abroad, this risk is real compared to customers from other countries (especially African and Asian countries) for whom it is not always easy to effectively control their creditworthiness Capacity and reliability. For this reason, the Company constantly develops and develops internal operating mechanisms (in terms of negotiation, contract and project management) in order to better address this risk. Within this framework and the valuation methods available to the Company, the Group has not yet addressed significant amounts of doubtful debts, for which no adequate provision has been made. Hence, this risk, although present in view of the overall negative economic climate, is currently being assessed as a controlled one. However, if there is a further deterioration in the conditions for the growth of economic activity in the coming months, and the Greek market as a consequence of the imposition and maintenance of capital restrictions, this risk may affect the Company's results. Note 15 of the financial statements provides an analysis of the receivables from customers

5. Liquidity risk

Management pays special attention to managing this risk, monitoring it by monthly and quarterly forecasting and cash flow monitoring, and continually evaluating and re-evaluating the strategy associated with its effective management. Notes 22 and 26 of the financial statements presents the Group's loans and other liabilities.

6. Foreign exchange risk

The Group operates internationally and therefore it is exposed to the foreign currency risk which is mainly derives from the US Dollar and British Pound. This type of risk is mainly occurring due to trade transactions in foreign currency as well as due to the investments in financial organizations abroad. Company's management monitoring such an exposure and evaluates the needs of additional actions. In this moment this particular risk is considered as not significant and manageable and controllable.

7. Interest rate risk

The interest rate risk for the Company is not particularly significant since the Company's borrowing is linked to Euribor and the Company has limited and controllable exposure to bank borrowing. The Group's policy is to keep the level of borrowing at a variable interest rate and to proceed in corrections whenever is need it, avoiding, as far as this is permissible in general business, exposure to additional borrowing.

The limited exposure of the Group in borrowing makes the change of interest rates not significant for the Group's results. It should be also noted that the cash and cash equivalents of the Group exceed the bank borrowing.

SECTION E

Significant transactions with related parties

The Company and the Group purchase goods and services from and provides services to certain related parties in the normal course of business. Transactions between the related parties and the Group and Company are disclosed according to IAS 24

The amounts of sales and purchases in the first half of 2019 and the balances of receivables and liabilities at 30.06.2019 for the Group and the Company, which have arisen from transactions with related parties are presented in note 27 of the six-month financial statements.

The revenue shown in this note (27) relates to sales of products and services to the Company's subsidiaries, while the purchases relate to purchases of products and services made by the Company from its subsidiaries.

The Company has receivables from the sale of products to subsidiaries.
The Company's liabilities relate to liabilities from the purchase of products from subsidiaries.

Finally, the total remuneration of directors and members of the Management amounted to € 469 thousand during the first half of 2019.

In addition to the above, it is noted that:

- There are no transactions with other parties related to the Company within the meaning of International Accounting Standard 24 other than the above.
- No loans or credit facilities in general have been granted to members of the Board of Directors or other Company executives and their families;
- The amounts mentioned in the above table refer to fees for the personal services-work they provide to the Company, fees for these performances and transactions of the members of the Company's Management and its directors during the said period;
- These transactions do not contain any extraordinary or personalized trait, which would make it necessary for the further and per associated person to analyze them;
- Except for the aforementioned fees, there are no other transactions between the Company and these directors and members of the Board of Directors;
- There is no transaction occurred against the usual terms of the market.
- There is no transaction, the value of which exceeds 10% of the value of the Company's assets, as reflected in the latest published financial statements.
- There is no transaction that is assessed as significant as it is specified in the meaning of the Circular of the Capital Market Commission No. 45/2011.
- Profile Digital Services SA has been set up and operates as a special purpose company, with sole purpose of providing the services of court recording, which are received from Profile under a three-party contract with Ministry of Justice.

SECTION F

BOARD OF DIRECTORS' EXPLANATORY REPORT

This Explanatory Report of the Board of Directors includes additional detailed information for the investors and constitutes a single integral part of the Annual Report of the Board of Directors.

1. Structure of the share capital of the Company

The Company is listed on the Athens Stock Exchange and the shares have been traded on the Main Market. The shares of the Company are intangible, common nominal with voting rights, freely tradable and transferable.

Each share derives all rights and obligations defined by the law and the Articles of Association of the Company. Ownership of the share automatically implies the acceptance of the Company's Articles of Association and of the decisions taken in accordance with the law and the Articles of Association by the various bodies of the Company. Each share entitles to one (1) vote.

Following the last decision of the Extraordinary General Meeting of Shareholders of May 8, 2019 for Capital return of €0.05 per share with equal Share Capital increase the share capital of the Company amounts to € 5,551,730.71, divided by 11,812,193 common registered shares of a nominal value of € 0.47 each.

At the time of approval of this Report, the Company holds 758,404 treasury shares, representing approximately 6.4% of its share capital and the resulting voting rights.

2. Limitations on the transfer of Company shares

The transfer of Company shares takes place as stipulated by Law and there are no limitations on their transfer imposed by the Articles of Association, given that these are dematerialized shares listed on the Athens Exchange.

3. Significant direct or indirect holdings within the meaning of Law 3556/2007

The data on the number of shares and voting rights of the persons with significant holdings have been drawn from the Company's shareholders book and the notifications received by law from the Company. The Company's significant investments are as follows:

- ✓ "GLOBALSOFT SA OF DEVELOPMENT AND TRADING OF SOFTWARE AND COMPUTER SYSTEMS", with headquarters in Nea Smyrni, Attica, in which the Company participates with a participation of 97, 09%;
- ✓ "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD", based in Cyprus, in which the Company participates with 100%;
- ✓ " COMPUTER INTERNATIONAL FRANCHISE LTD ", located in Nea Smyrni Attica, in which the Company participates with a participation of 50.18%. It is noted that the Company has been dissolved and is in a liquidation procedure which has not yet been completed;
- ✓ "PROFILE SYSTEMS & SOFTWARE (SUISSE) S.A.", based in Switzerland, in which the Cypriot subsidiary participates with a participation percentage of 60%;

- ✓ "PROFILE SOFTWARE (UK) LTD", located in the United Kingdom, in which the Cypriot subsidiary participates with a 100% stake;
- ✓ "PROFILE DIGITAL RECORDING, STORAGE AND DISTRIBUTION OF PRACTICAL MEETINGS OF COURTS", with headquarters in Nea Smyrni, Attica, in which the Company participates with 100% participation; and
- ✓ «LOGIN S.A.», based in France, in which the Cypriot subsidiary "PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD") participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD.

Furthermore, the significant direct or indirect holdings in the Company's share capital and voting rights within the meaning of Articles 9 to 11 of Greek Law 3556/2007 are the following:

- Charalampos Stasinopoulos: 4,116,197 shares and voting rights (34.85%).
- Latover Holdings Limited (interests of Mr. Charalampos Stasinopoulos): 1,771,830 shares and voting rights (15.00 %).

4. Shares providing special control rights

There are no Company shares providing special control rights to their holders.

5. Restrictions on the right to vote

It is not allowed by the Articles of Association and there are no known restrictions on voting rights in the Company's shareholders.

6. Company Shareholders' Agreements

There has been no communication to the Company for any agreement in force with its shareholders, which entail restrictions on the transfer of shares or restrictions on the exercise of voting rights.

7. Rules for the appointment and replacement of Board members and amendment of the Articles of Association

Regarding the appointment and replacement of members of the Company's Board of Directors as well as the amendment of the Articles of Association, there are no rules that differ from those provided by the Codified Law 4548/2018, as currently in force.

8. Competence of the Board of Directors for the issuance of new shares or the purchase of treasury shares

There is no special competence of the Board of Directors or certain members of the Board of Directors for the issue of new shares or the purchase of treasury shares according to article 49 of Codified Law 4548/2018.

The Annual Ordinary General Meeting of the Company's shareholders on 11 May 2018 already decided, inter alia, to purchase the Company in accordance with the provisions of article 16 of Codified Law 2190/1920 within twenty-four (24) months of the date of the decision, i.e. no later than 11 May 2020, a maximum of <u>one million shares (1,000,000)</u> which corresponds to less than 10% of the existing shares, with a market price range of fifty cents (€ 0.50) per share (minimum) and five Euros (€ 5.00) per share (maximum), while the Board was authorized to properly implement this process.

Until the date of approval of the present Report (in particular, following the ASE session on 04.09.2019), the Company holds 758,404 treasury shares at an average purchase price of 1,9283 Euros per share, representing approximately 6.4% of its share capital.

9. Significant agreements that enter into force, are amended or expire in the event of a change in the control of the Company following a public offer.

There is no significant agreement entered into by the Company that enters into force, is amended or terminates in the event of a change in the Company's control following a public offer.

10. Significant agreements with members of the Board of Directors or the Company's staff.

Between the Company and the members of the Board of Directors or its staff, only one agreement exists (and in particular between the Company and the Chairman of the Board of Directors and its CEO), which provides a compensation in case of termination or dismissal without reason or termination of office or employment due to any public offer.

SECTION G

Information on labor and environmental issues

(1) As of 30.06.2019 the Group employs a total of 150 persons and the Company 105 persons respectively, compared to 140 and 97 persons employed in 30.06.2018.

It should be noted that the Company's relations with its staff are excellent and that there are no general labor problems, as one of the Company's main priorities is to preserve and strengthen the climate of labor peace. Every day the Company takes care of taking all necessary measures and adopting practices in order to fully comply with the applicable provisions of the labor and insurance legislation. One of the key principles governing the Group's operations is the continuous training of staff and the enhancement of corporate consciousness at all levels of the Group's operations and operations.

(a) policy of diversification and equal opportunities

Group Management does not discriminate in terms of recruitment, emoluments and promotions based on gender, race, religion, color, nationality, religious beliefs, age, marital status, sexual preferences, trade union membership, or any other characteristics. The only factors to be taken into account are the training, expertise, experience, efficiency and overall capabilities of the individual, while encouraging and recommending to all employees to respect the diversity of each employee, customer and supplier of the Group and not accept any conduct that may be discriminatory in any form.

(b) respect for employees' rights

The Group's management strictly enforces current labor legislation and respects the relevant provisions and provisions for child labor, human rights and the possibility of employee participation in trade union bodies.

(c) Health and safety at work

Health and safety at work is a top priority for Group Management, which systematically monitors and controls all risks that may arise from this activity and takes all necessary preventive measures to avoid accidents, while the total of employees attend training seminars on health and safety at work.
Group Management also ensures that the fire safety rules, and contingency requirements are met and that personnel are trained in fire protection, firefighting, use of portable fire extinguishers, and preparedness exercises to prevent and respond to emergencies.

(d) training and development of workers

The business success for the Group and the Company is based on its people. The Company provides a stable work environment so that all employees are motivated to be productive and oriented to achieving optimum results, to take initiatives to the benefit of the corporate interest and to manage their personal development with zeal and integrity.Through Human Recourses department , the Management of the Company distinguishes the skills of employees and put them in positions at which they can contribute at the highest level and they will have the potential to be distinguished.

(2) The Group recognizes the need for continuous improvement of environmental performance based on the principles of sustainable development and in compliance with legislation and international standards aims at a balanced economic development in harmony with the natural environment. Following a course of sustainable development, it carries out its activities in a way that ensures both the protection of the environment and the hygiene and safety of the workers.

The Group seeks to improve the overall behavior of its employees in terms of both environmental pollution prevention and recycling and environmental management issues and seeks to consolidate the concept of ecological sensitivity across the pyramid of workers.

In collaboration with "CLIMAKA", a non-profit organization that takes care of the socially weak, gathers and squeezes paper for recycling, an energy that not only contributes to environmental protection but also provides food and shelter to the homeless who are involved in recycling and collection. Furthermore, the Company is an active supporter of “Think Before Printing”, including its logo on all its electronic communications.

SECTION H

Significant events after the six-month period ended 30 June 2019 and until the preparation of this Interim Condensed Financial Statements-Other information

There are no other significant events occurring after the end of the current period 2019 (01.01.2019-30.06.2019) up to and including the date of approval of this Report and which have a material impact on the financial statements and therefore require mention and reference in this Report

The Interim Condensed Financial Statements of the Company and the Group for the period 01.01 - 30.06.2019, which are presented on pages 20 to 69, were prepared in accordance with International Accounting Standard (IAS 34) on the Interim Financial Statements, approved by the Board of Directors on 4th September 2019 and signed by:

Nea Smyrni, 4 September 2019
The Board of Directors of the Company

Charalampos Stasinopoulos	Spyridon Barbatos	Konstantinos Mantzavinatos
ID. S 577589	ID. AE 077416	ID. P 280422

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors of "Profile Systems & Software S.A."

Report on review of interim condensed financial information

Introduction

We have reviewed the accompanying interim condensed separate and consolidated statement of financial position of "PROFILE SYSTEMS & SOFTWARE S.A." and its subsidiaries , as at June 30, 2019 and the related interim condensed separate and consolidated statements of comprehensive income, changes in Equity and cash flows for the six month period then ended, as well as the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six month financial report required by the Law 3556/2007.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards, as they have been endorsed by the European Union, and applied to the interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of the Interim Financial Information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as incorporated in Greek Law and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Report of Other legal and normative issues

Our review has not identified any material inconsistency or error in the declarations of the members of Board of Directors and the information contained in the interim financial report prepared in accordance with the article 5 and 5a of the Law 3556/2007 and the accompanying interim financial information.

Athens, 5 September 2019

NIKOLAOS A NIKOLOPOULOS

The Certified Auditor Accountant

SOEL REG 20961

SOL SA

Collaborating Chartered Accountants, part of the Crowe Horwath International

3 Fokionos Negri, 11257 Athens

SOEL REG 125

STATEMENT OF FINANCIAL POSITION

	NOTES	GROUP		COMPANY	
ASSETS		**30.06.2019**	**31.12.2018***	**30.06.2019**	**31.12.2018***
Non-current assets					
Tangible assets	10	5,359,451	5,594,866	4,484,155	4,544,931
Right-of-use assets	28	460,347	-	-	-
Goodwill	11	1,452,159	1,452,159	-	-
Intangible assets	12	5,260,213	5,632,576	2,075,537	2,019,495
Investments in subsidiaries	13	-	-	3,431,834	3,431,834
Other non-current assets		68,394	53,743	6,928	6,928
Deferred tax assets	8	892,629	735,554	625,401	506,678
Total non-current assets		**13,493,193**	**13,468,898**	**10,623,855**	**10,509,866**
Current assets					
Inventories	14	93,464	183,636	69,907	152,883
Trade receivables	15	4,738,826	4,370,211	1,415,094	2,789,294
Other receivables	16	4,644,455	4,048,241	5,495,244	3,343,728
Prepayments	16	230,833	71,237	221,184	61,900
Short term investments	17	1,992,300	5,895,321	1,382,453	4,400,555
Cash and cash equivalents	18	11,907,043	7,846,363	5,812,282	2,963,208
Total current assets		**23,606,921**	**22,415,009**	**14,396,164**	**13,711,568**
TOTAL ASSETS		**37,100,114**	**35,883,907**	**25,020,019**	**24,221,434**
LIABILITIES					
Equity					
Share capital	19	5,551,731	5,551,731	5,551,731	5,551,731
Share premium	19	2,767,556	2,925,510	2,767,556	2,925,510
Treasury shares	20	(916,650)	(467,731)	(915,553)	(466,634)
Reserves	21	6,144,571	5,577,204	6,073,188	5,505,821
Retained earnings		5,083,176	5,066,180	1,200,965	1,337,847
Equity attributable to owners		**18,630,384**	**18,652,894**	**14,677,887**	**14,854,275**
Non-controlling interests		(80,799)	(77,611)	-	-
Total shareholder's equity		**18,549,585**	**18,575,283**	**14,677,887**	**14,854,275**
Non-current liabilities					
Long-term borrowings	22	250,000	1,500,000	250,000	1,500,000
Provision for employees' indemnities	23	904,801	857,287	386,108	355,338
Grants	24	2,085,520	2,724,602	437,501	492,824
Other non-current liabilities		-	-	3,500	3,500
Lease liabilities	28	319,869	-	-	-
Deferred tax liability	8	222,358	37,905	-	-
Other Provisions		41,000	44,131	35,000	35,000
Total non-current liabilities		**3,823,548**	**5,163,925**	**1,112,109**	**2,386,662**
Current liabilities					
Short -term borrowings	22	4,139,231	3,120,357	3,702,663	2,683,880
Trade Payables	25	1,716,708	2,284,392	1,362,902	1,809,734
Other current liabilities	26	7,709,665	5,506,584	3,657,811	1,886,467
Lease liabilities	28	140,478	-	-	-
Social Security and other tax liabilities		672,783	949,253	317,691	417,933
Income tax payable		348,116	284,113	188,956	182,483
Total current liabilities		**14,726,981**	**12,144,699**	**9,230,023**	**6,980,497**
Total equity and liabilities		**37,100,114**	**35,883,907**	**25,020,019**	**24,221,434**

**For better presentation and comparability certain figures in the previous year have been reclasified (Note 2)*

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

GROUP	NOTES	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Revenue	6	7,609,220	6,349,567
Cost of sales	7	(3,581,777)	(3,043,550)
Gross profit		**4,027,443**	**3,306,017**
Other operating income		118,257	99,387
Selling and distribution expenses	7	(1,406,080)	(1,236,517)
General and administrative expenses	7	(864,333)	(755,533)
Research and Development expenses	7	(744,105)	(662,048)
Other expenses		(94,481)	(26,224)
Operating profit		**1,036,701**	**725,082**
Financial income / (expenses)		202,805	(42,038)
Profit before income tax		**1,239,506**	**683,044**
Income tax	8	(225,690)	(193,120)
Profit after tax (A)		**1,013,816**	**489,924**
Non-controlling interests		3,679	(1,057)
Profit attributable to Equity holders of the parent		**1,017,495**	**488,867**
Other Comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Currency translation differences		14	25,816
Remeasurement gain/(loss) of employees' indemnities provision		-	-
Related tax		-	-
Other comprehensive income, net of taxes (B)		**14**	**25,816**
Total comprehensive income (A+B)		**1,013,830**	**515,740**
Equity holders of the parent		1,017,018	516,375
Non-controlling interests		(3,188)	(635)
Earnings per share	9	**0.0894**	**0.0417**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

COMPANY	NOTES	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Revenue		3,813,920	3,597,898
Cost of sales	7	(2,337,384)	(1,908,980)
Gross profit		**1,476,536**	**1,688,918**
Other operating income		77,714	75,217
Selling and distribution expenses	7	(756,899)	(827,636)
General and administrative expenses	7	(559,676)	(495,835)
Research and development expenses	7	(477,215)	(391,326)
Other expenses		(84,157)	(434)
Operating profit		**(323,697)**	**48,904**
Finance income /(expenses)		138,375	(117,188)
Investment Income		1,000,022	1,117,838
Profit before income tax		**814,700**	**1,049,554**
Income tax	8	48,440	(61,865)
Profit/(Loss) after tax (A)		**863,140**	**987,689**
Non-controlling interests		-	-
Profit/(Loss) attributable to Company		**863,140**	**987,689**
Other Comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain/(loss) of employees' indemnities provision		-	-
Related tax		-	-
Other comprehensive income, net of taxes (B)		-	-
Total comprehensive income (A+B)		**863,140**	**987,689**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Share premium	Treasury shares	Legal reserve	Other reserves	Greek legislation reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 1 January 2018	**5,551,731**	**2,925,510**	**(32,629)**	**655,420**	**2,025,536**	**2,951,095**	**4,155,067**	**(77,283)**	**18,154,447**
Profit /(loss) for the year	-	-	-	-	-	-	1,260,979	(1,395)	1,259,584
Other comprehensive income, net of taxes	-	-	-	-	-	-	58,355	1,067	59,422
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**1,319,334**	**(328)**	**1,319,006**
Acquisition of treasury shares	-	-	(435,102)	-	-	-	-	-	(435,102)
Dividends	-	-	-	-	(1,172,685)	-	709,617	-	(463,068)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,117,838	-	(1,117,838)	-	-
Balance as at 31 December 2018	**5,551,731**	**2,925,510**	**(467,731)**	**655,420**	**1,970,689**	**2,951,095**	**5,066,180**	**(77,611)**	**18,575,283**
Profit /(loss) for the year	-	-	-	-	-	-	1,017,495	(3,679)	1,013,816
Other comprehensive income, net of taxes	-	-	-	-	-	-	(477)	491	14
Total comprehensive income after tax	**-**	**-**	**-**	**-**	**-**	**-**	**1,017,018**	**(3,188)**	**1,013,830**
Acquisition of treasury shares (note 20)	-	-	(448,919)	-	-	-	-	-	(448,919)
Share Capital Increase (note 19)	590,609	(157,954)	-	-	-	(432,655)	-	-	-
Share Capital Decrease (note 19)	(590,609)	-	-	-	-	-	-	-	(590,609)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,000,022	-	(1,000,022)	-	**-**
Balance as at 30 June 2019	**5,551,731**	**2,767,556**	**(916,650)**	**655,420**	**2,970,711**	**2,518,440**	**5,083,176**	**(80,799)**	**18,549,585**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital	Share premium	Treasury shares	Legal reserves	Other reserves	Greek legislation reserves	Retained earnings	Total equity
Balance as at 1 January 2018	**5,551,731**	**2,925,510**	**(31,532)**	**639,790**	**1,968,765**	**2,952,113**	**806,151**	**14,812,528**
Profit /(loss) for the year	-	-	-	-	-	-	931,057	931,057
Other comprehensive income, net of taxes	-	-	-	-	-	-	8,860	8,860
Total comprehensive income	-	-	-	-	-	-	**939,917**	**939,917**
Acquisition of treasury shares	-	-	(435,102)	-	-	-	-	(435,102)
Dividends	-	-	-	-	(1,172,685)	-	709,617	(463,068)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,117,838	-	(1,117,838)	**-**
Balance as at 31 December 2018	**5,551,731**	**2,925,510**	**(466,634)**	**639,790**	**1,913,918**	**2,952,113**	**1,337,847**	**14,854,275**
Profit /(loss) for the year	-	-	-	-	-	-	863,140	863,140
Other comprehensive income, net of taxes	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**863,140**	**863,140**
Acquisition of treasury shares (note 20)	-	-	(448,919)	-	-	-	-	(448,919)
Share Capital Increase (note 19)	590,609	(157,954)	-	-	-	(432,655)	-	-
Share Capital Decrease (note 19)	(590,609)	-	-	-	-	-	-	(590,609)
Transfers from Retained Earnings to Reserves	-	-	-	-	1,000,022	-	(1,000,022)	-
Balance as at 30 June 2019	**5,551,731**	**2,767,556**	**(915,553)**	**639,790**	**2,913,940**	**2,519,458**	**1,200,965**	**14,677,887**

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
	NOTES	01.01.2019-30.06.2019	01.01.2018-30.06.2018	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Cash flows from operating activities					
Profit before income tax		**1,239,506**	**683,044**	**814,700**	**1,049,554**
Adjustments for:					
Depreciation and Amortization	10/12	1,065,734	1,031,509	346,621	340,780
Provisions		44,384	22,451	30,770	25,058
Non-cash items (income) / expenses		(469,359)	(639,082)	(55,323)	(91,538)
Investing activities (gains) / losses		(324,050)	39,040	(1,119,508)	(1,117,838)
Foreign Exchange (gains) / losses		(63,450)	(45,522)	8,860	(27,199)
Financial expenses		102,441	82,004	99,876	117,188
Operating profit before working capital changes		**1,595,206**	**1,173,444**	**125,996**	**296,005**
(Increase)/Decrease in:					
Inventories	14	90,171	-	82,976	-
Receivables		(1,126,620)	(567,244)	(936,599)	(802,703)
(Decrease) / increase:					
Liabilities (except bank loans)		1,358,925	498,339	1,224,301	(231,013)
Paid Employees indemnities		-	(34,300)	-	(34,300)
Paid Financial expenses		(141,115)	(131,122)	(105,640)	(128,816)
Paid Taxes		(146,751)	(28)	(63,841)	(140,655)
Total cash inflows / (outflows) from Operating activities (a)		**1,629,816**	**939,089**	**327,193**	**(1,041,482)**
Investment activities					
Acquisitions of Subsidiaries		-	-	-	-
Purchase of Short-term Investments in securities	17	(306,242)	(13,835,271)	(42,622)	(6,420,446)
Purchase of Tangible & Intangible fixed assets	10/12	(457,957)	(413,610)	(341,888)	(309,744)
Interest received		38,769	75,310	5,764	10,066
Dividends received		-	45,160	1,000,022	1,161,912
Proceeds from Short term Investments in securities	17	4,363,590	12,556,974	3,180,210	5,944,813
Total cash inflows / (outflows) from Investing activities (b)		**3,638,160**	**(1,571,437)**	**3,801,486**	**386,601**
Financing activities					
Acquisition of treasury shares	20	(448,919)	(293,705)	(448,919)	(293,705)
Proceeds from borrowings		-	-	-	-
Dividends paid		-	(463,068)	-	(463,068)
Repayments of borrowings	22	(231,217)	(291,667)	(231,217)	(291,667)
Capital Return	19	(590,609)	-	(590,609)	-
Total cash inflows / (outflows) from Financing activities (c)		**(1,270,745)**	**(1,048,440)**	**(1,270,745)**	**(1,048,440)**
Net increase / (decrease) in Cash & equivalents for the period (a) + (b) + (c)		**3,997,230**	**(1,680,788)**	**2,857,934**	**(1,703,321)**
Cash & equivalents at the beginning of the period		**7,846,363**	**6,100,588**	**2,963,208**	**2,988,483**
Exchange gains / (losses)		63,450	71,445	(8,860)	16,991
Cash & equivalents at the end of the period		**11,907,043**	**4,491,245**	**5,812,282**	**1,302,154**

The accompanying notes are an integral part of the Financial Statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company, PROFILE SYSTEMS & SOFTWARE SA. with the distinctive name PROFILE SYSTEMS & SOFTWARE (hereafter referred to as the ''Company'' or the ''Parent'') and its subsidiaries, hereafter referred to as the ''Group'') have principal activities, in accordance with article 3 of its Articles of Incorporation, in the manufacturing and marketing of software and PCs, providing data transmission services through selected and other communication networks. The Company's registered office is at 199 Syngrou Avenue, Nea Smyrni and has 103 employees, while the Group has 150 employees in total.

The Company's shares are traded on the Athens Stock Exchange. The Interim Condensed Financial Statements for the six-month period ended 30 June 2019, of the Company and the Group, have been approved by the Board of Directors on 4 September 2019.

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

2.1 Basis of preparation

The accompanying separate and consolidated interim condensed financial statements that relate to the six-month period ended on June 30, 2019, have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The accompanying separate and consolidated interim condensed financial statements do not include all the information required in the annual financial statements and, therefore, should be read in conjunction with the published annual financial statements for the year ended December 31, 2018, which are available on the internet in the address https://www.profilesw.com/el/financial-statements.php

The interim financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, on a going concern basis and the accrual principle.
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It should be noted that for better presentation and comparability an amount of € 2.1 million has been reclassified from the "Trade Receivables " account to the "Other receivables" account as it is linked to a long time litigation with a public sector organization (see further information in note 16).

It should be noted that for better and more detailed presentation, the account "Trade and Other Liabilities" of the comparable period is further analyzed into the accounts "Trade Payables", "Other current liabilities" and "Social Security and Other Taxes".

2.2 Group structure and basis of consolidation

The Interim Condensed Financial Statements comprise the financial statements of the Parent Company and all subsidiaries where Profile 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. At each reporting period, the Group reassesses whether it exercises effective control over the investments, in case there are events and circumstances indicating a change in effective control's indications. 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.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

Gain or Losses of subsidiaries, along with other income, are attributed to the non-controlling interest even if that results in a deficit balance.

All intra-group balances transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full in the consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ✓ Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- ✓ Derecognizes the carrying amount of any non-controlling interest
- ✓ Recognizes the fair value of any investment retained
- ✓ Recognizes any surplus or deficit in profit or loss
- ✓ Reclassifies the parents' share of components previously recognized in other Comprehensive income to profit and loss

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

The following table shows the subsidiaries included in the consolidation together with the relative Group participation rates as well as the activity of each subsidiary.

Name of Company	Headquarter Country	Activity	% Group Participation	Relationship	Type of Consolidation
GLOBAL SOFT AE	Greece	IT Company	97,09%	Direct	Full
COMPUTER INTERNATIONAL FRANCHISE LTD	Greece	Computer Seminars	50,18%	Direct	Full
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	Cyprus	IT Company	100,00%	Direct	Full
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA *	Switzerland	IT Company	60,00%	Indirect	Full
PROFILE SOFTWARE (UK) LTD***	United Kingdom	IT Company	100,00%	Indirect	Full
PROFILE DIGITAL A.E.	Greece	IT Company	100,00%	Direct	Full
LOGIN S.A.**	France	IT Company	100,00%	Indirect	Full

* *Participation in PROFILE SYSTEMS & SOFTWARE (SUISSE) SA amounts to 60% through the participation of the subsidiary PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD.*
*** Profile Cyprus participates with a percentage of 99,92% and with a percentage 0,08% participates the subsidiary PROFILE SOFTWARE (UK) LTD.*
*** Participation in PROFILE SOFTWARE (UK) LTD is 100% through the participation of subsidiary PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD.

2.3 Foreign Currency Translation

a) Functional currency and presentation currency

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency since 1 January 2002 is Euro ("EUR"), as a result, for each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are translated at Euro based on the exchange rates prevailing at the dates of the transactions. Claims and liabilities denominated in a foreign currency at the date of preparation of the financial statements are adjusted to reflect the exchange rates at the date of preparation. Gains and losses arising from such transactions (and from the translation of assets and liabilities denominated in a foreign currency) are recognized in the income statement except when they are included in equity as recognized cash flow hedges.

c) Subsidiaries of the Group

The translation of the financial statements of the Group companies that have a different functional currency from the Parent company is as follows:

- Assets and liabilities are translated at the exchange rates effective at the balance sheet date.
- Equity funds are converted using the exchange rates that existed at the date they were created.
- Revenues and expenses are translated at the average exchange rates of the reporting period.

Foreign currency difference is recognized in the equity reserve and transferred to the profit and loss statement together with sale transactions. Goodwill and fair value adjustments arising from the acquisition of foreign operations are translated using the effective exchange rates as at the balance sheet date.

2.4 Significant Accounting Judgements and estimates

The preparation of Interim Condensed Financial Statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements are disclosed where considered necessary. Estimates and judgements, that are discussed in detail in the annual consolidated financial statements for the year ended 31 December 2018, are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

The estimates and judgments adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and the Company's annual financial statements for the year ended December 31, 2018, and have been consistently applied to all periods presented, except for the amendments below, which were adopted by the Group on January 1, 2019. The Group first applied IFRS 16 Leases and as required by IAS 34, the nature of and the impact of the changes are disclosed below (note 4).

Several other amendments and interpretations were first applied in 2019 but did not have a material effect on the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the consolidated financial statements and the separate financial statements of the parent are set out below:

3.1. Tangible assets

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

The land is not depreciated. Depreciation is calculated using the straight-line method over its estimated useful lives, as follows:

Tangible assets	Years
Buildings	36
Cars	5-10
Equipment	4-5

The residual values and useful lives of tangible assets are reviewed in each annual balance sheet. When the carrying values of tangible assets exceed their recoverable amount, differences (impairment) are recognized as expense in the profit or loss statement.

3.2. Intangible assets

Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the Group's share of the net assets of the subsidiary at the acquisition date. Goodwill on the acquisition of subsidiaries is included in intangible assets. At the end of each period, the Group carries out an analysis of the assessment of the recoverability of the carrying amount of goodwill. If the carrying amount exceeds the recoverable amount, a provision for devaluation is immediately formed. The gain or loss on the sale of a company includes the book value of the goodwill associated with the company sold.

Intangible assets

The software programs concern the cost of purchasing or self-production, software such as payroll, materials, services, and any expense incurred in developing software in order to put it into operation. Costs that enhance or extend the performance of software programs beyond their original specifications are recognized as capital expenditure and added to the original cost of the software. The cost of acquiring and developing software recognized as intangible assets is depreciated using the straight-line method over its useful life (5-6 years).

The expenditures for software development which are controlled by the Group, are recognized as intangible assets when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete the intangible asset in order to use it or sell it
- Its ability to use it or sell it
- How the asset will generate future economic benefits
- The availability of resources to complete the asset and
- The ability to measure reliably the expenditure during development.

The other intangible assets are initially recognized during the date of acquisition and they are carried at cost less any accumulated amortization throughout their useful life (6-8 years).

3.3. Impairment of Non-Current 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 recognized in the statement of Profit and Loss. The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost is the amount for which the asset could be exchanged 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 levels 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 recognized as income. The carrying amount of a non-current asset after the reversal of the impairment loss, cannot exceed the carrying amount of the asset, if the impairment loss had not been recognized. Probable impairment of goodwill is not reversed.

3.4. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. It does not include borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, where applicable.

3.5. Financial assets-Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Measurement

The Group and the Company classifies the Financial assets in the below categories:

- ✓ Financial assets measured at fair value through profit or loss (please see note 17. Short-term Investments and note 27. Fair Value Measurement);
- ✓ Financial assets designated at fair value through OCI; and
- ✓ Financial assets measured at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at a fair value through profit or loss, transaction costs. The transaction costs of financial assets measured at fair value through profit or loss. Trade receivables are initially measured at the transaction price.

Under IFRS 9, debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification is based on two criteria: a) the business model for managing the assets and b) whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's and the Company's debt financial assets are, as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives including separated embedded derivatives area also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b)Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met: • The financial asset is held within a business, model with the objective to hold financial assets in order to collect contractual cash flows • The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade receivables.

(c)Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3.6. Derecognition and impairment

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Group and the Company recognize impairment losses for expected credit losses for all financial assets other than those measured at fair value through profit or losses.

For trade receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL

3.7. Loans and borrowings

Loans are initially recognized at their fair value, less any direct expense arising from the transaction. Subsequently, they are measured at amortized cost based on the effective interest rate method.

Any gain or loss arising on de-recognition or on amortized cost is recognized directly in the income statement.

3.8. Trade receivables

Trade receivables, which generally have 30 to 120-day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.
Trade receivables include bills of exchange and promissory notes from customers.

For trade receivables, which are not in default the Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed on a case by case basis. The amount of the provision is recognized in the statement of Profit and Loss and is included in "Selling and distribution expenses".

IFRS 9

The Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs on Trade Receivables based on lifetime expected credit losses. The Group uses the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, policy that the Group also used to have in the previous years.

3.9. 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.

3.10. Leases

Determining whether or not a transaction involves a lease is based on the substance of the transaction at the date of the relevant contract, that is, whether the transaction depends on the use of one or more assets or whether the transaction grants rights to use the asset. item. From 01.01.2019 the new IFRS 16 “on Leases” applies

Company as lessee

Leases of property plant and equipment, where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of Profit and Loss on a straight-line basis over the period of the lease.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 (note 28).

Company as lessor

The respective leased assets are included in the balance sheet under Investment Properties.
Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term.

3.11. 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 recognized for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortization 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 recognized 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 financial position 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial position date.

3.12. 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 based on financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method (Project United Credit Method). Actuarial gains and losses are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

3.13. Provisions and Contingencies

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

3.14. Government grants

Grants, which are related to the subsidization of tangible fixed assets, are recognized when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with.

Grants relating to assets are recognized as deferred income and amortized in accordance with the useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3.15. Revenue Recognition

Revenue is measured at the fair value of sales of goods and services excluding taxes or rebates. Revenue within the Group is eliminated.

Revenue recognition is as follows:

Sale of goods: Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and the collection of the receivable is reasonably secured. Retail sales are usually made in cash or through credit cards. The recognized revenue in these cases is the amount received by the customer.

Services: Revenue of services is recognized by reference to the stage of completion of the service in relation to its estimated total cost.

Interest income: Interest income is recognized on a time proportion basis using the effective interest rate.

Dividends: Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend

3.16. Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred.

3.17. Dividend distribution

The distribution of dividends to the parent's shareholders is recognized as a liability in the financial statements when the distribution is approved by the Shareholders' Regular General Meeting.

3.18. Fair value measurement

The Group measures financial instruments at fair value through profit or loss at fair value at each balance sheet date (please see note 17 "Short term investments" and note 29 "Fair Value Measurement). The fair value of an asset is the value considered to be received for the sale of an asset or paid for the settlement of a liability in a normal transaction and in the open market at the valuation date. Fair value measurement is based on the assumption that the transaction of the sale of the asset or the transfer of the liability occurs either:

- In the primary market for the asset or liability, or;
- In the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market should be accessible to the Group. The fair value of an asset or liability is measured on the basis of all assumptions that market participants use in the valuation of an asset or liability, provided that the market participants act on their financial interest.

Measuring the fair value of a non-financial asset takes into account the ability of market participants to generate economic benefits from the use of the asset in its highest and best use or sale to another market participant that will use the asset for Higher and better use. The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities for which the fair value was measured or disclosed in the financial statements are classified within the fair value hierarchy as follows:
Level 1 - Observed / Listed (unadjusted) market prices in active markets for similar assets or liabilities.
Level 2 - Valuation techniques for which inputs that are relevant to fair value measurement, except for official stock prices included in Level 1, are directly or indirectly observable.
Level 3 - Valuation techniques for which inputs that are relevant to measuring fair value are not observable.

For the assets and liabilities recognized in the financial statements, the Group determines on a regular basis whether transfers have occurred between the levels of the hierarchy at the end of each reporting period.

For the purpose of fair value disclosures, the Group determines the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.19. Segment reporting

A business segment is defined as a group of assets and functions which provide products and services that are subject to different risks and returns than those of other business segments. A geographic segment is defined as a geographical area, where products and services are provided, and which is subject to different risks and returns from other areas.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2019:

- **IFRS 16: Leases**
  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

  The Group and the Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

In applying IFRS 16 for the first time, the Group has used the following practical expedients on transition permitted by the standard: (a) recognized a liability that would be measured at present value as a result of the discounting of the rents remaining to be paid at the extra borrowing rate in force at the date of initial application; an amount equal to the corresponding liability to be recognized. After initial recognition, the Group will a) measure the use of fixed assets and depreciate them consistently throughout the lease; and b) measure the corresponding liability, increasing and decreasing the open balance in a way that reflects interest and lease payments. respectively. Any impact of the application of the standard will be recognized as an adjustment to the results on 1 January 2019 without any change in the comparative information. The Group will additionally use the exemption provided by the standard in determining leases. This practically means that the requirements of IFRS 16 will apply to all contracts that were effective on January 1, 2019 and were recognized as leases under IAS 17 and IFRIC 4.

In addition, the Group will use the standard exemptions in respect of leases with a residual maturity of less than 12 months at the date of initial application of the standard and for low value leases.

The effect of the standard at Group and Company level is described in note 28.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The above amendment will have no material impact on the results of the Group and company

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. The above amendments will have no material impact on the results of the Group and company

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the

appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The above amendments will have no material impact on the results of the Group and company

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The above amendments will have no material impact on the results of the Group and company

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The improvements will have no material impact on the results of the Group and company.

- ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements***: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- ***IAS 12 Income Taxes***: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- ***IAS 23 Borrowing Costs***: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Standards issued but not yet effective and not early adopted

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU The above amendment will have no material impact on the results of the Group and company.

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The amendments have not yet been endorsed by the EU The above amendment will have no material impact on the results of the Group and company.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. The above amendment will have no material impact on the results of the Group and company.

5. MAJOR RISKS AND UNCERTAINTIES

The Group and the Company are operating in a highly competitive and highly demanding international environment, which is changing rapidly and rapidly. The Group and the Company over the last few years systematically and with a specific development plan it has been trying to steadily and safely strengthen its extroverts, not in one way, but in the geographical areas of strategic interest, focusing on state-of-the-art technologies and the constant technological upgrading of the products and solutions it provides while parallel develop new activities and promotes entry into new markets, in order to further enhance its competitiveness, especially since the domestic market has, due to the ongoing recession, intense negative outlook.

Its specialized know-how, its years of experience and presence in the field, its organization and the intense activation of all its executives, its wide recognition in connection with the study, development and marketing of new products, as well as the continuous improvement And upgrading the existing ones, focusing on the quality and the ability to meet demand directly and the changing needs of end customers, as well as the creation of strong infrastructure and the penetration into new markets, an assistant The Company remains competitive despite the inherent problems faced by the industry, which have intensified particularly in the context of the protracted economic crisis.

The limited and in any case controlled financial exposure of the Group and its significant qualitative and product diversification, combined with the continuous development and upgrading of its products, as well as the expansion of the Group in new geographic markets, constitute the main equipment for the Group To minimize the negative effects of the unprecedented economic crisis, but it is expected that in the current period the Group's revenues and results will inevitably be affected by the intensity and The increase in the phenomenon and the general state of suffocation and the lack of liquidity in the market, whose situation has deteriorated considerably with the imposition of restrictions on the movement of capital and which leads a large part of the broad customer base to which the Group is seeking to suspend investment projects The postponement of programs for modernization.

The usual financial and other risks to which the Company and the Group are exposed, and which risks it may encounter during the second half of 2019 are market risks, credit risk, liquidity risk, etc. Specifically:

a. Risk of falling of demand due to the general recession

Although this specific risk is limited due to the specific categories of software developed and marketed by the Company, however, in order to avoid demand reduction due to the general downturn prevailing in the Greek market and the consequent shrinking of the potential customer base in the domestic market, The Company develops a large and wide range of products in different categories addressed to the international market in order to compensate for potential losses in specific market sectors let. The Company develops and develops its software products based on continuous and day-to-day market monitoring and research, as well as new technologies, so as to equalize potential losses by entering new markets.

However, in view of the general negative conditions that inevitably affect the Company's activity as well as the particularly unfavorable economic environment prevailing in the domestic and world markets, this risk is judged to be real and capable of affecting the results The Group and the Company during the current year. For this reason, given that the crisis appears to be more prominent in the domestic market, special emphasis is placed on strengthening the company's outward focus and expanding the international presence of the Group.

In addition, the referendum held in the United Kingdom on 23 June 2016 resulting in the UK's decision to exit the European Union causes a climate of uncertainty in the global economy. Due to the ambiguity in the implementation of the decision and the long-term implementation timetable, the effects on markets are still unknown.

b. Risk of increased competition from firms of international agency representations

The specific risk is always present and measurable in the area where the Company operates, especially if it is taken into account that entry barriers are not so strong in this area, as the majority of the technical terms used to implement and integrate information Systems and customization of software products are widespread, which allows foreign companies to penetrate relatively easily into the market, taking advantage in particular of comparative available, especially in sizes level. The Company addresses this risk with emphasis on the design and development of quality and modular products, the systematic and targeted improvement, upgrading and adaptability of the products it already markets, the representation of powerful and world-known companies, the creation of lasting and trustful relationships with its customers Basis and the expansion of its activities abroad.

Nevertheless, the specific risk is a viable and potential risk at any time and this importance is addressed by the Company's Management, for which reason the Company always emphasizes its quality and product diversification and in general the provision High-level services to its customers, while systematically enhancing its outward-looking approach to overcoming this risk and upgrading its role and presence on the international market, which Makes it more resilient to address this risk. In addition, the steady increase in the global market size partially mitigates the impact of competition, so that activity developed outside Greece compensates for any inevitable losses on the Greek market.

c. Risk of technological developments

Technological developments have a major impact on the competitiveness of companies active in the IT sector. Companies operating in the IT sector must be constantly aware of possible variations in existing technology and make the necessary investments to ensure the high technological level.

On the basis of the above and to reduce as much as possible the risk of technological developments, the Group:

- ✓ develops products on highly efficient and internationally recognized platforms.
- ✓ Continuing training of staff on technological issues, in collaboration with internationally recognized organizations specialized in high technology industries.
- ✓ offers innovative applications commensurate with the needs and requirements of the market.

For these reasons, the specific risk is not considered to be particularly significant in the given time period.

d. Credit risk

Company Management, based on its internal operating principles, ensures that sales of goods and services take place to customers of high creditworthiness and ability. Due to the expansion of the Company's activities abroad, this risk is real compared to customers from other countries (especially African and Asian countries) for whom it is not always easy to effectively control their creditworthiness Capacity and reliability.

For this reason, the Company constantly develops and develops internal operating mechanisms (in terms of negotiation, contract and project management) in order to better address this risk. Within this framework and the valuation methods available to the Company, the Group has not yet addressed significant amounts of doubtful debts, for which no adequate provision has been made. Hence, this risk, although, present in view of the overall negative economic climate, is currently being assessed as a controlled one. If the worsening of the conditions for the growth of economic activity, and in particular the Greek market as a consequence of the imposition of capital restrictions, diffuses, this risk may affect the Company's results.

For a better presentation of the above we list the following tables:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Clients	4,738,826	4,370,211	1,415,094	2,789,294
Other receivables	4,644,455	4,048,241	5,495,244	3,343,728
Other financial assets	68,394	53,743	6,928	6,928
Short term investments	1,992,300	5,895,321	1,382,453	4,400,555
Cash & cash equivalents	11,907,043	7,846,363	5,812,282	2,963,208
Total	**23,351,018**	**22,213,879**	**14,112,001**	**13,503,713**

The account Other receivables contain an outstanding and non-impaired balance of an amount of € 2.1 million which it is linked to a long-time litigation case with a public sector organization which has not finalized yet and cannot be enforced. The court decision is expected in the end-of 2019 and as any final amount will be interest-bearing and therefore the Company has procced with any discount. Moreover, the Company considers that the aforementioned claim is reasonable, well-estimated and documented, as on the one hand there is the evidence of delivery of the equipment and services and on the other hand the borrower continues its operations and therefore there is no objective evidence that the aforementioned receivable should be impaired. The maturity of these claims are more than 5 years.

Clients Analysis:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Neither past due nor impaired	4,682,594	4,250,554	1,300,637	2,699,637
Past due balances	4,495,150	4,495,150	4,191,340	4,161,340
Balance	**9,177,744**	**8,745,704**	**5,491,977**	**6,860,977**
Less: Allowance for doubtful accounts receivable	(4,438,918)	(4,375,493)	(4,076,883)	(4,071,683)
Fair Value of receivables	**4,738,826**	**4,370,211**	**1,415,094**	**2,789,294**

The account receivable from clients is non-interest-bearing and usually settled in 30 - 120 days. The time of collection of claims from ongoing projects depends on the progress of the works. The provision for impairment is based on the maturity of the debts in accordance with the adopted credit policy in conjunction with the historical consistency and solvency of the clients, taking into account the current economic circumstances.

e. Liquidity risk

It does not appear at the time of this writing, that there is particular liquidity risk for the Company. Loans and other liabilities are less than available cash, short-term investments and receivables, which ensure the smooth financing of the Company.

However, it should be noted that there are delays in payments for projects in the broader public sector. If the current conditions of general credit crunch continue for a long time, delays in disbursements involving public sector projects may have some negative effects on the overall operation of the Company, which may affect to a certain extent the cash flows Of the Group.

In Notes 22 and 26 of the annual financial statements there is a table showing the Group's loans and other liabilities. It should be noted that the undiscounted contractual cashflow are in line with the current value of loans and other commitments. The table below summarizes the maturity profile of the financial liabilities that arise from contractual agreements (amounts discounted):

GROUP 30.06.2019	Contractual Cash Flow	1-3 months	3-12 months	1-5 years	Liabilities
Loans	4,393,849	96,190	4,043,041	250,000	4,389,231
Other commitments	7,269,053	3,356,646	3,087,005	825,402	7,269,053
Subtotal: Cash Flow	**11,662,902**	**3,452,836**	**7,130,046**	**1,075,402**	**11,658,284**
plus:					
Grants Received	3,215,505	-	1,129,985	2,085,520	3,215,505
Deferred income	2,771,939	1,348,852	1,423,087	-	2,771,939
Provision for staff retirement indemnities and unaudited TAX year	904,801	-	-	904,801	904,801
Subtotal: Cash Flow	**6,892,245**	**1,348,852**	**2,553,072**	**2,990,321**	**6,892,245**
Total	**18,555,147**	**4,801,688**	**9,683,118**	**4,065,723**	**18,550,529**

GROUP 31.12.2018	Contractual Cash Flow	1-3 months	3-12 months	1-5 years	Liabilities
Loans	4,654,925	96,380	3,023,976	1,500,000	4,620,356
Other commitments	6,345,328	3,033,686	3,311,642	-	6,345,328
Subtotal: Cash Flow	**11,000,253**	**3,130,066**	**6,335,618**	**1,500,000**	**10,965,684**
plus:					
Grants Received	3,854,587	-	1,129,985	2,724,602	3,854,587
Deferred income	1,631,066	1,041,307	589,759	-	1,631,066
Provision for staff retirement indemnities and unaudited TAX year	857,287	-	-	857,287	857,287
Subtotal: Cash Flow	**6,342,940**	**1,041,307**	**1,719,744**	**3,581,889**	**6,342,940**
Total	**17,343,193**	**4,171,373**	**8,055,362**	**5,081,889**	**17,308,624**

Long-term loans are simply bilateral loans (not bonds, convertible, etc.) of floating interest rates in the range of 4.0-5.0%, which are considered and indeed are market rates, with not very distant endings (gradually until 2020).

f. Foreign exchange risk

The Group operates in an international level and therefore it is exposed to the foreign currency risk which is mainly comes from the US Dollar and British Pound. This type of risk it mainly occurs due to trade transactions in foreign currency as well as due to the investments in financial organizations which are based abroad. The Company's management constantly keeps an eye the foreign exchange risks which may occur and evaluates the possible needs of taking respective measures, besides the fact that in this moment this particular risk is considered as not significant and, in any case,, it is absolutely managed and controlled.

g. Interest rate risk

The interest rate risk for the Company is not particularly high given that the Company's borrowing is linked to Euribor and that the Company has limited exposure to bank debt. The Group's policy is to keep the amount of total borrowing at a variable interest rate and to take corrective action whenever necessary while avoiding, as far as this is permissible in general business, the exposure to further lending.

The limited exposure of the Group to borrowed funds makes the change in interest rates insignificant for the Group's results. It is noted that the cash and cash equivalents of the Group exceed the total bank borrowing.

6. SEGMENT REPORTING

For administrative purposes, the group is organized into business centers and business units. The Group's activities are in two business areas, the one of financial solutions and business solutions.

The results of these activities for the periods ended on 30 of June 2019 and 30 of June 2018 respectively, as well as the total net assets of the activities during 30 of June 2019 (related to the respective amount at 31.12.2018) are analyzed as follows:

01.01-30.06.2019	Financial Solutions	Business Solutions	Total
Sales	**7,602,518**	**1,885,865**	9,488,383
Less: Intercompany	(1,175,119)	(704,044)	(1,879,163)
Sales to third parties	**6,427,399**	**1,181,821**	**7,609,220**
Gross profit	**3,809,509**	**217,934**	**4,027,443**
Other profit			118,257
Operating costs (disposal, administration and research)			(3,014,518)
Other operating expenses			(94,481)
Operating result			**1,036,701**

Financial income / (cost)			**202,805**
Profit before tax			**1,239,506**
Income taxes			(225,690)
Results after taxes			**1,013,816**
Non-controlling interests			3,679
Net Results after Tax attributable to the Shareholders of the Parent Company			**1,017,495**

01.01-30.06.2018	**Financial Solutions**	**Business Solutions**	**Total**
Sales	6,126,031	1,737,256	7,863,287
Less: Intercompany	(820,970)	(692,750)	(1,513,720)
Sales to third parties	**5,305,061**	**1,044,506**	**6,349,567**
Gross profit	**3,171,494**	**134,523**	**3,306,017**
Other income			99,387
Operating costs (disposal, administration and research)			(2,654,098)
Other operating expenses			(26,224)
Operating result			**725,082**
Financial income / (cost)			(42,038)
Profit before tax			**683,044**
Income taxes			(193,120)
Results after taxes			**489,924**
Non-controlling interests			(1,057)
Net Results after Tax attributable to the Shareholders of the Parent Company			**488,867**

30.06.2019	**Financial Solutions**	**Business Solutions**	**Unallocated**	**Total Amounts**
Intangible assets	5,131,315	1,581,057	-	6,712,372
Tangible assets	-	864,025	4,495,426	5,359,451
Other assets	7,944,918	4,463,221	12,620,152	25,028,291
Total liabilities	(6,811,031)	(4,361,544)	(7,377,954)	(18,550,529)
Net asset value	**6,265,202**	**2,546,759**	**9,737,624**	**18,549,585**

31.12.2018	**Financial Solutions**	**Business Solutions**	**Unallocated**	**Total Amounts**
Intangible assets	5,164,806	1,919,929	-	7,084,735
Tangible assets	-	1,046,896	4,547,970	5,594,866
Other assets	9,436,417	4,839,413	8,928,476	23,204,306
Total liabilities	(6,298,772)	(4,614,291)	(6,395,561)	(17,308,624)
Net asset value	**8,302,451**	**3,191,947**	**7,080,885**	**18,575,283**

It is noted that there is no question of the dependence of the Group on significant customers as, apart from a major foreign bank, which contributed 14% of, all other customers are below the level of 10% of the total sales of the Group. It is noted that both aforementioned customers have long-term implementation contracts that are in progress and are not considered as dreadful customers.

The Company has chosen to organize its entity according to the categories of products and services. In particular, in the case of the Company, there are two main categories, that of the solutions addressed to the financial sector (such as FMS.next, RiskAvert, IMSplus, Axia, Acumennet) and solutions addressed to public (mainly ad hoc projects such as meeting logging courts) and private organizations (such as UTS).

The Company has chosen to organize its entity by product categories as above rather than geographically, as it does not consider it representative because "research and development" that is an important factor for the Company is not geographically related, and also results per geographic area are likely to be affected from short-term reasons and thus not provide reliable information. For example, a new customer in a particular geography is billed with licenses that do not repeat next year, although the same customer is retained the following year and priced with maintenance contracts, which are lower in value than licenses. However, it is disclosed that in 1st Semester of 2019 67% of the Group's income came from non-Domestic customers.

7. EXPENSE ANALYSIS

The expenses of the Group and the Company for the period, are analyzed as follows:

	GROUP	COMPANY
Cost of goods sold	1,593	1,593
Remuneration and staff costs	3,896,023	2,085,875
Third party cost	1,591,593	1,421,933
Fees and services cost	219,082	102,672
Taxes and duties	151,810	24,415
Other Expenses	662,372	473,065
Depreciation of fixed assets	1,065,734	346,621
Total	**7,588,207**	**4,456,174**

The distribution of costs, is as follows:

	GROUP	COMPANY
Cost of Sales	3,581,777	2,337,384
Selling and distribution expenses	1,406,080	756,899
General and administrative expenses	864,333	559,676
Research and Development expenses	744,105	477,215
Depreciation of Subsidized Assets	561,912	-
Total	**7,158,207**	**4,131,174**
Capitalized Expenses		
Development Cost	430,000	325,000
Total	**7,588,207**	**4,456,174**

*The depreciation of Subsidized assets is netted off with the related income

The number of personnel, for the Group and the Company, as at 30 June 2019 and 30 June 2018 and the payroll cost for the periods 01.01.2019-30.06.2019 and 01.01.2018-30.06.2018 are analyzed as follows:

	30.06.2019		30.06.2018	
	GROUP	COMPANY	GROUP	COMPANY
Number of personnel	150	105	140	97
Total cost	**3,896,023**	**2,085,875**	**3,185,265**	**2,249,801**

8. INCOME TAX

The amount of taxes has been calculated using the actual tax rates for each fiscal year. Non-deductible expenses include mainly provisions that are reversed by management when calculating income tax.

Income tax declarations are filed on a yearly basis, but profits and losses reported for tax purposes remain temporary until the tax authorities review the tax returns and taxpayers' books at the time that the related tax liabilities will be settled. Tax losses, to the extent that are recognized by the tax authorities, may be used to offset profits for the five following fiscal years after the current fiscal year.

The following is a reconciliation for nominal and effective tax rates for the Group and the Company:

	GROUP		COMPANY	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit before tax	**1,239,506**	**683,044**	**814,700**	**1,049,554**
Income tax calculated at the applicable tax rate (2018 29%, 2019: 28%)	347,061	198,083	228,115	304,371
Tax effect of non -taxable income	(90,346)	(14,098)	(280,006)	(324,173)
Deferred tax effect from the change of TAX rates	-	-	-	-
Tax effect of different tax rates applicable to other countries where the Group operates	(97,199)	(98,981)	-	-
Tax effect of non-tax-deductible expenses	92,773	88,626	66,251	67,570
Prior year tax differences	(37,794)	13,097	(63,800)	13,097
Differences of tax audit and other taxes	11,195	6,393	1,000	1,000
Income taxes that reported in the Income Statement	**225,690**	**193,120**	**(48,440)**	**61,865**

Deferred tax accounts for the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Deferred tax asset	892,629	735,554	625,401	506,678
Deferred tax liabilities	(222,358)	(37,905)	-	-
	670,271	**697,649**	**625,401**	**506,678**

The fact that in some cases, income and expenses are accounted for in a different time from the date when such income is tax charged or the expenses are deducted for the purpose of determining the taxable income, creates the need to account for deferred tax assets or deferred tax liabilities.

The movement of the deferred tax asset (liability) is as follows:

	GROUP		COMPANY	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Beginning balance	697,649	760,202	506,678	527,160
Income tax (debit)/ credit	(27,378)	(61,703)	118,723	(16,864)
Income tax (debit)/ credit through OCI	-	(850)	-	(3,619)
Ending balance	**670,271**	**697,649**	**625,401**	**506,678**

The nature of the temporary differences and the breakdown of the period 01.01.2019-30.06.2019 for the Group is as follows:

GROUP	Beginning Balance	Acquisition of subsidiary	Debits / Credits (-) of Results	Debits/ Credits (-) Other Income
Provisions on doubtful debtors	473,964	1,456	-	475,420
Intangible asset write-offs	(159,861)	407	-	(159,454)
Provisions for Staff Compensation	230,129	13,304	-	243,433
Land-building revaluation adjustment	(313,208)	1,824	-	(311,384)
Difference in depreciation rates	116,279	(13,794)	-	102,485
Deferred expenses	1,239	147	-	1,386
Revenues / expenses accrued	(6,214)	6,664	-	451
Deferred TAX Asset on tax losses	272,980	(140,668)	-	132,312
Impairment on Inventories	53,483	(51,905)	-	1,578
Deferred income	5,996	155,187	-	161,183
Other provisions for impairment	22,861	-	-	22,861
Total	**697,649**	**(27,378)**	**-**	**670,271**

The nature of the temporary differences and the breakdown of the period 01.01.2019-30.06.2019 for the Company is as follows:

COMPANY	Beginning balance	Debits / Credits (-) of Results	Debits/ Credits (-) Other Income	Ending Balance
Provisions on doubtful debtors	433,964	1,456	-	435,420
Intangible asset write-offs	231,373	(6,771)	-	224,602
Provisions for Staff Compensation	88,834	8,616	-	97,451
Land-building revaluation adjustment	(313,261)	(1,760)	-	(315,021)
Difference in depreciation rates	(13,584)	-	-	(13,584)
Revenues / expenses accrued	-	-	-	-
Deferred income	5,996	150,782	-	156,779
Impairment on Inventories	30,000	(33,600)	-	(3,600)
Other provisions for impairment	43,354	-	-	43,354
Total	**506,678**	**118,723**	**-**	**625,401**

9. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 20).

The calculation of the basic earnings per share at 30.06.2019 and 30.06.2018 is as follows:

GROUP	30.06.2019	30.06.2018
Net profit attributable to the shareholders of the parent	1,017,495	488,867
Weighted average number of shares in circulation	11,386,754	11,711,857
Earnings per share	**0.0894**	**0.0417**

10. TANGIBLE FIXED ASSETS

Tangible assets of the Group are presented as follows:

GROUP	Land	Buildings	Mechanical Equipment	Means of transportation	Furniture and other equipment	Total
Cost **01.01.2018**	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,887,599**	**10,185,729**
Additions in period	-	-	-	-	64,921	64,921
Disposals/ Write-offs	-	-	-	-	(1,215)	(1,215)
Balance 31.12.2018	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,951,305**	**10,249,435**
Additions in period	-	-	-	-	25,433	25,433
Disposals/ Write-offs	-	-	-	-	-	-
Balance 30.06.2019	**2,050,000**	**4,209,052**	**1,062**	**38,016**	**3,976,738**	**10,274,868**
Accumulated depreciations 01.01.2018	**-**	**(1,663,234)**	**(1,062)**	**(37,228)**	**(2,433,160)**	**(4,134,684)**
Disposals/ Write-offs	-	-	-	-	39	39
Depreciations in period	-	(127,364)	-	(243)	(392,317)	(519,924)
Accumulated depreciations 31.12.2018	-	**(1,790,598)**	**(1,062)**	**(37,471)**	**(2,825,438)**	**(4,654,569)**
Disposals/ Write-offs	-	-	-	-	-	-
Depreciations in period	-	(63,675)	-	(122)	(197,051)	(260,848)
Accumulated depreciations 30.06.2019	**-**	**(1,854,273)**	**(1,062)**	**(37,593)**	**(3,022,489)**	**(4,915,417)**
Net book value 01.01.2018	**2,050,000**	**2,545,818**	**-**	**788**	**1,454,439**	**6,051,045**
Net book value 31.12.2018	**2,050,000**	**2,418,454**	-	**545**	**1,125,867**	**5,594,866**
Net book value 30.06.2019	**2,050,000**	**2,354,779**	**-**	**423**	**954,249**	**5,359,451**

Property, plant and equipment of the Company is analyzed as follows:

COMPANY	Land	Buildings	Mechanical Equipment	Means of transportation	Furniture and other equipment	Total
Cost **01.01.2018**	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,752,414**	**8,029,513**
Additions in period	-	-	-	-	48,532	48,532
Disposals/ Write-offs	-	-	-	-	-	-
Balance 31.12.2018	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,800,946**	**8,078,045**
Additions in period	-	-	-	-	16,888	16,888
Disposals/ Write-offs	-	-	-	-	-	-
Balance 30.06.2019	**2,050,000**	**4,190,257**	**-**	**36,842**	**1,817,834**	**8,094,933**
Accumulated depreciations 01.01.2018	-	**(1,649,536)**	**-**	**(36,053)**	**(1,694,390)**	**(3,379,979)**
Disposals/ Write-offs	-	-	-	-	-	-
Depreciations in period	-	(125,707)	-	(243)	(27,185)	(153,135)
Accumulated depreciations 31.12.2018	-	**(1,775,243)**	**-**	**(36,296)**	**(1,721,575)**	**(3,533,114)**
Disposals/ Write-offs	-	-	-	-	-	-
Depreciations in period	-	(62,854)	-	(122)	(14,688)	(77,664)
Accumulated depreciations 30.06.2019		**(1,838,097)**	**-**	**(36,418)**	**(1,736,263)**	**(3,610,778)**
Net book value 01.01.2018	**2,050,000**	**2,540,721**	**-**	**789**	**58,024**	**4,649,534**
Net book value 31.12.2018	**2,050,000**	**2,415,014**	**-**	**546**	**79,371**	**4,544,931**
Net book value 30.06.2019	**2,050,000**	**2,352,160**	**-**	**424**	**81,571**	**4,484,155**

Land and buildings were revalued on 01.01.2004 by independent appraisers at their fair value and the differences were recognized in retained earnings. Historical cost is selected as the basis for the subsequent valuation of these items.

The Company's property is pledged to secure a bank loan that has been fully repaid during the fiscal year 2012. The formal procedure for the release of the pledge has not been completed yet.

11. GOODWILL

Goodwill for the Group is analyzed as follows:

GROUP	Balance 31.12.2018	Increase	Decrease	Balance 30.06.2019
LOGIN S.A.	687,350	-	-	687,350
GLOBAL SOFT A.E.	764,809	-	-	764,809
Goodwill	**1,452,159**	**-**	**-**	**1,452,159**

The Group conducts impairment test for goodwill annual basis, as well as when there are indications for impairment.

As it is stated in the financial statements of the year ended on 31 December 2018, for impairment test purposes, The recoverable amount of the assets of the above cash-generating units has been determined based on the value-for-use calculation using estimated cash flows from financial budgets approved by management for a period of five years.

The main assumptions which were used to define recoverable value of the cash-generating units are analyzed in the financial statements for the fiscal year ended at 31 December 2018.

At 30 June 2019, the Group did not conduct impairment test because there were no indications which prove that the booking value of cash-generating units is impaired. Management estimates that the recovery value at 30 June 2019 surpasses the booking value, reflecting the positive expectations which are in the market for the future and therefore concludes that there is not issue of fair value impairment.

12. INTANGIBLE ASSETS

The intangible assets of the Group are analyzed as follows:

GROUP	Development expenses	Purchased Software	Other intangible assets	Total
Net book value 01.01.2018	**5,766,566**	**90,027**	**390,926**	**6,247,519**
Additions in period	965,954	5,342	-	**971,296**
Amortizations in period	(1,525,492)	(25,201)	(35,546)	**(1,586,239)**
Net book value 31.12.2018	**5,207,028**	**70,168**	**355,380**	**5,632,576**
Additions in period	430,000	2,524	-	**432,524**
Amortizations in period	(774,635)	(12,479)	(17,773)	**(804,887)**
Net book value 30.06.2019	**4,862,393**	**60,213**	**337,607**	**5,260,213**

The intangible assets of the Company are analyzed as follows:

COMPANY	Development expenses	Purchased Software	Total
Net book value 01.01.2018	**1,868,650**	**45,936**	**1,914,586**
Additions in period	665,954	-	665,954
Amortizations in period	(547,155)	(13,890)	(561,045)
Net book value 31.12.2018	**1,987,449**	**32,046**	**2,019,495**
Additions in period	325,000	-	325,000
Amortizations in period	(263,778)	(5,180)	(268,958)
Net book value 30.06.2019	**2,048,671**	**26,866**	**2,075,537**

The intangible assets comprise mainly the cost of the banking platform development and investments management, as well ass and the purchased software. In particular, the additions within the period 01.01.2019-30.06.2019 for the Group refer to self-produced software.

13. INVESTMENTS IN SUBSIDIARIES

The change in the value of investments in affiliated companies is analyzed as follows:

COMPANY	Balance 31.12.2018	Increases (decreases) within the year	Balance 30.06.2019
GLOBAL SOFT A.E.	1,351,639	-	1,351,639
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	1,500,195	-	1,500,195
PROFILE DIGITAL SERVICES A.E.	580,000	-	580,000
Σύνολο	**3,431,834**	**-**	**3,431,834**

The investment in the affiliated company COMPUTER INTERNATIONAL FRANCHISE Ltd amounting to € 138,416 has been written off from previous years due to the fact that it has entered into liquidation but has not been completed for typical reasons.

14. INVENTORIES

The Group's and Company's inventories are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Inventories	93,464	303,636	69,907	272,883
Impairment provision	-	(120,000)	-	(120,000)
Total	**93,464**	**183,636**	**69,907**	**152,883**

The Group's and Company's stocks mainly include electronic equipment and ready-to-use software that are used in the projects that are being implemented. The Group within 1st Semester 2019 proceeded to the destruction of unsuitable inventories for which a provision had been made from prior years.

15. TRADE RECEIVABLES

The trade receivables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Clients	8,936,527	8,299,492	5,303,274	6,466,854
Billing notes received	7,104	7,104	3,696	3,696
Postdated cheques	234,113	439,108	185,007	390,427
Minus: Provision for impairment	(4,438,918)	(4,375,493)	(4,076,883)	(4,071,683)
Total	**4,738,826**	**4,370,211**	**1,415,094**	**2,789,294**

The account receivable from clients is non-interest-bearing and usually settled in 30 - 120 days. The time of collection of claims from ongoing projects depends on the progress of the works. The provision for impairment is based on the maturity of the debts in accordance with the adopted credit policy in conjunction with the historical consistency and solvency of the clients, taking into account the current economic circumstances.

At 30 June 2019, trade receivables and the related Impairment are analyzed as follows:

	GROUP		COMPANY	
	Trade Receivable	**Impairment**	**Trade Receivable**	**Impairment**
No due	4,366,451	(4,135)	1,056,022	(4,081)
past due more than 120 days	179,284	(5,748)	138,721	(5,673)
past due more than 240 days	136,859	(4,389)	105,894	(4,332)
past due more than 360 days	4,495,150	(4,424,646)	4,191,340	(4,062,797)
Total	**9,177,744**	**(4,438,918)**	**5,491,977**	**(4,076,883)**

The Group applies the simplified approach, in accordance with IFRS 9 and calculates ECLs on Trade Receivables based on lifetime expected credit losses. The Group uses the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, policy that the Group also used to have in the previous years. The total impact on 1st Semester of 2019 has been calculated in the results of the fiscal year.

It should be noted that as described in the note 2.1, for presentation and comparison purposes, the amount of 2.1 million EUR has been reclassified from the account “Trade Receivables “to” Other receivables” (for more information please see note 16)

16. PREPAYMENTS AND OTHE RECEIVABLES

Advance payments and other receivables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Advances to Suppliers	230,833	71,237	221,184	61,900
Receivable from the Greek state	529,514	880,417	496,524	562,650
Deferred Expenses	176,102	346,186	111,079	249,438
Unbilled Revenue	940,120	568,408	1,276,744	200,415
Other	2,998,719	2,253,230	3,610,897	2,331,225
Total	**4,875,288**	**4,119,478**	**5,716,428**	**3,405,628**

These assets are considered to be short-term. The fair value of these are considered to approximate their book value

The account Other receivables contain an outstanding and non-impaired balance of an amount of € 2.1 million which it is linked to a long-time litigation case with a public sector organization which has not finalized yet and cannot be enforced. The court decision is expected in the end-of 2019 and as any final amount will be interest-bearing and therefore the Company has procced with any discount. Moreover, the Company considers that the aforementioned claim is reasonable, well-estimated and documented, as on the one hand there is the evidence of delivery of the equipment and services and on the other hand the borrower continues its operations and therefore there is no objective evidence that the aforementioned receivable should be impaired. The maturity of these claims are more than 5 years.

In 2016, following partial tax audit, the Company charged a tax penalty of € 303 thousand plus additional penalties for a case for the years 2005-2006. The results of this partial tax audit have been brought by the Company to the Administrative Courts, whose appeal is pending for the trial that is expected to take place in 2 years. Based on the suggestions made by the legal advisors, the Company considers that there is a considerable probability that this appeal will be successful, as the tax authorities in the TAX Audit Report have already acknowledged that the Company operates in its correctly, has no overdue debt to the public administrator and that the aforementioned case was not in their area of responsibility. Nevertheless, in the context of the mandatory procedural for the exercise of its legal rights through the above application, the Company initially initialed an overall settlement of the above charges, which until 31/12/2017 was fully paid. Pending the return of these payments back to the Company, at the end of the legal procedure, an equal receivable was recognized under the account "Receivables from the Greek State". It should be noted that there is no additional information until the date of preparation and approval of the Interim condensed financial statements.

It should be noted that the decision of the Criminal Court for the aforementioned case were in favour for the Company.

17. SHORT-TERM INVESTMENTS

The short-term investments of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Opening Balance	**5,895,321**	**6,984,486**	**4,400,555**	**5,289,458**
Additions in period	306,242	20,159,123	42,622	11,564,239
Sales in period	(4,363,590)	(21,122,403)	(3,180,210)	(12,333,658)
Total short-term investments	**1,837,973**	**6,021,206**	**1,262,967**	**4,520,041**
Revaluation at fair value	148,373	(125,885)	119,486	(119,486)
Exchange rates differences	5,954	-	-	-
Ending balance	**1,992,300**	**5,895,321**	**1,382,453**	**4,400,555**

The amounts of short-term investments refer to financial placements in securities, mutual funds and other securities traded on regulated markets. They primarily aim to place part of the Group's liquidity on safe investments in order to ensure the adequacy of the financing of the investment program for the Group's development and as a "natural" foreign exchange risk offset by the Group's non-euro projects. An important part of these additions and sales concerns the recycling / reinvestment of these short-term placements.

The short-term investments are calculated at fair value through profit or loss.

18. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Cash on hand	6,711	11,330	956	3,240
Cash in banks	11,900,332	7,835,033	5,811,326	2,959,968
Total	**11,907,043**	**7,846,363**	**5,812,282**	**2,963,208**

Available cash and cash equivalents represent cash in the Group and Company funds and bank deposits available on demand. Bank deposits are charged with interest at floating rates based on monthly bank rates.

19. SHARE CAPITAL AND SHARE PREMIUM

Company's Share Capital movement is as follow:

	Shares	Share Capital	Share Premium
Balance 01.01.2018	**11,812,193**	**5,551,731**	**2,925,510**
Share Capital Increase	-	-	-
Share Capital Increase of Reserves L.4172/2013	-	-	-
Balance 31.12.2018	**11,812,193**	**5,551,731**	**2,925,510**
Share Capital increase from Premium share	-	157,954	(157,954)
Special capital increase from reserves	-	432,655	-
Share Capital decrease	-	(590,609)	-
Balance 30.06.2019	**11,812,193**	**5,551,731**	**2,767,556**

The Share Capital of the Company at 30 June 2019 amounted to € 5,551,731 (31 December 2018: € 5,551,731) divided by 11,812,193 common shares with book value € 0.47 each.

At 8th of May, the Annual General Meeting of Shareholders approved the increase of the share capital of the Company up to € 590.609,65 by capitalized the following types of reserves : a) the tax free investment reserve article 22 of L.1828/1989, amounted to 374,155.64 EUR and b) tax free investment reserve article 2 of L.3220/2004, amounted to 58,500 EUR and c) the Premium share reserve amounted to € 157,954.01 and an increase of the booking value of each share of the Company by € 0.05, from € 0.47 to € 0.52. The General Meeting decided unanimously the decrease of the Share capital of the Company by € 590,609.65, by decreasing the book value of each share of the Company by € 0.05, from € 0.52 to € 0.47 and the return and submission of the respective amount to the shareholders of the Company.

20. TREASURY SHARES

The change in the Group's and Company's own shares is analyzed as follows:

	GROUP		COMPANY	
	Shares	Value	Shares	Value
Balance 01.01.2018	**49,155**	**32,629**	**49,155**	**31,532**
Purchase of treasury shares during the year 2018	363,064	435,102	363,064	435,102
Balance 31.12.2018	**412,219**	**467,731**	**412,219**	**466,634**
Purchase of treasury shares during the period 01.01.2019 - 30.06.2019	202,953	448,919	202,953	448,919
Balance 30.06.2019	**615,172**	**916,650**	**615,172**	**915,553**

21. RESERVES

The change in the Group's and Company's reserves is analyzed as follows:

GROUP	01.01.2019	Change	30.06.2019
Legal reserve	655,420	-	655,420
Tax free reserve of special tax regulations	2,905,301	(432,655)	2,472,646
Other Reserves	45,794	-	45,794
Reserves from taxable income	1,117,838	1,000,022	2,117,860
Special investment reserve cover ICT4GROWTH	852,851	-	852,851
Σύνολο	**5,577,204**	**567,367**	**6,144,571**

COMPANY	01.01.2019	Change	30.06.2019
Legal reserve	639,790	-	639,790
Tax free reserve of special tax regulations	2,906,319	(432,655)	2,473,664
Other Reserves	45,794	-	45,794
Reserves from taxable income	1,117,838	1,000,022	2,117,860
Special investment reserve cover ICT4GROWTH	796,080	-	796,080
Σύνολο	**5,505,821**	**567,367**	**6,073,188**

As it is stated in note 19 the Annual General Meeting of Shareholders at 8th of May 2019 approved the increase of the share capital of the Company by capitalized the following types of reserves : a) the tax free investment reserve article 22 of L.1828/1989, amounted to 374,155.64 EUR and b) tax free investment reserve article 2 of L.3220/2004, amounted to 58,500 EUR

22. LONG-TERM AND SHORT-TERM BORROWINGS

The long-term and short-term loans of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Long-term debt	250,000	1,500,000	250,000	1,500,000
Total long-term bank loans	**250,000**	**1,500,000**	**250,000**	**1,500,000**
Short-term debt				
Short-term bank loans	2,605,541	2,605,887	2,168,973	2,169,410
Current portion of Long-term bank loans	1,533,690	514,470	1,533,690	514,470
Total Short-term Bank loans	**4,139,231**	**3,120,357**	**3,702,663**	**2,683,880**
Total debt	**4,389,231**	**4,620,357**	**3,952,663**	**4,183,880**

The companies make provisions for the accrued interest on servicing their loans and pay the relevant operating expenses for the period. The amounts of long-term loans that are payable within 12 months of the date of preparation of the financial statements have been transferred and presented to short-term liabilities.

23. PROVISION FOR EMPLOYEES INDEMNITIES

The Group and the Company recognize as a retirement benefit obligation the present value of the legal commitment it has undertaken to pay a lump sum compensation to staff retiring due to retirement. The relevant liability was calculated based on an actuarial study by a company of independent actuaries and is analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Employees' indemnities	904,801	857,287	386,108	355,338
Total	**904,801**	**857,287**	**386,108**	**355,338**

There are no significant variations in the assumptions and estimations used in the actuarial study of December 31, 2018.

24. GOVERNMENT GRANTS

The Group has recognized long-term liabilities as deferred income for the long-term portion of government grants that is to be systematically and rationally recognized in income over the useful life of the fixed assets. Depreciation is accounted for in the period's results using the straight-line method according to the useful life of the corresponding subsidized assets.

The subsidies of the Group and the Company are analyzed as follows:

	GROUP	COMPANY
Balance 01.01.2018	**5,111,336**	**582,056**
Recognized Grant in 2018	-	-
Depreciation of Grants for the year 2018	(1,256,749)	(89,232)
Balance 31.12.2018	**3,854,587**	**492,824**
Recognized Gran in period 01.01.2019-30.06.2019	-	-
Depreciation of Grants in period 01.01.2019-30.06.2019	(639,082)	(55,323)
Balance 30.06.2019	**3,215,505**	**437,501**
Less: current portion of Grants classified under accrued income.	(1,129,985)	-
Long-term amount of Governmental Grants	**2,085,520**	**437,501**

It is noted that there are no unfulfilled terms in relation to the aforementioned investment programs and that these investments have been completed, certified and paid off. In addition, at next-year revenues, has been transferred, Grants amounted € 1,130 thousand (€ 1,130 thousand,2018), part of which, are recognized in the following 12 months (see Note 26).

25.TRADE PAYABLES

Suppliers of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Suppliers	1,614,613	2,161,047	1,260,807	1,691,348
Cheques payable	102,095	123,345	102,095	118,386
Total	**1,716,708**	**2,284,392**	**1,362,902**	**1,809,734**

26.OTHER PAYABLES

Other payables of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**
Customer advances	158,154	191,984	433,646	240,685
Accrued expenses and interest payable	1,237,323	910,664	572,522	144,359
Accrued Income	3,901,924	2,761,051	1,136,633	713,264
Other liabilities	2,412,264	1,642,885	1,515,010	788,159
Total	**7,709,665**	**5,506,584**	**3,657,811**	**1,886,467**

Specifically, Accrued Expenses relate to the recognition of service costs for Company's projects, from services rendered but which were not invoiced by suppliers until 30.06.2019 but based on contracts with suppliers, but whose recognized value calculated in accordance with the measurement of the completion stage of the service in relation to its estimated total cost.

In addition, accrued Income also relates to € 1,130 thousand in a carry-forward of the portion of the new grants (see Note 24) recognized in the next 12 months. The remaining amount is related to unearned which come from maintenance contracts of the following period and they were not recognized during the 1st Semester of 2019.

It should be noted that under the account “Other Liabilities” are included an amount of € 558 thousand which related to approved capital return, setled within July 2019, and € 513 thousand which related to the remaining installments of the acquisition of Login SA.

27.TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with its subsidiaries are analyzed as follows:

	Sales		Purchases	
Intercompany transactions	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**
GLOBAL SOFT A.E.	68,319	73,605	-	-
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	263,150	393,778	-	-
COMPUTER INTERNATIONAL FRANCHISE LTD	-	-	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	-	-	-
PROFILE SOFTWARE (UK) Ltd	231,263	41,200	-	-
PROFILE DIGITAL SERVICES A.E.	709,564	698,270	-	-
LOGIN S.A.	377,329	23,493	136,221	92,735
Total	**1,649,625**	**1,230,346**	**136,221**	**92,735**

The terms of the transactions with the parties involved provide that sales to and purchases from, related parties are made at prevailing market prices at that time.

Sales to subsidiaries mainly concern expenses incurred by the Company on behalf of subsidiaries mainly for the following:

• The support, planning and planning of the commercial and technical implementation of projects in the operational area of financial solutions

• Designing and implementing other software programs that may be used by affiliates.

The balances of receivables and payables of the Company with the affiliated companies at the end of the current fiscal year, as well as of the previous one, are analyzed as follows:

	Receivables		Liabilities	
Intercompany transactions	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**
GLOBAL SOFT A.E.	-	32,397	137,342	215,509
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	857,745	144,080	-	-
COMPUTER INTERNATIONAL FRANCHISE LTD	-	170,425	-	-
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	-	-	-	-
PROFILE SOFTWARE (UK) LTD	69,555	41,200	-	-
PROFILE DIGITAL SERVICES A.E.	123,763	269,616	-	-
LOGIN S.A.	147,488	23,493	-	214,040
Total	**1,198,551**	**681,211**	**137,342**	**429,549**

The cost of remuneration for the members of the Board of Directors and the Managing Directors of the Group and the Company for the 1st Semester of 2019 amounted to 469,000 EUR.

28.LEASES (IFRS 16)

The Group and the Company adopted IFRS 16 using the following practical expedients on transition permitted by the standard: (a) recognized a liability that would be measured at present value as a result of the discounting of the rents remaining to be paid at the extra borrowing rate in force at the date of initial application; an amount equal to the corresponding liability to be recognized. After initial recognition, the Group will a) measure the use of fixed assets and depreciate them consistently throughout the lease; and b) measure the corresponding liability, increasing and decreasing the open balance in a way that reflects interest and lease payments. respectively.

Accounting treatment

In adopting IFRS 16, the Company applied a single accounting framework for all leases. The Group recognized the right to use fixed assets and liabilities for these leases previously classified as operating other than low value leases. The lease liability is recognized as the present value of the outstanding payments, discounted at the cost of additional borrowing at the date of initial application. The Group has implemented the facilitation practices as follows:

- ✓ Use a discount rate of 3% on leases that was determined based on the interest rate of the 10-year Greek government bond increased by the Group's credit risk.
- ✓ evaluate, based on past experience, the duration of leases whose contract includes a term of extension or termination.
- ✓ Did not evaluate leases worth less than € 5,000.

The following are the Company's new accounting policies when adopting IFRS 16, effective from the date of initial application:

Right of Use

The Company recognizes the right of use in assets at the commencement of the lease (the date the asset is available for pre-use). The rights to use fixed assets are measured at cost less accumulated depreciation and impairment adjusted when measuring the corresponding lease liabilities.

The right of Use Assets is tested for impairment when there are indications for impairment.

Lease Liabilities

At the commencement of the lease, the Company recognizes lease liabilities equal to the present value of the leases over the entire term of the lease.

To calculate the present value of payments, the Company uses the cost of additional borrowing at the lease date, unless the effective interest rate is directly determined by the lease. The interest rate was set at 3% (see above). Following the commencement of the lease, the amount of the lease liabilities is increased by interest expense and is reduced by the lease payments made. In addition, the carrying amount of the lease liabilities is measured if there is a contract amendment, any change in the term of the contract, the fixed leases or the market valuation of the asset.

For the first half of 2019, the Group recorded € 6.4 thousand as finance lease expense and € 63.8 thousand as depreciation of fixed assets. the criteria as defined by the standard.

The effect of the application of IFRS 16 on 1 January 2019 (increase / (decrease)) is as follows:

	GROUP
Right-of-use assets 01.01.2019	524,143
Depreciations	(63,796)
Right-of-use assets 30.06.2019	**460,347**
Liabilities	
Long-term Lease liabilities	
Balance 01.01.2019	**319,869**
interests payable	-
Payments	-
Balance 30.06.2019	**319,869**
Short-term Lease liabilities	
Balance 01.01.2019	**204,275**
interests payable	6,406
Payments	(70,203)
Balance 30.06.2019	**140,478**

29.FAIR VALUE MEASURMENT

Fair Value: The carrying amounts reflected in the accompanying statements of financial position 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 the loans of 30.06.2019 for the Group and the Company approximate their carrying amounts reflected in the statements of financial position, as they relate to simple bilateral loans from bank institutions with floating interest rates within the market, are based on Euribor plus a spread and are therefore variable according to market conditions. Also, the loans are in euros, and they are not convertible, nor have any weights, commitments or special clauses.

Consequently, although these loans are classified in the category 1-5 years, there is no difference between the fair value and the accounting obligations in relation to those liabilities

The Group categorized its financial instruments carried at fair value in the below categories, defined as follows:
Level 1 - Observed / Listed (unadjusted) market prices in active markets for similar assets or liabilities.

Level 2 - Valuation techniques for which inputs that are relevant to fair value measurement, except for official stock prices included in Level 1, are directly or indirectly observable.
Level 3 - Valuation techniques for which inputs that are relevant to measuring fair value are not observable.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines if there have been transfers between hierarchy levels, through the re-evaluation and classification (based on the lower level data that are important for the measurement of fair value as a whole) at the end of each reporting period.

At each reporting date, the Group analyzes the changes in value of liabilities subject to recalculation and revaluation in accordance with its accounting policies. For this analysis, management verifies the major inputs applied in the later assessment, confirming the data used in the valuation, through contracts and other relevant documents.

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The table below provides the hierarchy of the fair values of the Group's assets and liabilities.

Assets and liabilities measured at fair value	Note	Measurement Date	Amount (in thousand EUR)	Level 1	Level 2	Level 3
• **Financial assets at fair value through profit or loss**	**17**	30.06.2019	1.992.300	√	-	-

The fair value of Financial assets at fair value through profit or loss is based on their current market value on their trading market.

30.CONTINGENT LIABILITIES

There are no litigation or arbitration disputes as well as decisions of judicial or arbitration bodies that have or are likely to have a material impact on the financial position or operation of the Company and the Group.

The Group and the Company have contingent liabilities in respect of matters arising in the ordinary course of business. No material charges are expected to arise from contingent liabilities. No additional payments are expected at the date of preparation of these annual financial statements.

The guarantees through letters of guarantee issued by bank institutions on 30.06.2019 concern the following:

	GROUP	COMPANY
Guarantees to ensure good contracts with suppliers	28,700	28,700
Participation guarantees	13,252	13,252
Guarantees to ensure good execution of contracts with customers	413,771	413,771
Total	**455,723**	**455,723**

The tax unaudited fiscal years of the Group's companies are as follows:

Name of Company	Unaudited fiscal years
PROFILE AEBE(**)	2013-2018
COMPUTER INTERNATIONAL FRANCHISE LTD	2007-2018
GLOBAL SOFT A.E(**)	2013-2018
PROFILE SYSTEMS & SOFTWARE (CYPRUS) LTD	2013-2018
PROFILE SYSTEMS & SOFTWARE (SUISSE) SA	2013-2018
PROFILE SYSTEMS (UK) LTD*	2015-2018
PROFILE DIGITAL SERVICES A.E.(*)(**)	2015-2018
LOGIN S.A.	2011-2018

** Profile Systems Companies (UK) Ltd and Profile Digital SA were established in the year 2015.*

*** For the years 2011-2013, for the above companies has been issued Tax Certificate unqualified by chartered accountants, in accordance with Article 82 paragraphs 5 of Law 2238 / 1994. In addition, for the years 2014-2017 Fiscal Certificate issued unqualified by chartered accountants under Article 65A Fri the 1st Law. 4174/2013. Note that the Administrative Courts, based on recent decisions on similar cases (such as: CTE 1738/2017, CTE 675/2017, and Tues DEfAth 1490/2016), have ruled that the year 2011 has been barred for tax purposes (limitation five years). The subsidiary company Profile Digital A.E has not been taxed according to the above provisions for the year 2015 because it did not meet the criteria of the Law*

The tax audit for the financial year 2018 is in progress for the Parent company and the Greek Subsidiaries Globalsoft and Profile Digital Services, the issuance of Tax Compliance Reports is expected to be finalized after the six-month financial statements

If additional tax liabilities arise until the completion of the tax audit, we assume that they will not have a significant effect in the Interim financial statements.

31.POST BALANCE SHEET EVENTS

In addition to the acquisition of treasury shares under the share buyback program of the Company, which was already discussed in the Report of the Board of Directors, Section E, there are no events subsequent to the balance sheet of 30 June 2019 that concern either the Company or the Group, to which reference is made by International Accounting Standards (IFRS).

Nea Smyrni, 4 September 2019

President and CEO	Vice-chairman of the Board	The Chief Financial Officer	Accounting Manager
Stasinopoulos Charalampos ID Σ577589	Barbatos Spiridon ID AE077416	Evangelos Angelides ID 1157610	Zafeiris Santoukas ID AI109838