



MLS MULTIMEDIA S.A.

ANNUAL FINANCIAL REPORT

for the year

ended 31 December 2013

ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

**In accordance with article 4 of the Law 3556/2007 and the Board of Directors’
Resolution of the Hellenic Capital Market Commission**

MLS MULTIMEDIA S.A.

Companies Register No.: 34194/06/B/95/14

Municipality of Pylea, Thessaloniki

MLS MULTIMEDIA S.A.
ANNUAL FINANCIAL REPORT

In accordance with Article 4 of the Law 3556/2007 and Hellenic Capital Market Commission decisions, for the year ended 31 December 2013.

This Annual Financial Report has been prepared in accordance with the provisions of Law 3556/2007, and includes:

- a). Statements by Board of Directors representatives
- b) The Annual Board of Directors Report
- c) Analytical information according to article 4 par. 7 of the law 3556/2007.
- d) Corporate Governance
- e) The review report by the statutory auditor
- f) The Company's financial statements for the year ended 31 December 2013
- g) Financial Data and information for the year ended 31 December 2013
- h) Information according Law 3401/2005 article 10

It is hereby confirmed that this Annual Financial Report for the year ended 31 December 2013 is the one approved by the Board of Directors of **MLS MULTIMEDIA S.A.** on 21.03.2014. This Annual Financial Report for the year ended 31 December 2013 has been posted on the internet at the website www.mls.gr, where it will remain available to investors for a period of at least 5 years.

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1. STATEMENTS BY MEMBERS OF THE BOARD OF DIRECTORS

The following members of the Board of Directors of the company **MLS MULTIMEDIA S.A.:**

1. Ioannis Kamatakis, son of Nikolaos, the Chairman of the Board & Managing Director
2. Paraskevi Zachariadou, daughter of Dimitrios, Vice Chairman of the Board of Directors
3. Ioannis Zannas, son of Vasilios, Board Member,

in their said capacity, hereby declare and confirm in accordance with the law Article No 5 paragraph 2 of the Law 3556/2007, having been duly and specifically appointed by the Board of Directors of the Company with the corporate name **MLS MULTIMEDIA S.A.** (hereinafter the Company for the sake of brevity) that as far as they know:

- a) The annual financial statements of the Company **MLS MULTIMEDIA S.A.** for the year ended 31 December 2013, which were prepared in accordance with the applicable accounting standards, accurately show the assets and liabilities, equity and results of the Company,
- b) The annual financial report of the Board of Directors accurately shows the information required, including the main risks and uncertainties they face.

Pylea, Thessaloniki

March 21st 2014

Confirmed by

The members appointed by the Board of Directors

**THE CHAIRMAN OF THE BOARD &
MANAGING DIRECTOR**

THE VICE-CHAIRMAN

BOARD MEMBER

**IOANNIS N. KAMATAKIS
ID Card No. AB 706563**

**PARASKEVI D. ZACHARIADOU
ID Card No. AB 706623**

**IANNIS V. ZANNAS
ID Card No. AH162677**

2. BOARD OF DIRECTORS' YEARLY REPORT

BOARD OF DIRECTORS' YEARLY REPORT

In accordance with Law 3556/2007 and Hellenic Capital Market Commission decisions, for the year 2013

In line with the provisions of Law 2190/1920 & 3556/2007 and the decisions of the Hellenic Capital Market Commission issued pursuant thereto, and the Company's Articles of Association, this Board of Directors' report for the year ended 31 December 2013 contains summary information about MLS MULTIMEDIA S.A., financial information that seeks to provide a general overview of its financial situation and results, its overall development and the changes that occurred during the year ended 31 December 2013, major events that took place and their impact on the financial statements for that period. The main risks and uncertainties that the Company may face during the second half of the year are also outlined and the Company's major transactions with related parties are also specified.

I. OVERVIEW OF THE YERA ENDED 31 DECEMBER 2013

Growth in business

Despite crisis in the Greek economy, the Company continue its growth in the year 2013. More specifically, the growth in turnover was 21.63% and stood at € 9.091 thousands compared to € 7.474 thousands in the year 2012, the growth of profits after tax were 24.20% and stood at € 1.171 thousands compared to € 943 thousands in the year 2012. The growth of EBITDA was 12.36% and stood at € 5,571 thousands compared to € 4.958 thousands in the year 2012. Earnings per share stood at € 0.0944.

Showing that it has rapid reflexes, the Company immediately responded to the new circumstances in the national market and improved its product mix by releasing new products in the mobile telephony sector, initially on the Greek market, while also reducing operating expenses. On the other hand, MLS utilised its strong financial basis and continued the high level investments in R&D for innovative products and technologies, preparing for its expansion abroad.

MLS MULTIMEDIA S.A. was able to remain ahead by relying on its leading position in the Greek navigation market and on its innovative products.

The Company implemented its investment policy by seeking to further diversify its product range and expand it by producing new ones. It also continued to implement its existing

investment plan which has qualified for Law 3299/2004 support. The total level of investments during the year 2013 stood at € 3,286 thousands, and the most important investments are explained in the notes to the financial statement, 6.01 Property, plant and equipment and 6.02 Intangible assets, which form part of this Report.

During the year 2013 the Company's share performed satisfactorily, since the share price rose 22.85% compared to the 28% increase in the Athens Exchange index. On 31.12.2013 MLS MULTIMEDIA'S share was selling at € 3.28 compared to € 2.67 on 31.12.2012.



The total number of its own shares that the company holds as at 31.12.2013 is 50.000 of aggregate value of 108.500,00€ and they have been deducted from the Shareholders Equity of the company. The fair value of this shares at 31.12.2013 was 164.000,00€.

Targets and Prospects

The Company is poised to capitalise upon the favourable business opportunities that began to emerge in the domestic and international market in 2014, while remaining firmly focused on its customers, which is something that the Company has always stood out for.

The main moves that will further help the Company in the year 2014 are outlined below:

- Penetration into new markets abroad.
- Adoption of offensive marketing policy in Greece and abroad
- The launching of new products aimed at the mobile telephony and tablet market
- Exploitation of investment opportunities
- Participation in state competitions

Financial and Performance Indices

To provide a more complete picture of events in the year 2013, below are certain indicators and ratios presenting the change in the Company's financials.

A. Output Indices

	2013/2012
	%
1. Turnover	<u>21,63</u>

This indicator shows the change in sales in the current year ended 31 December 2013 compared to the year 2012.

B. Performance and profitability ratios

	1.01 - 31.12.2013	1.01 - 31.12.2012
	%	%
2. EBT / turnover	<u>14,07</u>	<u>12,83</u>
3. Earnings after tax / turnover	12,88	12,61

These indicators show the final results before and after tax as a percentage of turnover.

	31.12.2013	31.12.2012
	%	%
4. EBT / Total equity	<u>6,57</u>	<u>5,43</u>

This indicator shows EBT for period as a percentage of equity.

	1.01 - 31.12.2013	1.01 - 31.12.2012
	%	%
5. Operating profits / Turnover	49,19	49,24

This indicator shows the gross profit for the period as a percentage of the turnover.

C. Financial Structure Ratios

	31.12.2013	31.12.2012
	%	%
6. Current assets / Total assets	57,57	48,71

This indicator shows quick liquidity as a percentage of overall assets.

	31.12.2013	31.12.2012
	%	%
7. Total liabilities / total equity	48,16	33,85

This indicator shows how financially independent the economic operator is.

	31.12.2013	31.12.2012
	%	%
8. Tangible & intangible assets / Total equity	62,09	67,45

This indicator shows the degree to which equity is converted to assets.

	31.12.2013	31.12.2012
	%	%
9. Current assets / short-term liabilities	178,73	195,56

	31.12.2013	31.12.2012
	%	%
10. Current assets (other than inventories) / short-term liabilities	128,28	146,97

These indicators show the degree to which short-term liabilities are covered by liquidating directly realisable assets.

Company cash assets on 31.12.2013 stood at € 2.620 thousands whereas the corresponding figure on 31.12.2012 was € 1.045 thousands.

Labour issues

On 31.12.2013 the Company employed 62 people, compared to 43 at the end of the last year. Relations between the Company and employees are excellent and there are no labour disputes. One consequence of these good relations is that there is no litigation concerning labour issues. Total expenditure on staff for the year ended 31 December stood at € 501.7 thousands whereas in the year 2012 the figure was € 762 thousands.

III. MAJOR EVENTS

Decisions of Ordinary General Meeting

MLS MULTIMEDIA S.A. held its Ordinary General Meeting on 28.06.2013 attended by 36 shareholders representing 71.98% of the share capital (namely 8,938,804 shares of a total of 12,417,000 shares) and unanimously took the following decisions:

1. It approved the Company's financial statement for the period 1.01-31.12.2012 and the Board of Directors Report and Auditors' Report thereon and unanimously decided that no profits would be distributed for the year.
2. Released members of the Board of Directors and certified auditors from all liability to pay compensation for management during the period 1.01-31.12.2012.
3. Elected certified auditors to audit the period 1.01-31.12.2012 and set their fee.
4. Approved Board of Directors Contracts and fees and approved new fees in advance.
5. Decided to grant permission to members of the Board of Directors to professionally enter into transactions in some fields in which the Company operates.
6. It approved the decisions of the Company's Board of Directors.

IV. MAIN RISKS AND UNCERTAINTIES

Financial risk management

The Company's activities give rise to financial risks such as exchange rate risks, risk of change in interest rates, credit risks and liquidity risks. Company policy seeks to minimise the impacts of these financial factors which may arise for the Company.

The Company primarily uses financial products (factoring, transactions in foreign currency, trade receivable accounts, accounts payable, dividends payable, bank deposits, investments in securities) to achieve this.

a) Credit Risk

The Company does not have major credit risk exposure. It applies a credit control system to more effectively manage this risk and to evaluate and rank customers depending on their level of risk. Customer credit limits are set based on the above in-house evaluations and are in line with the limits set by Company management. Credit limits are monitored at regular intervals and are adjusted accordingly. The maximum exposure to credit risk on the balance sheet date is the fair value of each category of financial asset as shown below:

	31.12.2013	31.12.2012
Trade receivables and other receivables	9.292.889,06	7.614.127,03
Cash and cash equivalents	2.620.491,92	1.045.170,13
Total	11.913.380,98	8.659.297,16
<u>Breakdown of receivables from customers</u>	31.12.2013	31.12.2012
Trade receivables	6.914.035,56	5.219.433,36
Provisions formed	-637.303,93	-637.303,93
Fair value of trade receivables	6.276.731,63	4.582.129,43

At the end of the period Company management decided that there is no substantive credit risk which is not covered by insurance or a provision for bad debt.

In order to safeguard against credit risk for the Company's cash assets, in addition to using insurance coverage the Company also allocates cash deposits to various banks in order to reduce overall risk exposure on this ground. Moreover, the Company only collaborates with financial institutions that have a high credit rating.

b) Liquidity risk

The Company manages its liquidity needs by monitoring monies collected and by also monitoring the payments made daily. Liquidity needs are monitored on a weekly basis. Liquidity needs for a 6-month or 1 year period are adjusted every month.

The Company keeps cash on hand to cover its liquidity needs for a period of up to 30 days. In periods when liquidity may not be adequate, the Company can finance its liquidity needs via bank loans from approved credit facilities it has with banks.

It should be noted that on 31.12.2013 the Company had cash and cash equivalents of € 2.620 thousands and also unused credit facilities with banks to deal with short-term liabilities.

Company liabilities on 31.12.2013 and 31.12.2012 were as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Liabilities to suppliers	3.827.448,77	2.547.205,31
Tax and duties payable	86.364,65	115.116,70
Short term loans	1.016.204,45	0,00
Other short-term liabilities	4.356.918,40	3.229.552,23
Total	<u>9.286.936,27</u>	<u>5.891.874,24</u>

Since liabilities fall due within 1 to 6 months the Company can cover them by collecting cash as trade receivables or by using the credit facilities it has approved with banks.

c) Risk in fluctuation of the price of basic materials

The Company is exposed to the risk of changes in the price of direct raw materials. Risk management here primarily relates to imports from abroad. Risk management here primarily relates to imports of hardware from abroad. The risk of fluctuations in prices is small due to contracts that Company has concluded with suppliers abroad, and the fast turnaround time of materials in this category.

d) Interest rate risk

The Company does not have bank loans, and the financial cost shown in the financial statements relates to the cost of factoring, the cost of guarantee letters and other bank charges. Consequently, any increase in interest rates would have a negligible impact on Company results.

The table below shows the changes in EBT and Company equity from possible changes in interest rates while holding all other variables the same:

(Amounts in thousands €)	Currency	Interest rate change	Effect on EBT
Amounts on 31.12.2013	EUR	1%	42
		-1%	-42
Amounts on 31.12.2012	EUR	1%	23
		-1%	-23

e) FX risk

Given that the Company procures direct raw materials from third countries it is exposed to FX risk from changes in the USD exchange rate. The Company has not loans in a foreign currency and consequently it is not exposed to FX risk on this ground. The table below shows the changes in EBT and equity from possible changes in FX prices, taking into account liabilities in foreign currency on 31.12.2013 and 31.12.2012 since they do not differ particularly from the average for the year:

(Amounts in thousands €)	Currency	% change in FX price compared to €	Effect on EBT
Amounts on 31.12.2013	USD	5%	139
		-5%	-139
Amounts on 31.12.2012	USD	5%	57
		-5%	-57

f) Other operating risks

Company management has put in place a reliable internal audit system to identify problems and exceptions in the context of its commercial operations. Insurance coverage for assets and other risks is sufficient.

V. MAJOR TRANSACTIONS WITH RELATED PARTIES

Related parties within the meaning of IAS 24, means not only subsidiaries and affiliates but also members of the Board of Directors and management executives. Transactions, income and expenses for members of management and executives of the Company for the year ended 31 December and the balances of receivables and liabilities on 31.12.2013 are shown in detail in the table below:

a) Income	180.840,00
b) Purchase of goods and services	238.765,45
c) Receivables	0,00
d) Liabilities	82.075,10
e) Transactions and fees of management executives and board members	0,00
f) Receivables from management executives and board members	61,42
g) Liabilities to management executives and board members	0,00

The affiliate within the meaning of IAS 24 is LASERLOCK S.A. whose registered offices are in Pylea, Thessaloniki. MLS MULTIMEDIA S.A. has a 4% holding in its share capital and Ioannis Kamatakis a 30% holding. Its share capital amounts to € 690,000 divided into 2.3 million shares with a nominal value of € 0.03 each. LASERLOCK'S Board of Directors consists of Mr. Dimitirios Konstantoulas (MLS MULTIMEDIA S.A. Board Member) as a member, and Ms. Paraskevi Zachariadou (Vice Chairman of MLS MULTIMEDIA S.A.) as a member. The Company is involved in the design, development, production, and practical application and use of security (locking) systems for CDs and other forms of storage medium to be used on computers.

The amounts of transactions (income, expenses) from the start of the management period and the balances of receivables and liabilities of the Company at the end of the current period that have arisen from its transactions with this Company are shown in the table below:

Company name	Sales to related parties	Purchases from related parties	Amounted owed by related parties
LASERLOCK A.E.	0,00	180.840,00	238.765,45

The amount of € 238,765.45 owed relates to an advance for Laserlock S.A. to develop a navigation app and educational technology protection system on MLS MULTIMEDIA'S behalf. The terms of transactions with this Company are arm's length terms between related parties operating for their own ends, fully bearing in mind market conditions.

The fees of management executives paid in the period 1.01-31.12.2013 relate to independent work provided to the Company while the fees of members of the management team are fees for services approved by the Company's General Meeting of Shareholders.

VI. NATURE OF ACTIVITIES

The Company is involved in R&D and the development and trading of IT products.

The Company's commercial network is only focused on wholesaling. Sales to all of Greece are covered by the Company's central warehouses in Athens and Thessaloniki.

VII. VARIOUS RELATIONSHIPS

The Company has concluded partnership agreements with important associates. In this way the Company has become highly competitive in relation to the items its products and trades in, and can constantly improve the quality of its products.

The Company is not significantly dependent on any specific suppliers.

The Company's customer base is extensive, primarily comprised of large companies across all of Greece.

The Company seeks to ensure satisfaction for a large number of customers by constantly improving the range of products available, while also seeking to rapidly address their needs and build up their trust via its various procedures and the benefits it offers.

To protect against the risks associated with commercial credit, the Company has concluded a factoring agreement with a factor and in this way can check the solvency of the majority of customers rapidly, at relatively low cost, while also maintaining higher liquidity. In doing so the Company has limited risk from potential customer bad debt.

Due to the major diversity of customers in the customer base, there is no risk of dependence on a specific group of customers.

As a result of these partnerships, the Company has no bank loans, and its dealings with financial institutions are limited solely to participation bonds and other banking charges.

Credit institutions do not hold any real or other form of security over Company assets.

Pylea, Thessaloniki
March 21st 2014

on behalf of the Board of Directors
The Chairman & Managing Director

IOANNIS N. KAMATAKIS

Extract from the Board of Directors Register of Minutes

3. ANALYTICAL INFORMATION, ACCORDING TO ARTICLE 4 PAR. 7 OF THE LAW 3556/2007, AS IT IS VALID TODAY RELATIVE ANALYTICAL INFORMATION

a. Structure of the share capital of the Company

The Company's share capital amounts to 4.594.290,00 Euro, and is divided to 12.417.000 ordinary shares with a nominal value of 0,37 Euro each.

Each share implies all the liabilities and assets that are obliged by the law and by the Memorandum of the Company.

The ownership of a share implies the acceptance of the Company's Memorandum and of all the decisions made by the difference bodies of the Company that are made in compliance with the law and the Memorandum.

b. Restrictions to the transfer of shares of the Company

There are no restrictions, regarding the transfer of the Company's shares. All the Company's shares are listed for trading in the Athens Stock Exchange under Main Market and are transferable as the law obliges.

c. Important direct or indirect participations

Company, in the sense of articles 9 to 11 of the Law 3556/2007 are the following (31.12.2013): Ioannis Kamatakis with shares and voting rights – percentage 52,41% (direct participation).

d. Shares that offer special voting rights

There are no shares that offer special voting rights.

e. Limitations in voting rights

There is no limitation on the voting right of each share of the Company.

f. Agreements among shareholders of the Company

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on the voting rights.

g. Rules of appointment and replacement of the Board of Directors

The rules concerning the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association of the Company do not differ from those envisaged in Laws 2190/1920 & 3016/2002, as they stand today.

h. Authority of the Board of Directors

There is no authority of the Board of Directors or certain members of the Board to issue new shares, or to buy own shares, according to article 16 of the 2190/1920.

i. Agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

j. Significant agreements with members of the Board of Directors or its employees

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without reasonable cause, or in case of any other public offer.

4. CORPORATE GOVERNANCE

The term “corporate governance” describes the way with which companies are managed and controlled. Corporate governance is stipulated as a system of relationships between the management of the Company, the Board of Directors, the shareholders and other interested parts and constitutes the structure through which the targets of the company are set, the main risks are identified, the means to achieve the set targets and to control the risks are defined and the observation of the performance of the management is monitored.

Effective corporate governance holds a substantial and primary role to the advancement of competitiveness of companies, to the reinforcement of internal structure and the development of innovative actions, while the increased transparency it offers has as a result the improvement of overall transparency of economic activity of private business, public organizations and institution, with obvious benefits for the shareholders, as well as the investment public.

On October 2013, the new Code of Corporate Governance was published. This Code was drafted at the initiative of the Hellenic Federation of Enterprises (SEV), and was later on amended, in the context of its first review by the Hellenic Corporate Council (HCGC).

The Hellenic Corporate Governance Council, was founded in 2012 and is the result of the synergy of the Hellenic Exchange Group (HELEX) and the Hellenic Federation of Enterprises (SEV) that together recognized the contribution of corporate governance to the continuous enhancement of the Greek corporate institutional framework and broader business environment and also to the increase of reliability of the Greek market. Hence, since then HCGC works towards this direction.

1. Code of corporate governance

1.1 Disclosure of willing compliance of the Company with the Code of Corporate Governance

In our country the framework of corporate governance has been developed mainly via the adoption of mandatory legislation or regulation, most importantly 3016/2002, as it stands today, which mandates the participation of non executives and independent of an internal control function and the adoption of internal charters. Moreover, a number of other later laws such as 3693/2008, which mandates the creation of Audit Committees and a number of significant disclosure obligations as regards the ownership and governance of companies, and Law 3884/2010 on the rights of shareholder, which includes further obligations regarding disclosure of information to shareholders, prior to General Meeting, transposed several European directives in the area of the company law, for the protection and effective updating of the whole of the shareholders. Moreover, the recently introduced Law 3873/2010, which incorporates into Greek legislation EU Directive 2006/46/EC, makes obligatory the adoption of a Code of Corporate Governance.

Our company is in full compliance with the above mentioned laws (and more specifically 2190/1920, 3016/2002 and 3693/2008), which comprise the minimum content of any Code of Corporate Governance and at the same time constitute such a Code, though an informal one.

In the context of its amendment, that took place during the previous year by the HCGC and due to the upcoming reformation of the law 3016/2002, with the advancement for voting of an already published law draft regarding corporate governance (the discussion of which has already been completed between the market entities) and of the non-finalization of the pre-mentioned alternations, which will reform, upgrade and enrich the corporate governance framework, the Company during this period decided the postponement of any alteration of its own CGC. Therefore, when it will be finalized, its content will mirror and be compatible with the new regulatory adjustments that are expected.

At this point the company according to Law 3873/2010, states that it adopts as CGC the Code of corporate governance of the Hellenic Corporate Governance Council (HCGC) (available at <http://www.helex.gr/el/eded>), following the “comply or explain” approach.

1.2 Divergence from the Code of Governance and explanation of the non- compliance

The company states that it conforms to all the legal obligations (law 2190/1920, law 3016/2002 and law 3693/2008).

These obligations embody the minimum of any Corporate Governance Code, of listed Companies.

An important addition to the new Corporate Governance Code is the adoption of the standard of non-compliance of the Company with special practices of the Code.

This means that the new Code follows the rule of “comply or explain” and requires from listed companies that choose to imply it, to publish their intentions and either comply with the compliance with specific provisions.

Regarding the above-mentioned additional practices and rules the new CGC applies, some Deviations (including the case on the non-compliance) are observed in the current period, for which a short explanation follows.

Part A - BoD and its members

I. Role and Responsibilities of the BoD - the BoD has not created separate committees, to manage the procedure of nominations to the Board and for the preparation of proposals for election in the BoD concerning the remuneration of the members of the BoD and the Management Team.

II. Size and composition of the BoD

The BoD is comprised by seven (7) to fifteen (15) members According to the Company's Memorandum.

“The Company is directed by a Board that consists of seven (7) to fifteen (15) members”. This deviation can easily be understood, as the size and organization of the Company, as well as the controlled and targeted expansion of the Company, also geographically, do not account for such a numerous BoD.

The operation of such a BoD would not be flexible, fast and efficient, responding to this very demanding environment but also would not coincide with the general philosophy of the Company.

III. Role and profile of the Chairman of the BoD

There is no specific discern between the Chairman of the BoD and the CEO. This non-compliance is due to the fact that it is not considered as needed, given the structure and operation of the Company.

If the Company's needs alter in the future, this matter of discernment of the Chairman CEO will be re evaluated. Furthermore the fact that the Vice-Chairman,

also obtains the role of the CEO, substantially satisfies the above mentioned Code's prerequisite, since it creates a peer pole of management and representation of the Company.

The BoD does not appoint an independent Vice-Chairman arising from its independent board members.

This divergence is counter-parted by the appointment of an executive Vice-chairman, whose contribution to the exercise of the executive duties of the Chairman is considered of utmost importance, for achieving the Company's goals in favor of the shareholders, the employees, the clients, the BoD members and the Management Team.

IV. Duties and conduct of members of the BoD

The BoD has not adopted as part of its internal rules, policies to ensure that the BoD holds enough information to make decisions regarding transactions between associated parties with the diligence of a prudent businessman.

V. Nomination of Board members

BoD members' maximum services is According to the Company's Memorandum, (5) years.

This deviation is a result of the necessity of avoiding the election of BoD in shorter period of times, adding costs and formalities for the Company for publicity issues and legislative documents.

There is no committee for selecting candidates for the BoD. This is justified by the size, structure and operation of the Company at the time being, which do not make necessary the existence of such a committee for selecting candidates.

VI. Operation of the BoD

There is no specific rule for the operation of the BoD. This is justified by the fact that the Company's Memorandum regulations are considered to be adequate for the organization and operation of the BoD and ensure the full, right and on time fulfillment of its duties and the satisfactory examination of all the matters upon which the BoD makes decisions.

The BoD at the beginning of every calendar year does not adopt a calendar of convocations and a 12month program of actions, which is eligible to alterations, according to the Company's needs.

There is no provision for the support of the BoD during its work by competent, specialized and experienced secretary, which will be present during the meetings.

This is justified by the fact that a state of the art technology exists to record and map the convocations of the BoD, because of the nature of the Company and the segment of its operation. Furthermore all BoD members have the ability, if it is considered necessary, to ask for support from the legal consultants of the Company, in order to ensure the compliance of the BoD with the existent legal and regulatory legislation.

There is no provision for existence of programs for the introductory information for the new members of the BoD or the constant education of the rest of the members.

There is no provision for the supply of sufficient resources to the committees of the BoD for the fulfillment of their obligations and for the hiring of external consultants to the degree they are needed.

This is justified by the fact that the Management of the Company examines and approves such resources for the hiring of external consultants based every time on the needs of the company, for being able to control the operating expenses of the Company.

VII. Evaluation of the BoD

There is no institutional procedure that takes place every two (2) years, with the aim to assess the effectiveness of the BoD and its committees. The BoD does not assess the performance of the Chairman of the BoD during a certain procedure which the independent vice-chairman directs, or if one does not exist another non executive member does.

During the current period an institutional procedure aiming to assess the effectiveness of the BoD and its committees does not exist.

“Part B- Audit Committee”

I. Internal Control – Audit Committee

The audit committee does not convene at least three (3) times per year.

There is no special and specific rule for the operation of the audit committee.

No specific funds are given out to the audit committee for the use of external services or consultants

This is justified by the current composition of the audit committee and the special knowledge and experience of its members, which ensures the correct and effective operation of the committee in a sufficient way

Part C- Compensation

I. Level and structure of the compensation

There is no committee of compensation, comprising exclusively of non executive members, independent in their majority, which aims at defining the compensation of the executive and non-executive members of the BoD and thus there are no rules for the frequency of its convocations and other issues concerning its operation.

There is no provision for this committee for the operational activities for the company.

The BoD, while defining the compensation of the BoD members and especially for the executive ones, takes into consideration the duties and responsibilities, their performance in relation to predefined quantitative and qualitative criteria, the economic environment, the performance and future prospects of the Company, the level of compensation for similar services in other relative companies, as well as the level of compensation of the Company's and Group's employees.

From the above described procedure, it arises that the formation of such a specific committee is not necessary, since the duties and responsibilities of such a committee are efficiently performed by the management of the Company.

In the contracts of the executive members of the BoD, there is no provision that the BoD may ask for part or full refund of the bonuses paid due to the revised financial statements of previous years or in general wrong financial data that were used to calculate such a bonus.

This is explained by the fact that rights for bonuses rise, only after the final approval of financial statements. Also since today, because of the state of the art organization and auditing procedures, the phenomenon of a bonus calculation based on inaccurate financial statements and data has never occurred.

The compensation of every executive member of the BoD is not approved by the BoD after the proposal of the audit committee, without the presence of its executive members. This divergence is explained by the fact, that such a committee does not exist.

Part D - Relationship with shareholders

I. Communication with shareholders

No deviation was observed

II. The General Assembly of the share holders

No deviation was observed General Note regarding the time point of release of the non-compliance of the Company with the special practices adopted by the new CGC.

1.3 Practices for corporate governance that the company applies over the provisions of the law.

The company abides to the provisions of the text as in its legal framework concerning corporate governance. There are no practices applied over the above mentioned.

2. Board of Directors

2.1 Composition and Services of the BoD

The BoD is the highest ranking managerial body of the Company and it is exclusively responsible for devising the strategy and deciding the policy for developing the Company.

The intention to reinforce the long-term financial value of the Company, the protection of the general interests of the Company and of the shareholders, the assurance of compliance with the present legislation, the transparency and company's values on every aspect of the Group's operation, the monitoring and solvent of any cases of conflicts of interests between BoD members, management team members and shareholders with the Company's interests are the main responsibilities of the BoD.

2.1.1 The company's BoD is composed, according to the Articles of Association of the company, of three (3) up to seven (7) members, which are elected by the General Assembly of the Shareholders by absolute majority of the votes, which are represented in the Assembly.

The members of the BoD may be Shareholders of the company or other natural entities (non-shareholders). The members of the BoD are unlimitedly re-electable and freely revocable from the General Assembly irrespective of the time their service ends.

The members of the BoD, when elected, receive an introductory update, while during their service the Chairman, ensures the continuous broadening of their knowledge, to matters concerning the Company, in order to be familiar with these and contribute effectively and creatively to the duties of the BoD.

The service of the BoD members is five (5) years commencing the following date of the election of the BoD and expiring the relevant date of the fifth year.

In case upon the expiration of their service and if a new BoD has not been elected, their service is extended up to the first ordinary General Assembly which shall be converged upon the expiration of their service, which in no case can supersede six years. Each member has to participate in the deliberations of the BoD.

Each member of the BoD has to keep confidential the confidential information of the company, which he may know thanks to his capacity and not announce any of this information to third parties.

2.1.2 The BoD convenes whenever the law, the Articles of Association or the needs of the company demand it after the invitation of its Chairman or his replacement at the registered office of the company or in another municipality of the district of its registered office.

In the invitation the agenda has to be clearly stated, or else decisions can only be made when all the members of the BoD are present and no one controverts the decision making. The BoD

can convoke outside its registered seat, in another place, in or out of the country, if in the convocation all the members of the BoD are present and no one controverts the realization of the convocation and the decision making. The BoD may convoke via tele-conference. In this case the invitation to the members of the BoD must include all the necessary information concerning their participation in the convocation.

In the convocations of the BoD its Chairman or his legal representative presides.

2.1.3 The BoD has quorum and duly convokes, when the 50% plus one (1) of the directors is present and represented.

In no case however the number of the Directors who appear in person, may not be less than three (3).

2.1.4 The BoD decides with the absolute majority of the present or represented members.

In case of halved votes the vote of the Chairman dominates.

Every Director has one (1) vote. Exceptionally may have two (2) votes when represents another director. The voting in the BoD is apparent, unless by its decision is defined that for a specific matter secret voting will be conducted. In that case voting is conducted via ballot.

2.1.5 The discussions and decisions of the BoD are kept in the minutes which are registered in a special book of minutes and are signed by his Chairman or lawful representative, and the members which are present during the meeting. Each director is entitled to request to have his opinion to be mentioned in the minutes, the possible contrary opinion towards the taken decision.

In the book also a list of the present directors during the convocation of the Board is posted.

The signature of the minutes by all the members of the BoD is equal to a decision of the BoD even if convocation has not proceeded.

2.1.6 The BoD may appoint some or all of its powers and jurisdictions (apart from those that require collective decision) as well as the internal audit of the company and its representation to one or more persons, that may or may not be its members, also defining the extent of this appointment.

2.1.7 If possibly any member of the BoD departs or deceases or is declared fallen for any reason before the expiration of its service, the remaining directors of the BoD, so long as they are at least three (3), are obliged to elect a replacer for the remaining of the service of the member who is replaced. The said election is submitted for approval in the first upon the election General Assembly of the shareholders.

2.1.8 If possibly any member of the BoD departs or deceases or is declared fallen for any reason before the expiration of its service, the remaining members may continue the management and representation of the company without replacing the fallen members, according to the previous paragraph, with the prerequisite that they are over the half members, as they were before these facts.

In any case the members cannot be less than three (3).

2.2 Information concerning the members of the BoD

2.2.1 The BoD of the company consists of eight (8) members and has the following members:

1. Ioannis Kamatakis, President & CEO of the B.O.D. (executive member)
2. Paraskevi Zahariadou, Vice-Prtesident of the B.O.D. (non-executive member)
3. Efstathios Kiriakopoulos, Member of the B.O.D. (executive member)

4. Ioannis Zannas, Member of the B.O.D. (executive member)
5. Dimitrios Konstantoulas, Member of the B.O.D. (non-executive member)

6. Christos Antoniadis, Member of the B.O.D. (non-executive member)
7. Stergios Triantafilidis, Member of the B.O.D. (non-executive member)
8. Nickolaos Koulis, Member of the B.O.D. (non-executive member)

The above mentioned BoD was elected by the annual Shareholder Meeting of the company, which took place on June 29th 2012 and on February 4th 2013 and its service is five year long ending on June 29th 2017.

2.2.2 The brief resumes of the members of the BoD are:

1. John Kamatakis: born 1970 in Preveza. He is licensed Civil Engineer of the Aristotle University of Thessaloniki. He is founder of the company.
2. Paraskevi Zahariadou: born 1972 in Thessaloniki. He is founder of the company.
3. Efstathios Kiriakopoulos: born 1975 in Athens. He is a computer programmer.
4. Ioannis Zannas: born 1980. He is licensed University of Thessalia science in finance.
5. Dimitrios Konstantoulas: born 1966 in Thessaloniki. He is licensed Aristotle University of Thessaloniki science in Law.
6. Christos Antoniadis: born 1972 in Komotini. He is licensed Aristotle University of Thessaloniki science in Law.
7. Stergios Triantafilidis: born 1956 in Kavala. He is licensed Aristotle University of Thessaloniki science in Finance.
8. Nickolaos Koulis: He is licensed University of Athens science in Finance and The Wharton School, University of Pennsylvania (MBA 1983).

2.3 Audit Committee

2.3.1 The company in compliance with the Law 3693/2008 elected during its General Shareholders Meeting on May 17th 2010 an Audit Committee including comprising of the following non-executive members:

1. Stergios Triantafilidis (non-executive member)
2. Paraskevi Zahariadou, (non-executive member)
3. Dimitrios Konstantoulas, (non-executive member)

2.3.2 The audit committee during 2013 (01.01.2013-31.12.2013) convened twice (2).

2.33 It is also clarified that the Auditor of the company who audits the annual and interim financial statements, does not offer any other auditing or other service to the company, or is connected to the company so his objectivity, impartiality and independence,

3. Internal auditing and system of risk management

3.1 The internal auditing is according to Audit Committee

3.1.1 Authorities and obligation of the Audit Committee are:

- a) Observing the procedure of financial information,
- b) The observation of the efficient operation of the system of internal control and the system of risk management, as well as the observation of the correct operation of the internal auditors of the company,
- c) The observation of the course of the obligatory check of the financial statements
- d) The observation of issues contingent to the existence and preservation of the independence of the auditor especially on what concerns the providing of other services from the auditor.

5. INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "MLS MULTIMEDIA S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "MLS MULTIMEDIA S.A." Company, which comprise the statement of financial position as of 31 December 2013, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the “MLS MULTIMEDIA S.A.” Company as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference to Other Legal and Regulatory Requirements

- a) The Report of the Board of Directors includes a corporate governance statement which provides all information set out in paragraph 3d of article 43a of c.L. 2190/1920.

- b) We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying financial statements, under the legal frame of the articles 43a and 37 of c.L. 2190/1920.

Thessaloniki, 21th March 2014

Certified Public Accountant Auditor

DIMITRIOS AG. CHAIDOS

Institute of CPA (SOEL) Reg. No. 15111



Associated Certified Public Accountants s.a.
member of Crowe Horwath International
3, Fok. Negri Street – 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

6. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013



MLS MULTIMEDIA S.A.

ANNUAL FINANCIAL STATEMENTS

31 December 2013

(1.01 – 31.12.2013)

prepared in accordance with the International Financial Reporting Standards (IFRS)

MLS MULTIMEDIA S.A.

Companies Register No.: 34194/06/B/95/14

Municipality of Pylea, Thessaloniki

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1. **INCOME STATEMENT**
Total Income Statement

(Amounts in Euro)

	Note	1.01 - 31.12.2013	1.01 - 31.12.2012
Turnover	6.14	9.090.982,47	7.474.359,03
Cost of goods sold	6.15	-4.619.097,54	-3.793.864,99
Gross profit		4.471.884,93	3.680.494,04
Other income	6.16	266.194,78	109.785,48
Administrative expenses	6.17	-297.357,61	-348.177,44
Selling expenses	6.18	-1.056.434,03	-1.145.977,78
Research and development expenses	6.19	-934.814,58	-1.086.475,90
Earnings before tax, financial and investment results		2.449.473,50	1.209.648,41
Depreciation	6.21	3.121.583,53	3.748.390,18
Earnings before taxes, financial and investment Results & depreciation		5.571.057,03	4.958.038,59
Financial expenses	6.22	-1.170.115,76	-250.374,95
Depreciation	6.21	-3.121.583,53	-3.748.390,18
Total earnings before tax		1.279.357,74	959.273,46
Less: Taxes	6.23	-108.386,38	-16.493,63
Profits net of tax (A)		1.170.971,35	942.779,83
- Parent company owners		1.170.971,35	942.779,83
- Minority interests		0,00	0,00
Other comprehensive income net of tax (b)		0,00	0,00
Total comprehensive income net of tax (A) +(B)		1.170.971,35	942.779,83
- Parent company owners		1.170.971,35	942.779,83
- Minority interests		0,00	0,00
Basic earnings per share net of tax (in €)		0,0944	0,0762
Earnings before taxes, financial and investment Results & depreciation		5.571.057,03	4.958.038,59

2. STATEMENT OF FINANCIAL POSITION

Amounts in euro

	Note	<u>31.12.2013</u>	<u>31.12.2012</u>
Tangible assets	6.01	1.566.593,27	1.246.265,16
Intangible assets	6.02	10.517.285,33	10.672.877,62
Deferred tax assets	6.03	151.950,58	211.257,86
Total non-current assets		12.235.829,18	12.130.400,64
Stocks / inventories	6.04	4.685.497,80	2.862.588,71
Receivables from customers	6.05	6.276.731,63	4.582.129,43
Available-for-sale financial assets	6.06	98.559,12	774.636,38
Other current assets	6.07	2.917.598,31	2.257.361,22
Cash and cash equivalents	6.08	2.620.491,92	1.045.170,13
Total current assets		16.598.878,78	11.521.885,87
TOTAL ASSETS		28.834.707,96	23.652.286,51
EQUITY & LIABILITIES			
Share capital and reserves			
Share capital (12,417,000 shares of € 0.37 each)	6.09	4.594.290,00	4.594.290,00
Premium on capital stock	6.09	23.448,50	23.448,50
Stock options	6.09	132.150,00	132.150,00
Own shares	7.00	61.266,97	-558.926,57
Other reserves	6.09	14.194.454,21	10.462.337,95
Accumulated profits	6.09	456.428,44	3.017.573,34
Total equity of parent company owners (a)		19.462.038,12	17.670.873,22
Minority interests (b)		0,00	0,00
Total equity (c) = (a) + (b)		19.462.038,12	17.670.873,22
Other long-term liabilities	6.10	85.733,58	89.539,06
Long-term liabilities		85.733,58	89.539,06
Debts to suppliers	6.11	3.827.448,77	2.547.205,31
Short-term debts	6.12	1.016.204,45	
Other short-term liabilities	6.13	4.443.283,05	3.344.668,93
Short-term liabilities		9.286.936,27	5.891.874,24
Total liabilities (d)		9.372.669,85	5.981.413,30
TOTAL EQUITY & LIABILITIES (c) + (d)		28.834.707,96	23.652.286,51

3. STATEMENT OF CHANGES IN EQUITY

Amounts in euro

	Share capital	Premium on capital stock	Stock options	Own shares	Other reserves	Balance of profits	Total
Total equity							
Start: of period	4.594.290	23.449	132.150	0	9.532.214	3.004.918	17.287.020
Total comprehensive income for period							
1.01-2012- 31.12.2012 after tax	-	-	-	-	930.124	12.655	942.780
Share capital increase	-	-	-	-	-	-	0
Share capital reduction	-	-	-	-	-	-	0
Capitalisation of share premium	-	-	-	-	-	-	0
Dividends distributed	-	-	-	-	-	-	0
Purchases (sales) of own shares	-	-	-	(558.927)	-	-	(558.927)
Total equity End of period (31.12.2012)	4.594.290	23.449	132.150	-558.927	10.462.338	3.017.573	17.670.873
Start: of period							
Total equity							
Start: of period	4.594.290	23.449	132.150	-558.927	10.462.338	3.017.573	17.670.873
Total comprehensive income for period							
1.01-2013- 31.12.2013 after tax	-	-	-	-	-	1.170.971	1.170.971
Share capital increase	-	-	-	-	-	-	0
Share capital reduction	-	-	-	-	-	-	0
Capitalisation of share premium	-	-	-	-	3.732.116	(3.732.116)	0
Dividends distributed	-	-	-	-	-	-	0
Purchases (sales) of own shares	-	-	-	620.194	-	-	620.194
Total equity End of period (31.12.2013)	4.594.290	23.449	132.150	61.267	14.194.454	456.428	19.462.038

4. CASH FLOW STATEMENT

Amounts in euro

	<u>1.01 -</u> <u>31.12.2013</u>	<u>1.01 -</u> <u>31.12.2012</u>
<u>Cash flow from operating activities</u>		
Profit before taxes	1.279.357,74	959.273,46
<i>Adjustments:</i>		
Depreciation	3.121.583,53	3.748.390,18
Provisions	-3.805,48	-21.389,72
Investing Activities Results (income, expences, profit & loss)	666.190,78	-32.876,67
Interest Expense	1.180.002,24	284.289,13
<i>Increase / decrease adjustments for working capital:</i>		
Decrease / (increase) in inventories	-1.822.909,09	-27.588,37
Decrease / (increase) in trade and other receivables	-2.354.839,29	-24.998,61
(Decrease) / increase in trade and other payables (excluding banks)	-1.470.286,39	-3.107.215,19
Interest paid	-1.180.002,24	-284.289,13
Taxiation paid	-53.329,23	-197.535,35
Net flows from operating activities(a)	-638.037,43	1.296.059,73
<u>Cash flow from investing activities</u>		
Purchase of tangible and intangible assets	-3.286.319,35	-3.223.996,06
Proceeds from sales of tangible and intangible assets	0,00	0,00
Inflow from Government Programs	0,00	0,00
Interest received	9.886,48	33.914,18
Net cash flows (used in)/from investing activities (b)	-3.276.432,87	-3.190.081,88
<u>Cash flow from financing activities</u>		
Proceeds from borrowings	1.016.204,45	0,00
Treasury shares	620.193,54	-558.926,57
Inflow from Government and European Programs	3.853.394,10	928.125,00
Net cash flows (used in)/from financing activities (c)	5.489.792,09	369.198,43
Net increase / (decrease) in cash and equivalents (a) + (b) + (c)	1.575.321,79	-1.524.823,72
Cash and cash equivalents at beginning of the year	1.045.170,13	2.569.993,85
Cash and cash equivalents at end of the year	2.620.491,92	1.045.170,13

5. NOTES TO THE FINANCIAL STATEMENTS

5.1. General information about the Company

MLS MULTIMEDIA S.A. is a Greek Company governed by Codified Law 2190/1920 on societies anonyme and was founded on 15.9.1995 (Government Gazette 5494/25.9.1995). The Company is entered in the Companies Register held by the Ministry of Development / General Secretariat for Trade / DG Internal Trade / Companies and Credit Directorate, Companies Reg. No. 34194/06/B/95/14. Its website is www.mls.gr and it is listed on the Athens Exchange. The Annual Financial statements for the year 2013 were approved by the Board of Directors on 21.03.2014.

Main activities

The Company's main activities and purpose (specified in Article 3 of the Articles of Association) are as follows:

1. To import, export, trade in, manufacture, assemble electronic appliances, parts and related items.
2. To represent similar businesses and companies from Greece and abroad.
3. To produce and sell software.
4. To participate in other companies and groupings in Greece and abroad.
5. To computerise businesses, agencies, offices and so on using computers.
6. To establish computer vocational training schools.
7. To establish and operate databanks, to lease programs and to publish journals relating to computers.
8. To invent, develop, produce and practically exploit and use new programs and to modify and improve existing ones.
9. To provide services relating to the said commercial activities (technical support, installation of networks).
10. To engage in any activity relating to computers without restriction.
11. To participate in research and development programmes and to operate as a consultant for such programmes.
12. To engage in e-publishing, and to develop and exploit this sector.

5.2. Basis of preparation of the Financial Statements

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the IFRIC interpretations, as adopted by the European Union and the IFRS published by the International Accounting Standards Board (IASB).

These financial statements have been prepared on the historic cost principle using the valuation of certain investments in shares, investment properties and derivatives at fair value.

Preparation of the interim financial statements in accordance with the IFRS requires the use of certain important accounting estimates and the exercise of judgement by Management in applying and implementing the Company's accounting principles. Moreover, it requires the use of certain calculations and assumptions which affect the value of assets and liabilities mentioned, the disclosure of contingent receivables and liabilities on the date of preparation of the financial statements and the income and expenses for the duration of period being reported on.

The accounting principles used to prepare and present the annual financial statements for the year 2013 are consistent with those used to prepare the Company's financial statements for the year which ended on 31.12.2012 in line with the IFRS.

The financial statements must be taken into account in conjunction with the financial statements of 31.12.2012 prepared in line with the IAS since that will provide readers with a complete picture of the Company's situation.

The interim financial statements and the notes and reports accompanying them may contain certain assumptions and calculations which refer to future events about the Company's business, growth and financial performance. The Company bears no liability if those events or assumptions relating to future events change as a result of new information obtained about those future events or on other grounds.

New pronouncements and amendments to already existent IFRS & IFRIC:

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years.

Standards and Interpretations effective for the current financial year

IFRS 1 (Amendment) "Presentation of Financial Statements":

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

IAS 19 (Amendment) “Employee Benefits”:

This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost/curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between “short-term” and “other long-term” benefits.

IAS 12 (Amendment) “Income Taxes”: The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities deferred tax assets when investment property is measured using the fair value mode in IAS 40 “Investment Property”.

IFRS 13 “Fair Value Measurement”:

IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones.

IFRS 7 (Amendment) “Financial Instruments: Disclosures”: The International Accounting Standards Board (“IASB”) has published this amendment to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including liabilities, on the entity’s financial position.

IFRIC 20 “Stripping costs in the production phase of a surface mine”: This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRS 20 applies only to stripping costs that are incurred in surface mining activity or oil and natural gas activity. The interpretation does not apply to the company accounting for overburden waste removal (stripping) costs in the production phase of a mine.

Amendments to standards that form part of the IASB’s annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB’s annual improvement project.

IAS 1 “Presentation of financial statements”:

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either (a) as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” or (b) voluntarily.

IAS 16 “Property, plant and equipment”: The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, i.e. when they are used for more than period

IAS 32 “Financial instruments: Presentation”: The amendment clarifies that income tax related to distributions is recognized in the income statement and income tax related to the costs of equity transactions is recognized in equity, in accordance with IAS 12.

IAS 34 “Interim financial reporting”:

The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements, in line with the requirements of IFRS 8 “Opening segments”.

Standards and Interpretations effective for periods beginning on or after January 1, 2014

IFRS 9 “Financial Instruments”: (effective for annual periods beginning on or after January 1, 2015) IFRS 9 is the first Phase of the Board’s project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Group is currently investigating the impact of IFRS on its financial statements. The Standard has not yet been endorsed by the EU.

IFRS 7 (Amendment) “Financial Instruments: Disclosures”: (effective for annual periods beginning on or after January 1, 2015). The amendment requires additional disclosure on transition from IAS 39 to IFRS 9. The amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) “Financial Instruments: Presentation”: (effective for annual periods beginning on or after January 1st, 2014). This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

IFRS 10, IFRS 12 and IAS 27 (Amendment) “Investment entities”: (effective for annual period beginning on or after January 1st, 2014). The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments have not yet been endorsed by the EU.

IAS 36 (Amendment) “Recoverable amount disclosures for non-financial assets”: (effective for annual period beginning on or after January 1st, 2014). This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognized or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. This amendment has not yet been endorsed by the EU.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”: (effective for annual periods beginning on or after January 1st, 2014). This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is innovated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met, endorsed by the EU.

5.3. Basic accounting principles

The Company’s financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS). Preparation of the financial statement in accordance with the IFRS requires the use of accounting estimates and the exercise of judgement on how the accounting principles followed apply.

The accounting principles applied in preparing the interim financial statements are consistent with those applied in preparing the Company's financial statements for the period ended 31.12.2011 apart from the adoption of new standards and interpretations which it became mandatory to apply in periods after 1.1.2012. The main accounting principles applied in preparing these financial statements are set out below. The interim financial statements as at 30.6.2012 were approved by the Board of Directors on 27.8.2012 and have been posted to the website www.mls.gr.

5.3.1. Foreign exchange conversion

(1) Valuation and presentation currency

The assets presented in the Company financial statements are valued in the currency of the economic environment in which it operates (i.e. the euro).

(2) Transactions and balances

Transactions in a foreign currency are posted based on the foreign exchange prices which apply on the transaction date. FX gains and losses arising from settlement of transactions in a foreign currency and from conversion of assets and liabilities at the end of the period from the foreign currency to the presentation currency at FX rates which apply on the balance sheet date, are recognised in the income statement.

5.3.2. Establishments and equipment

All fixed assets, mechanical equipment, transportation equipment and other equipment are presented at historic cost less depreciation. Historic cost includes expenditure related directly to acquisition of property, plant and equipment.

MLS MULTIMEDIA S.A. did not own any building facilities on 31.12.2013. The Company's registered offices are located at 79 17th November St., Mun. of Pylea, Thessaloniki, in rented premises. The building facilities include areas to cover all Company activities for R&D, production and trading of IT products.

The annual depreciation rates for fixed assets are determined based on the useful life of assets and are as follows:

	<u>years</u>
Machinery	6 έως 7
Means of Transport	5 έως 7
Furnishing	3 έως 5
Other	5 έως 9

5.3.2.1. Intangible assets

Development costs

Development costs are recognised in the financial statements where it is considered likely that future financial gains attributed to the asset will flow to the Company and the cost can be reliably measured.

Development costs are estimated in accordance with IAS 38 at acquisition cost less depreciation. Depreciation is recorded using the straight line method over the useful life of the assets which is determined in line with the time period over which financial gains will be generated for the Company, and the useful life does not exceed 5 years. The fair value of development costs is adjusted in accordance with the criteria in the IAS at least once a year.

5.3.2.2. Investment property

Expenditure for repairs and maintenance of property, plant and equipment are charged to the income statement in the year the expenditure is incurred. The cost of major refurbishments and other subsequent expenditure are included in the value of the asset when it is likely that future financial gains will accrue to the Company larger than those initially expected in accordance with the initial return on the asset. Major refurbishments are depreciated over the remaining useful life of the asset.

Profits and losses from the sale of property, plant and equipment are determined comparing proceeds with the book value and are included in income statement.

5.3.2.3. Impairment of Assets

Fixed assets and equipment and other non-current assets, including goodwill, and other intangible assets, are assessed for impairment losses at value when events or changes in conditions indicate that the book value may not be recoverable. Impairment losses are recognised to the extent that the book value of the asset exceeds the recoverable amount. The recoverable amount is the highest fair value of the asset less selling costs and usage expenses. To compute

impairment, the assets are grouped at the lowest point at which there are individually recognisable cash flows. There was no need to impair assets during the current period.

5.3.3. Stocks / inventories

Stocks/Inventories are valued at acquisition cost or net realisable value which is lower. The cost is designated using the average weighted cost method. The cost of borrowing is not included in the acquisition cost of inventories. Net realisable value is assessed based on current sale prices of inventories in the context of normal activities less any sales expenses which apply in the case. The acquisition price is determined using the average price method which is done as a matter of standard practice every quarter. The new realisable value is the sale price computed in the normal course of business, less supplementation costs computed and expenditure needed to make the sale. Provisions for impaired inventories are deducted from the value of inventories shown in the balance sheet. Inventories are impaired if they do not achieve their full commercial value and they are sold below cost.

5.3.4. Receivables from customers

Receivables from customers are presented at the initial invoice amount less provisions for impairment of the amount to be collected. The provision for impairment is calculated when there is an objective indication that the Company will not be in a position to collect all amounts in accordance with the initial terms of the transaction. The amount of the provision is the difference between the book value and recoverable value of the receivable which is the present value of expected future cash flows, discounted at the initial effective interest rate. Receivables that cannot be collected are written off by reducing the provision that has already been formed.

5.3.5. Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits and short-term investments of up to 3 months, and are highly-realizable and low risk. For the purposes of the cash flow statement, cash and cash equivalents are cash on hand and deposits in the bank, excluding bank overdrafts.

5.3.6. Share capital

Ordinary shares are posted as equity. Direct costs for the issuing of shares are presented after deducting the income tax applied to reduce the proceeds of the issue. Direct costs related to the issuing of shares to acquire businesses are included in the cost of acquiring the business acquired.

Shareholders' liability is limited to the nominal value of the shares held. Shareholders participate in the management and profits of the Company in accordance with law and the provisions of the Company's Articles of Association. The rights and obligations attached to each share follow it to every general or specific assign. Shareholders exercise their rights in relation to the management of the Company via the General Meetings.

Each share incorporates all the rights and obligations established by law (Codified Law 2190/1920) and by the Company's Articles of Association, which however do not contain provisions more restrictive than those appointed by the law. Possession of the share certificate automatically implies acceptance by the owner thereof of the Company's Articles of Association and the legal resolutions of the General Meeting of its shareholders. The basic earnings per share are computed by dividing the net profits for the period corresponding to holders of ordinary registered shares by the average weighted number of shares in circulation during the period less the weighted average number of own shares (treasury stock). Dividends distributed to shareholders in the Company are presented in the financial statements when that dividend distribution is approved by the General Meeting of Shareholders.

The cost of acquisition of own shares is presented as reducing equity until the own shares are sold or deleted. Any gains or loss from sale of own shares net of direct other costs from the transaction and other costs, are presented in equity as a reserve.

5.3.7. Government Grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all relevant conditions. Government grants relating to costs are deferred and entered into the income statement within a period so that they are matched to the costs they are intended to indemnify. Government grants relating to the purchase of tangible assets are included long-term liabilities as deferred government grants, and are presented as income in the income statement at a fixed rate over the expected useful life of the relevant assets.

5.3.8. Employee benefits

(a) Short-term benefits

Short-term benefits to staff in cash and kind are posted as expenses when accrued.

(b) Post-employment benefits

In Greek labour law, employees are entitled to compensation in the event of dismissal or retirement, which depends on their salaries, their years of service and their method of withdrawal from service (dismissal or retirement). Employees who resign or are dismissed on justified grounds are not entitled to compensation. The compensation payable in the case of retirement is equal to 40% of the compensation which would be payable in the case of unjustified dismissal. The provision formed by the Company for the cost of staff retirement is not based on an actuarial study since the Company only has a small number of salaried staff, but at 40% in line with the provisions of Greek law. That amount is adjusted each year.

(c) Equity Compensation Benefits

Stock options are provided to members of Company staff and its Board of Directors. Under the stock option plan the Company offers its staff the right to purchase new shares in the Company at a price below the share's fair value which applies on the date the plan takes effect.

The fair value of services of the employees who are granted stock options is recorded as an expense. Total expenses for these options during the maturation period is determined based on the fair value of the options granted. When options are exercised, the amounts collected, other than the transaction expenses, are entered in the share capital (nominal value) and in the premium on capital stock account.

When the plan was implemented in 2006, 191,500 new shares were issued while in 2007 249,000 new shares were issued.

5.3.9. Provisions

Provisions are recognised when the Company has a present legal or presumed obligation which arises from prior events, there could be an asset flow to settle this obligation and the amount of the obligation can be reliably calculated. When the Company expects the provision to be recovered, based on an insurance policy for example, recovery is recognised as a separate asset only when repayment is almost certain.

5.3.10. Loans

The cost of borrowing is recognised as an expense in the period when it is incurred, in line with IAS 23 Cost of Borrowing. Loans are initially recognised at cost, which is the fair value of the loan received, less issue expenses relating to the borrowing. After initial recognition, loan obligations are valued at the carried amount using the effective interest rate method.

5.3.11. Income tax and deferred income tax

Current income tax for the Company relates to tax on the taxable profits adjusted based on tax law requirements and calculated based on the current tax rate.

Expected tax discounts from interim tax adjustments are determined and presented either as future (deferred) tax liabilities or as deferred tax assets.

Deferred income tax is calculated using the liability method which arises from temporary differences between the book value and taxation basis of the assets and liabilities. The deferred tax is calculated at tax rates which apply on the balance sheet date. Deferred tax assets are posted to the extent that there will be a future taxable profit for use of the temporary difference generated by the deferred tax assets.

Deferred tax assets are offset against deferred tax liabilities when there is a legitimate exercisable right of offset and both are subject to the same taxation authority. Deferred tax is entered in the income statement unless it relates to equity, in which case it is entered in equity.

5.3.12. Risk management

Credit risk

The Company does not have any major credit risk exposure to contracting parties due to its extensive customer base. Exposure to credit risk is monitored and assessed on a continuous basis so that for major clients the credit granted does not exceed the credit limit specified.

Interest rate and exchange rate risk

The Company has no bank borrowing, but does use financial products (factoring, transactions in foreign currency, trade receivable accounts, accounts payable, dividends payable, bank deposits, investments in securities) and consequently the Company is exposed to a risk of change in interest rates and FX risk.

Liquidity risk (financial risk)

The Company has no difficulty in servicing its liabilities which is due to (a) its good cash flow situation, (b) its financial assets whose value presented in the financial statements does not deviate from the fair value.

Risk in fluctuation of the price of direct raw materials

The Company is exposed to the risk of changes in the price of direct raw materials. Risk management here primarily relates to imports from abroad. The risk of fluctuations in prices is low due to the rapid turnaround time of such materials in this category and the contracts with key suppliers which include fixed prices for long periods of time.

5.3.13. Revenue recognition

Revenues come from the value of services provided by the Company that are invoiced and from trade, net of recoverable VAT, discounts and rebates. The Company's revenues are recognised as follows:

a) Sales of products

Sales of products are recognised when the major risks and rewards of ownership of goods have been transferred to the customer. This usually occurs when the Company has sold or delivered goods to the customer, the customer has accepted the goods and payment of the relevant amounts receivable is reasonably assured.

(b) Sales of merchandise

Sales of merchandise are recognised when the major risks and rewards of ownership of goods have been transferred to the customer. This usually occurs when the Company has sold or delivered goods to the customer, the customer has accepted the goods and payment of the relevant amounts receivable is reasonably assured.

(c) Services

Services are recognised in the accounting period when the services are offered with reference of completion of the specific transaction calculated based on the services offered as a proportion of the total services which will be offered.

(d) Interest earned

Interest is recognised over time using the effective interest rate method.

(e) Income from royalties

Income from royalties is recognised in line with the accrued income principle depending on the substance of the relevant royalties' agreement.

(f) Income from dividends

Income from dividends is recognised when it is proven that the Company has a right to collect the dividends.

5.3.14. Dividends paid

Dividends are recorded in the financial statements for the year in which the proposal to distribute them from the management team is approved by the Annual Ordinary General Meeting of Shareholders.

5.3.15. Segmental Reporting

The products and services offered in a primary geographical segment are subject to risks and returns that are characteristics of the economic environment in that specific sector and differ from the risks and returns that apply in other economic environments. The same holds true for secondary segments for each business activity of the Company where offer products and services subject to different risks and returns, from those that apply to other activities.

6. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6.01. Property, plant and equipment

Property, plant and equipment shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

<u>Περιγραφή λογαριασμού</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
Γήπεδα - οικόπεδα	387.871,00	387.871,00
Κτίρια και τεχνικά έργα	26.718,17	28.920,19
Μηχανήματα – τεχνικές εγκαταστάσεις	6.216,82	7.277,55
Μεταφορικά μέσα	18.388,35	17.391,36
Έπιπλα και λοιπός εξοπλισμός	97.339,20	86.897,35
Ακινήτοποιήσεις υπό εκτέλεση και προκαταβολές	1.030.059,73	717.907,71
Σύνολο	1.566.593,27	1.246.265,16

Company investments in tangible fixed assets in the period 1.01-31.12.2013 amounted to € 359,764.31.

Acquisition values and depreciation recorded for fixed assets are analysed as follows:

Acquisition value	Plots & lots	Buildings & facilities	Machinery – equipment	Transportation equipment	Furniture & other equipment	Fixed assets under construction	Total
Acquisition cost on 31.12.2011	387.871,00	120.413,81	87.293,55	154.373,51	1.552.769,83	717.307,71	3.020.029,41
Purchases in 2012	0,00	0,00	810,00	0,00	12.649,86	600,00	14.059,86
Reductions – sales in 2012	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Acquisition cost on 31.12.2012	387.871,00	120.413,81	88.103,55	154.373,51	1.565.419,69	717.907,71	3.034.089,27
Purchases in period 1.01 - 31.12.2013	0,00	0,00	150,00	5.000,00	42.462,29	312.152,02	359.764,31
Reductions – sales in period 1.01 - 31.12.2013	0,00	0,00	-75.153,16	-120.164,06	-1.278.121,67	0,00	-1.473.438,89
Acquisition cost on 31.12.2013	387.871,00	120.413,81	13.100,39	39.209,45	329.760,31	1.030.059,73	1.920.414,69
Depreciation	Plots & lots	Buildings & facilities	Machinery – equipment	Transportation equipment	Furniture & other equipment	Fixed assets under construction	Total
Accumulated depreciation on 31.12.2011	0,00	85.438,12	78.182,29	133.127,82	1.440.895,45	0,00	1.737.643,68
Depreciation for 2012	0,00	6.055,50	2.643,71	3.854,24	37.626,98	0,00	50.180,43
Reductions in depreciation for 2012	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Accumulated depreciation on 31.12.2012	0,00	91.493,62	80.826,00	136.982,06	1.478.522,43	0,00	1.787.824,11
Depreciation for period 1.01 - 31.12.2013	0,00	2.202,02	1.210,73	4.003,01	32.020,44	0,00	39.436,20
Reductions in depreciation for 1.01 - 31.12.2013	0,00	0,00	-75.153,16	-120.164,06	-1.278.121,67	0,00	-1.473.438,89
Accumulated depreciation on 30.09.2013	0,00	93.695,64	6.883,57	20.821,01	232.421,20	0,00	353.821,42
Carried amount on 31.12.2011	387.871,00	34.975,69	9.111,26	21.245,69	111.874,38	717.307,71	1.282.385,73
Carried amount on 31.12.2012	387.871,00	28.920,19	7.277,55	17.391,45	86.897,26	717.907,71	1.246.265,16
Carried amount on 31.12.2013	387.871,00	26.718,17	6.216,82	18.388,44	97.339,11	1.030.059,73	1.566.593,27

6.02. Intangible assets

Intangible assets shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Acquisition value	Έξοδα ανάπτυξης
Acquisition cost on 31.12.2011	28.908.720,26
Purchases in 2012	3.209.936,20
Acquisition cost on 31.12.2012	32.118.656,46
Purchases in period 1.01 - 31.12.2013	3.821.576,12
Reductions in period 1.01 - 31.12.2013	-17.395.378,87
Acquisition cost on 31.12.2013	18.544.853,71
Depreciation	Έξοδα ανάπτυξης
Accumulated depreciation on 31.12.2011	17.747.569,09
Depreciation for 2012	3.698.209,75
Accumulated depreciation on 31.12.2012	21.445.778,84
Depreciation for period 1.01 - 31.12.2013	3.082.147,33
Reductions in period 1.01 - 31.12.2013	-16.500.357,79
Accumulated depreciation on 31.12.2013	8.027.568,38
Carried amount on 31.12.2011	11.161.151,17
Carried amount on 31.12.2012	10.672.877,62
Carried amount on 31.12.2013	10.517.285,33

Intangible assets include the acquisition value and accumulated depreciation (at a depreciation rate of 20%) of software programs.

Company investments in intangible fixed assets in the period 1.01-31.12.2013 amounted to € 2.926.555,04. They primarily relates to the development in the mobile telephony sector and tablets, and development of products of educational technology sector.

6.03 Deferred tax

Deferred tax shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	31.12.2013	31.12.2012
Writing off of R&D expenses.	-2.202,57	-1.694,28
Difference in amortization	-297.475,29	0,00
Provision for value decline of short term investment	175.780,09	0,00
Provision for staff compensation	740,08	1.330,39
Provision for value decline of inventories	26.000,00	20.000,00
Provision for bad debt	249.108,27	191.621,75
Total	151.950,58	211.257,86

The deferred tax asset transactions for the period were as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Balance at start of period 1.01.2013	211.257,86	206.689,77
Deferred tax in the results	-59.307,28	4.568,09
Balance at end of period 31.12.2013	151.950,58	211.257,86

The deferred tax assets and liabilities before offsetting (when in the same category) during the current period were as follows:

	<u>1.01.2013</u>	<u>Debit / (credit) to income</u>	<u>31.12.2013</u>
Deferred tax assets			
Writing off of R&D expenses.	-1.694,28	-508,29	-2.202,57
Difference in amortization	0,00	-297.475,29	-297.475,29
Provision for value decline of short term investment	0,00	175.780,09	175.780,09
Provision for value decline of inventories	20.000,00	6.000,00	26.000,00
Staff termination indemnity	1.330,39	-590,31	740,08
Provision for bad debt	191.621,75	57.486,52	249.108,27
	211.257,86	-59.307,28	151.950,58
Deferred tax liabilities			
Short-term liabilities – suppliers	0,00	0,00	0,00
	0,00	0,00	0,00
Deferred tax assets	211.257,86	-59.307,28	151.950,58

6.04 Stocks / inventories

Stocks / inventories shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

<u>Account description</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
Products	3.643.585,00	2.161.596,04
Merchandise	333.415,77	237.803,12
Direct and indirect raw materials	808.497,03	563.189,55
Allowance for value decline of inventories	-100.000,00	-100.000,00
Total	4.685.497,80	2.862.588,71

The provision for the value decline of inventories was formed for items with a slow turnaround time and for technologically obsolete products. Using regular inspections and checks Company Management re-examines the net realisable value of Company stocks / inventories. On

31.12.2013 regard was had to these criteria when valuing stocks / inventories and it was considered that no additional provision for value decline was required. The valuation of Company stocks / inventories is re-examined on each financial statement date since Company products are high tech and consequently the risk of technological obsolescence is very high.

6.05. Receivables from customers

Receivables from customers shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description

	31.12.2013	31.12.2012
Receivables from customers	6.175.308,49	4.843.734,91
Cheques receivable (postdated)	385.872,83	22.844,21
Notes receivable	5.689,78	5.689,78
Cheques overdue (stamped)	347.164,46	347.164,46
Less: Provision for bad debt	-637.303,93	-637.303,93
Total	6.276.731,63	4.582.129,43

The provisions formed for bad debt worth € 637,303.93 more than cover any potential losses the Company may face from failure to collect receivables, since the provision for impairment of receivables from customers includes all customers that had been deemed to be 'doubtful' and also receivables based on the maturity date of outstanding balances.

6.06. Short - term investments

Short-term investments shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

31.12.2013

Shares not listed on ATHEX

Company	quant.	%	Acquisition cost	Difference in valuation	Fair value
LASERLOCK S.A.	0	0,00%	60.161,41	0,00	60.161,41
NEW MEDIA S.A.	15.700	16,31%	676.077,26	-676.077,26	0,00
ACROPOLIS HIGH TECHNOLOGY PARK	2.000	0,11%	6.000,00	0,00	6.000,00
THESSALONIKI TECHNOPSIS S.A.	4.520	1,69%	32.397,71	0,00	32.397,71
Total			774.636,38	-676.077,26	98.559,12

31.12.2012

Shares not listed on ATHEX

Company	quant.	%	Acquisition cost	Difference in valuation	Fair value
LASERLOCK S.A.	92.000	4,00%	60.161,41	0,00	60.161,41
NEW MEDIA S.A.	15.700	16,31%	676.077,26	0,00	676.077,26
ACROPOLIS HIGH TECHNOLOGY PARK	2.000	0,11%	6.000,00	0,00	6.000,00
THESSALONIKI TECHNOPOLEIS S.A.	4.520	1,69%	32.397,71	0,00	32.397,71
Total			774.636,38	0,00	774.636,38

The above available-for-sale financial assets were valued at acquisition cost except for the “NEW MEDIA S.A.” shares (write off the amount of 676 thousand euro because the company stopped its activities for the financial reasons), because there is no price in an active market and their fair value cannot be reliably measured.

6.07. Other current assets

Other current assets shown in the Company’s interim financial statements as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	31.12.2013	31.12.2012
Receivables from the Greek State	34.020,97	33.427,82
Advances and credit control account	1.650,10	2.778,62
Non-current receivables from currently earned income	15.731,28	62.925,12
Receivables from the Factoring company	1.435.448,58	0,00
Other receivables	1.786.552,18	2.514.034,46
Less: Provision for bad debt	-355.804,80	-355.804,80
Total	2.917.598,31	2.257.361,22

Other receivables are primarily down payments to suppliers. The provision for impairment of receivables includes all receivables that have been characterised as bad debt.

6.08. Cash and cash equivalents

Cash and cash equivalents shown in the Company’s interim financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description	31.12.2013	31.12.2012
Cash on hand	48.229,91	42.798,46
Short-term deposits	2.572.262,01	1.002.371,67
Total	2.620.491,92	1.045.170,13

These amounts are cash on hand that the Company held on 30.06.2013 and 31.12.2012. The short-term deposits consist of deposits in sight accounts and time deposits and short-term investments. The effective interest rates are negotiated individually in each case.

6.09. Equity

The share capital, reserves and other equity accounts of the Company on 30.06.2013 and 31.12.2012 are as follows:

Account description	30.06.2013	31.12.2012
Paid-up share capital	4.594.290,00	4.594.290,00
Premium on capital stock	23.448,50	23.448,50
Statutory Reserve	776.930,25	776.930,25
Stock options	132.150,00	132.150,00
Extraordinary Reserve	3.732.116,25	0,00
Special law untaxed reserves	9.685.407,71	9.685.407,71
Profit carried forward	456.428,44	3.017.573,33
Own shares	61.266,97	-558.926,57
Total	19.462.038,12	17.670.873,22

Share capital

Changes in share capital are shown in the table below:

	€
Share capital on 31.12.2013 shares 12.417.000 of 0,37€ each	4.594.290,00
Changes 1.01 - 31.12.2013	0,00
Share capital on 31.12.2013 shares 12.417.000 of 0,37€ each	4.594.290,00

Own shares

The change in the number of own shares is shown in the following table:

	€
Balance on 1.01.2012	0.00
Purchase/Sale of own shares	558.926,57
Balance on 31 December 2012	558.926,57
Purchase/Sale of own shares	-620.193,54
Balance on 31 December 2013	-61.266,97

Premium on capital stock

The change in the premium on capital stock is shown in the table below:

	€
Premium on capital stock 31.12.2012	23.448,50
Capitalisation of premium on capital stock	0,00
Premium on capital stock on 31.12.2013	23.448,50

Statutory Reserve

According to Greek Company law, businesses are obliged to transfer at least 5% of their annual net profit shown in their books to a statutory reserve until that reserve reaches 1/3 of the paid-up share capital.

Extraordinary reserve

This is a reserve formed from prior period taxable profits in line with the law and the Company's Articles of Association. The change in the premium on capital stock is shown in the table below:

	<u>Extraordinary Reserve</u>
Balance on 31 December 2012	0,00
Law 3299/2004	1.856.250,00
ICT4GROWTH	1.875.866,25
Balance on 31 December 2013	3.732.116,25

Special law untaxed reserves

The untaxed reserves are primarily reserves formed from non-distributed untaxed profits, relying in the provisions of various development laws. The Company does not intend to distribute the untaxed reserves and thus the relevant deferred taxes have not been computed.

The change in the reserves is shown in the following table:

	<u>Reserve taxed in accordance with special provisions of law</u>
Balance on 31 December 2012	9.685.407,71
Transfer from / to retained earnings	0,00
Balance on 31 December 2013	9.685.407,71

6.10. Other long-term liabilities

The other long-term liabilities shown in the Company's Financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description	31.12.2013	31.12.2012
Provision of retirement compensation	21.233,58	25.039,06
Provision for open tax periods	64.500,00	64.500,00
Total	85.733,58	89.539,06

Provisions for staff retirement compensation

Company employees are covered by a pension fund supported by the Greek State. Every employee is obliged to pay an amount from his monthly salary into the insurance fund along with the employer's contribution that corresponds to it, which is paid by the Company. When the employee retires, the pension fund is responsible for paying the pension. Consequently, the Company has no legal obligation to pay future benefits in the context of that scheme.

Under Greek labour law, employees are entitled to compensation in the case of dismissal or retirement and the amount paid is computed in line with the last pay received, their past service and the way in which the employment relationship ended (dismissal or retirement). Employees who resign or are dismissed on justified grounds are not entitled to compensation. The compensation payable in the case of retirement is 40% of the amount which would be payable for unjustified dismissal. The Company has formed a provision in line with the applicable legislation and not based on an actuarial study. The provisions formed for compensation for staff retiring have not been computed using an actuarial study because of the small number of staff the Company has employment contracts with.

Provision for court or arbitration disputes

No provisions had been formed by 30.6.2012 for court or arbitration disputes in line with IAS 37 because there was no ground for forming them.

Other provisions

No other provisions had been formed by 31.12.2013 in line with IAS 37 since there was no ground for forming them.

6.11. Debts to suppliers

The debts to suppliers shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	31.12.2013	31.12.2012
Suppliers	3.450.325,49	1.866.671,62
Bills payable	680,56	4.763,92
Cheques payable	376.442,72	675.769,77
Total	3.827.448,77	2.547.205,31

6.12 Banks short-term debts

The short term bank debts shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description	31.12.2013	31.12.2012
Banks short - term debts	1.016.204,45	0,00
Total	1.016.204,45	0,00

6.13. Other short-term liabilities

The other short-term liabilities shown in the Company's financial statements as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description	31.12.2012	31.12.2011
Customer down payments	18.358,13	20.567,38
Tax and duties payable	86.364,65	115.116,70
Insurance and pension fund dues	26.484,73	27.999,19
Sundry creditors	4.312.075,54	3.180.985,66
Total	4.443.283,05	3.344.668,93

The sundry creditors account includes balances arising from the supply of services to the Company.

6.14. Total turnover

The total turnover shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 is analysed as follows:

Primary information sector - business activities

MLS Multimedia's operating segments

1. NAVIGATION SYSTEMS

In the telematics sector, MLS developed the first **car navigation system**. The driver states his destination and the system uses satellite to locate the car's position at that point in time and then undertakes to provide instructions about how to get to the destination. The system speaks to the driver informing him about the next move he has to move, but guidance is also provided on-screen via the map that appears on the coloured touch screen. Useful information about the route is also provided such as the number of traffic lights remaining, the distance covered, the car's speed and so on. This data is totally accurate. The Company sells the MLS Destinator navigation system which is today the benchmark for navigation systems in Greece. MLS Destinator is available for a wide range of specialised navigation devices (PNDs). MLS has also utilised its

know-how in the voice recognition and navigation systems sectors to develop the innovative MLS Talk&Drive navigation system. The user inputs navigation data by talking to the navigator instead of keying it in as is normally the case with navigation systems, thereby improving safety, ease-of-use and also saving time. MLS Talk&Drive is not only available for the Greek market but is also available today for Turkey and Chile.

2. SOFTWARE / MOBILE TELEPHONY

The software sector includes the navigation software for MLS Destinator and MLS Talk&Drive as well as mobile telephony products. This software is available for devices whose operating system is Windows CE, iOS (Apple) and Android. The products are available to third party smartphone or navigation device manufacturers, distributors and providers of mobile telephony services as a bundle along with their devices or to individual users via normal distribution channels. At the same time MLS Destinator and MLS Talk&Drive are also available via the App Store.

3. EDUCATIONAL TECHNOLOGY

The MLS IQBoard interactive blackboard works with the hand, colourless markers or any other object. Simply by touching the surface of the board, users can write using digital ink or interact with the computer directly on-screen. The product looks impressive, while easy-to-use shortcut keys on the surface ensure quick, simple access to key functions. Users can comment or draw on various applications, photographs and videos or even write as normal using a marker pen.

Sales per segment in the period 1.1-30.6.2012 can be broken down as follows:

PRODUCTS	1.01 - 31.12.2013	%	TABLETS	1.01 - 31.12.2012	%
NAVIGATION SYSTEMS	2.608.054,50	28,69%		3.282.162,46	43,91%
SOFTWARE / MOBILE TELEPHONY	4.469.165,80	49,16%		4.094.413,17	54,78%
TABLETS	1.854.344,10	20,40%		0,00	0,00%
EDUCATIONAL TECHNOLOGY	159.418,07	1,75%		97.783,40	1,31%
Σύνολο	9.090.982,47	100,00%		7.474.359,03	100,00%

The results per segment are as follows:

	1.01.2013 - 31.12.2013				Total
	Navigation systems	Mobile telephony software	TABLETS	Educational technology	
Turnover	2.608.054,50	4.469.165,80	1.854.344,10	159.418,07	9.090.982,47
Cost of goods sold	-1.313.415,94	-2.254.023,52	-954.020,82	-97.637,25	-4.619.097,53
Gross profit	1.294.638,56	2.215.142,28	900.323,28	61.780,82	4.471.884,94

	1.01.2012 - 31.12.2012				Total
	Navigation systems	Mobile telephony	TABLETS	Educational technology	
Turnover	3.282.162,46	4.094.413,17	0,00	97.783,40	7.474.359,03
Cost of goods sold	-1.566.073,44	-2.167.062,97	0,00	-60.728,59	-3.793.865,00
Gross profit	1.716.089,02	1.927.350,20	0,00	37.054,81	3.680.494,03

Secondary information sector – geographical sectors

Turnover from sales of products and merchandise per geographical area were as follows:

	1.01 - 31.12.2013	1.01 - 31.12.2012
Sales in Greece	7.470.280,93	5.677.653,11
Sales abroad	1.620.701,54	1.796.705,92
Total	9.090.982,47	7.474.359,03

Seasonality of operations

Company operations are affected by seasonality, primarily around the Christmas and Easter holidays, and also the months of June and July when revenues are higher.

6.15 Cost of goods sold

The cost of goods sold shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 is analysed as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Materials	3.167.058,95	2.499.325,77
Staff salaries and expenses	150.510,66	233.321,39
Third party fees and expenses	385.740,66	538.659,99
Charges for outside services	91.749,01	109.927,54
Miscellaneous Expenses	154.764,46	151.379,38
Depreciation	1.088.874,70	1.324.370,98
Self-supplied fixed assets	-403.154,15	-1.197.146,17
Foreign Exchange differences	-16.446,75	134.026,11
Total	4.619.097,54	3.793.865,00

6.16 Other income

The other income shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Revenue from subsidies	0,00	89.199,23
Other income from sales revenues	56.411,98	4.854,97
Rent	15.731,28	15.731,28
Grants from European R&D Projects	194.051,52	0,00
Total	266.194,78	109.785,48

6.17 Administrative expenses

The administrative expenses shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Staff salaries and expenses	60.204,26	90.804,57
Third party fees and expenses	44.084,65	61.561,14
Charges for outside services	23.592,60	28.267,08
Taxes - Duties	28.306,38	27.136,31
Miscellaneous Expenses	30.952,89	30.275,88
Depreciation	101.762,83	75.083,20
Extraordinary and non-operating expenses	8.453,99	35.049,26
Total	297.357,61	348.177,44

6.18 Selling expenses

The selling expenses shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Staff salaries and expenses	40.136,18	60.108,59
Third party fees and expenses	66.126,97	92.341,71
Charges for outside services	41.942,40	50.252,59
Taxes - Duties	42.459,58	40.704,46
Miscellaneous Expenses	794.457,58	739.945,62
Depreciation	71.311,32	112.624,80
Provisions	0,00	50.000,00
Total	1.056.434,03	1.145.977,78

6.19 Research and development expenses

The R&D expenses shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 are analysed as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Staff salaries and expenses	250.851,09	377.817,63
Third party fees and expenses	606.163,89	846.465,70
Charges for outside services	104.856,01	125.631,48
Miscellaneous Expenses	51.588,15	87.595,00
Depreciation	930.299,88	1.308.186,20
Self-supplied fixed assets	-1.008.944,44	-1.659.220,11
Total	934.814,58	1.086.475,90

6.20 Payroll cost

The payrolling cost included in the financial statements as at 31.12.2013 and 31.12.2012 is analysed as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Salaries and wages	388.912,62	562.781,11
Employer contributions	106.480,04	155.894,71
Other staff costs	6.309,53	43.376,36
Total	501.702,19	762.052,18

This payroll cost can be allocated to various Company operations as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Production expenses	150.510,66	233.321,39
Administrative expenses	60.204,26	90.804,57
Selling expenses	40.136,18	60.108,59
Research and development expenses	250.851,09	377.817,63
Total	501.702,19	762.052,18

6.21 Depreciation

The depreciation cost included in the financial statements as at 31.12.2013 and 31.12.2012 is analysed as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Building depreciation	2.202,02	6.055,50
Machinery depreciation	1.210,73	2.643,71
Transportation equipment depreciation	4.003,01	3.854,24
Furniture and other equipment depreciation	32.020,44	37.626,98
Depreciation on intangible assets	3.082.147,33	3.698.209,75
Total	3.121.583,53	3.748.390,18

This depreciation cost is allocated to Company operations as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Production expenses	2.018.209,49	2.252.495,98
Administrative expenses	101.762,83	75.083,20
Selling expenses	71.311,32	112.624,80
Research and development expenses	930.299,88	1.308.186,20
Total	3.121.583,53	3.748.390,18

6.22 Financial expenses

The net financial expenses / revenues shown in the Company's comprehensive income statement as at 31.12.2013 and 31.12.2012 can be broken down as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Interest & related expenses	374.151,88	284.289,13
Losses from short - term investments	129.773,10	0,00
Difference in valuation on short term investments	676.077,26	0,00
Total	1.180.002,24	284.289,13

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Interest and related income	-9.886,48	-33.914,18
Total	-9.886,48	-33.914,18

Total financial expenses **1.170.115,76** **250.374,95**

Interest and other related expenses primarily relate to the cost of factoring, guarantee letter expenses and other banking charges.

6.23 Taxes

The income tax shown in the financial statements as at 31.12.2013 and 31.12.2012 is analysed as follows:

Account description	1.01 - 31.12.2013	1.01 - 31.12.2012
Income tax on taxable profit	35.036,25	15.339,67
Tax on property	14.042,85	0,00
Deferred tax assets	59.307,28	1.153,96
Provision for tax for open years	0,00	0,00
Total	108.386,38	16.493,63

Tax returns are filed each year, adjusting the book profits with tax adjustments, and the profits or losses referred to in them are considered to be interim until a tax audit is carried out by the taxation authorities and a report is issued in which tax liabilities are finalised. Tax losses carried forward from previous periods, to the extent that this is acceptable to the taxation authorities, can be offset against profits from the next five accounting periods. Deferred income tax is calculated on all interim tax differences using the tax rate which will apply in the period when an asset is realised or a liability settled taking into account the tax rates which have been adopted by the balance sheet date.

The table below sets out the reconciliation between the nominal and actual tax rate.

	1.01 - 31.12.2013	1.01 - 31.12.2012
Earnings before income tax	<u>1.279.357,74</u>	<u>959.273,46</u>
Income tax calculated at current rate	332.633,01	191.854,69
Tax on property	14.042,85	0,00
Deferred tax	59.307,28	1.153,96
Untaxed reserves	-297.596,76	-176.515,02
Total	<u>108.386,38</u>	<u>16.493,63</u>

6.24 Major changes in financial statement items

Most important changes to the statement of financial position and statement of comprehensive income

The most important changes which appear in the statement of financial position and statement of comprehensive income for the period ended on 30.06.2013 are as follows:

The increase in receivables from customers by 583 thousands euro, was primarily due to sales abroad (guaranteed with letters of credit) and secondarily to increased levels of credit to Greek customers because of the economic crisis.

The increase in inventory by 1.011 thousands Euro, was due to the new products in mobile telephony sector..

The increase in short term liabilities by 919 thousands Euro, was due to the advance payment grants.

The increase in cash by 1.7 thousands euro only, was primarily due to the reduction in liabilities to suppliers by 606 thousands euro.

The following changes can be noted in the results for the period compared to the same period last year:

	<u>1.01 - 31.12.2013</u>	<u>1.01 - 31.12.2012</u>	change %
Turnover	9.090.982,47	7.474.359,03	21,63%
Earnings before taxes, financial and investment results	2.449.473,50	1.209.648,41	102,49%
Earnings before taxes, financial and investment results and total depreciation	5.571.057,03	4.958.038,59	12,36%
EBT	1.279.357,74	959.273,46	33,37%
Earnings net of tax	1.170.971,35	942.779,83	24,20%
Basic earnings per share net of tax (in €)	0,0944	0,0762	23,83%

6.25 Commitments and contingent liabilities

a. Pending litigation – Litigation

Management and the Company's legal advisors consider that there are no major judicial or arbitration disputes before the courts or administrative bodies which have a major impact on the financial status, financial position or results of Company operations.

b. Liabilities under operating leases

On 31.12.2013 the company had operating leases relating to the hire of transportation equipment which expire on various dates up to August 2013.

The rents paid from 1.1 to 31.12.2013 are included in the comprehensive income statement for the period 1.01-31.12.2013 and amounted to 57,6 thousands €.

c. Open tax periods

The Company has been audited by the tax authorities up to the year ended on 31.12.2007.

The Company has made provisions for possible future tax liabilities that may arise in a future audit by the tax authorities for the periods up to 31.12.2010, that remain open. That provision stands at € 64,500 which is considered an adequate figure. During the 2011, 2012 and 2013 fiscal years, the Company underwent a tax audit by certified public accountants as required by the provisions of Article 82(5) of Law 2238/1994. The relevant tax certificates for the years 2011 and have already issued. There were no additional tax obligations that could have a material impact on the Company's interim financial statements.

d. Contingent liabilities

The Company has issued letters of guarantee in favour of third parties in order to secure payments, and participation in public competitions. On 31.12.2013 they were worth 4,2 million €. There are no other major contingent liabilities that need to be disclosed in the financial statements for the period.

6.26 Additional data and information

Existing liens

There are no liens (mortgages or mortgage liens) on the Company's fixed assets.

Court or arbitration disputes

There are no disputes before the courts or administrative bodies or in arbitration which could have a significant impact on the financial status of the Company.

Number of staff employed

At the end of the current period the Company employed 54 people, compared to 50 people at the end of the respective period of the previous year.

Earnings per share

Basic earnings per share were as follows:

	1.01 - 31.12.2013	1.01 - 31.12.2012
Net profits attributable to company shareholders	1.170.971,35	942.779,83
Average weighted number of shares in circulation	12.417.000	12.417.000
Less: Average weighted number of own shares	12.873	50.073
Total average weighted number of shares in circulation	12.404.127	12.366.927
Basic earnings per share (in €)	0,0944	0,0762

Transactions with related parties

Sales and purchases from the start of the accounting period and the balance of Company receivables and liabilities at the end of the current period resulting from transactions with related parties within the meaning of IAS 24 are shown in the table below:

a) Income	180.840,00
b) Purchase of goods and services	238.765,45
c) Receivables	0,00
d) Liabilities	82.075,10
e) Transactions and fees of management executives and board members	0,00
f) Receivables from management executives and board members	61,42
g) Liabilities to management executives and board members	0,00

The affiliate within the meaning of IAS 24 is LASERLOCK S.A. whose registered offices are in Pylea, Thessaloniki. Its share capital amounts to € 690,000 divided into 2.3 million shares with a nominal value of € 0.03 each. MLS MULTIMEDIA S.A. has a 4% holding in its share capital and Ioannis Kamatakis a 30% holding.

LASERLOCK'S Board of Directors consists of Mr. Dimitrios Konstantoulas (MLS MULTIMEDIA S.A. Board Member) as a member, and Ms. Paraskevi Zachariadou (Vice Chairman of MLS MULTIMEDIA S.A.) as a member. The Company is involved in the design, development, production, and practical application and use of security (locking) systems for CDs and other forms of storage medium to be used on computers.

The amounts of transactions (income, expenses) from the start of the management period and the balances of receivables and liabilities of the Company at the end of the current period that have arisen from its transactions with this Company are shown in the table below:

Company name	Sales to related parties	Purchases from related	Amounted owed by related parties
<u>LASERLOCK A.E.</u>	<u>0,00</u>	<u>180.840,00</u>	<u>238.765,45</u>

The amount of € 238.765.45 owed relates to an advance for Laserlock S.A. to develop a navigation app and educational technology protection system on MLS MULTIMEDIA's behalf. The terms of transactions with this Company are arm's length terms between related parties operating for their own ends, fully bearing in mind market conditions.

The fees of management executives paid in the period 1.01-30.06.2013 relate to independent work provided to the Company while the fees of members of the management team are fees for services approved by the Company's General Meeting of Shareholders.

7. OWN SHARES

The total number of its own shares that the company holds as at 31.12.2013 is 50.000 of aggregate value of 108.500,00€ and they have been deducted from the Shareholders Equity of the company. The fair value of this shares at 31.12.2013 was 164.000,00€.

8. FINANCIAL RISK MANAGEMENT – OBJECTIVES & POLICIES

Financial risk factors

The Company's activities give rise to financial risks such as exchange rate risks, risk of change in interest rates, credit risks and liquidity risks. Company policy seeks to minimise the impacts of these financial factors which may arise for the Company.

The Company primarily uses financial products (factoring, transactions in foreign currency, trade receivable accounts, accounts payable, dividends payable, bank deposits, investments in securities) to achieve this.

a) Credit Risk

The Company does not have major credit risk exposure. It applies a credit control system to more effectively manage this risk and to evaluate and rank customers depending on their level of risk. Customer credit limits are set based on the above in-house evaluations and are in line with the limits set by Company management. Credit limits are monitored at regular intervals and are adjusted accordingly. The maximum exposure to credit risk on the balance sheet date is the fair value of each category of financial asset as shown below:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Customers and other receivables	9.292.889,06	7.614.127,03
Cash and cash equivalents	2.620.491,92	1.045.170,13
Total	11.913.380,98	8.659.297,16
<u>Breakdown of receivables from customers</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
Balance of receivables from customers	6.914.035,56	5.219.433,36
Provisions formed	-637.303,93	-637.303,93
Fair value of trade receivables	6.276.731,63	4.582.129,43

At the end of the period Company management decided that there is no substantive credit risk which is not covered by insurance or a provision for bad debt.

In order to safeguard against credit risk for the Company's cash assets, in addition to using insurance coverage the Company also allocates cash deposits to various banks in order to reduce overall risk exposure on this ground. Moreover, the Company only collaborates with financial institutions that have a high credit rating.

b) Liquidity risk

The Company manages its liquidity needs by monitoring monies collected and by also monitoring the payments made daily. Liquidity needs are monitored on a weekly basis. Liquidity needs for a 6-month or 1 year period are adjusted every month.

The Company keeps cash on hand to cover its liquidity needs for a period of up to 30 days. In periods when liquidity may not be adequate, the Company can finance its liquidity needs via bank loans from approved credit facilities it has with banks.

Company liabilities on 31.12.2013 and 31.12.2012 were as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Liabilities to suppliers	3.827.448,77	2.547.205,31
Tax and duties payable	86.364,65	115.116,70
Short term loans	1.016.204,45	0,00
Other short-term liabilities	<u>4.356.918,40</u>	<u>3.229.552,23</u>
Total	9.286.936,27	5.891.874,24

Since liabilities fall due within 1 to 6 months the Company can cover these by collecting monies owed as trade receivables or by using the credit facilities it has approved with banks.

c) Risk in fluctuation of the price of direct raw materials

The Company is exposed to the risk of changes in the price of direct raw materials. Risk management here primarily relates to imports from abroad. Risk management here primarily relates to imports of hardware from abroad. The risk of fluctuations in prices is low due to the rapid turnaround time of materials in this category.

d) Interest rate risk

The Company does not have bank loans, and the financial cost shown in the financial statements relates to the cost of factoring, the cost of guarantee letters and other bank charges. Consequently, any increase in interest rates would have a negligible impact on Company results. The table below shows the changes in EBT and Company equity from possible changes in interest rates while holding all other variables the same:

(Amounts in thousands €)	Currency	Interest rate change	Effect on EBT
Amounts on 31.12.2013	EUR	1%	42
		-1%	-42
Amounts on 31.12.2012	EUR	1%	23
		-1%	-23

e) *FX risk*

Given that the Company procures direct raw materials from third countries it is exposed to FX risk from changes in the USD exchange rate. The Company has not loans in a foreign currency and consequently it is not exposed to FX risk on this ground. The table below shows the changes in EBT and equity from possible changes in FX prices, taking into account liabilities in foreign currency on 30.6.2012 and 31.12.2011 since they do not differ particularly from the average for the year:

(Amounts in thousands €)	Currency	% change in FX price compared to €	Effect on EBT
Amounts on 31.12.2013	USD	5%	139
		-5%	-139
Amounts on 31.12.2012	USD	5%	57
		-5%	-57

f) *Other operating risks*

Company management has put in place a reliable internal audit system to identify problems and exceptions in the context of its commercial operations. Insurance coverage for assets and other risks is sufficient.

9. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

FINANCIAL CALENDAR 2014 (13.03.2014)

MLS Multimedia S.A., in accordance to Article 4.1.4.3.1 of the ATHEX Regulation announces the following 2013 Financial Calendar:

Wednesday March 26, 2014 (before the start of trade session): Announcement, Publication and Press Release of the Fiscal Year 2013 Financial Results.

Friday May 02, 2014: Annual briefing of Analysts regarding the Annual 2013 Financial results of the company.

Monday June 30, 2014: Annual Ordinary General Meeting of the shareholders.

No dividend will be distributed for the fiscal year 2013.

MLS MULTIMEDIA S.A.- DECISIONS OF THE GENERAL MEETING (17.01.2014)

The Extraordinary General Meeting of the shareholders of MLS Multimedia S.A. was held on 17.01.2014, which was attended by 15 shareholders in person or by proxy, representing the

51,7% of the Company's share capital (i.e. 6.419.380 shares of the total number of 12.417.000 shares) and unanimously decided:

1. The transfer of the amount of 1.875.866€ from the retained earnings to extraordinary reserve to secure the liability coverage of the 53,24% of the company's own participation under Action NSRF OP "Digital Convergence" Society of Information SA: "Strengthening Business for investment projects of development, providing innovative products and value added services (ICT4GROWTH)», according to the protocol number 15421/21-11-2013 Case IS SA and commitment to the non-distribution of the afore-mentioned reserve in the next five years from the completion and the beginning of the production phase of the investment.
2. The transfer of the amount of 928.125€ from the retained earnings to extraordinary reserve to secure the liability coverage of the 50% of the company's own participation under the Incentives Investment Law 3299/2004 and according to protocol number 7409/ΔBE1108 - 22/06/2011 approval affiliation decision of the Deputy Minister of Development, Competitiveness and Shipping and commitment to the non-distribution of the afore-mentioned reserve in the next five years from the completion of the investment.
Moreover, the Board of Directors, pursuant to article 18 paragraph 7 of Codified Law 2190/1920 informed the General Meeting that Christos Antoniadis replace Pantelis Ataroglou, following the latter's resignation from the Board of Directors. Christos Antoniadis appointed as an independent member of the Board.

MLS Multimedia: "Silk communication " with the MLS iQTalk Silk ® (13.01.2014)

MLS Multimedia SA announces the release of its new smartphone MLS iQTalk Silk®.

The MLS iQTalk Silk ®, which supports HD Voice for calls with impressively clear sound, is available at OTE , COSMOTE, Germanos stores, as well at an extensive network of commercial representatives. The suggested retail selling price MLS iQTalk Silk® is 139,90 € including VAT and is available on better prices at the COSMOTE UNLIMITED programs.

In addition, the MLSiQTalk Silk® is completely safe as it unlocks only with your own voice! With the new Talk&Lock ® your voice is your password. You may save any security voice command (eg Open sesame) and MLS iQTalk Silk ® unlocks only with your own tone!

"The MLS iQTalk Silk® offers premium performance , exciting new technologies , unique autonomy and safety at a great price ," says President and CEO of MLS (Making Life Simple) John Kamatakis .

There are no other events occurring in the period between the date of the financial statements and the date on which the Company's Board of Directors approved the financial statements which need to be disclosed.

Thessaloniki, March 21st 2014

THE CHAIRMAN OF THE BOARD &
MANAGING DIRECTOR

IOANNIS N. KAMATAKIS
ID Card No. AB 706653

THE VICE-CHAIRMAN OF THE BOARD

PARASKEVI D. ZACHARIADOU
ID Card No. AB 706623

CHIEF FINANCIAL OFFICER

KONSTANTINOS V. PAPADOPOULOS
ID Card No. AZ 169490

8. INFORMATION ACCORDING LAW 3401/2005 ARTICLE 10

News Release

10/01/2013	MLS Multimedia: Creation of a new mobile phone	http://www.mls.gr/default.asp?pid=46&la=1&nw=735
16/01/2013	MLS Multimedia SA: New mobile phone MLS iQTalk Crystal with Talk&SMS	http://www.mls.gr/default.asp?pid=46&la=1&nw=738
04/02/2013	MLS enters Jordanian market	http://www.mls.gr/default.asp?pid=46&la=1&nw=744
28/03/2013	MLS Multimedia: Financial results for the year 2012	http://www.mls.gr/default.asp?pid=46&la=1&nw=758
08/05/2013	MLS Multimedia: Interactive Boards by MLS Multimedia for the Greek Schools	http://www.mls.gr/default.asp?pid=46&la=1&nw=772
15/05/2013	MLS Multimedia : 31% profit after taxes in the first quarter	http://www.mls.gr/default.asp?pid=46&la=1&nw=774
22/05/2013	2.5% of MLS to an investment company from Qatar	http://www.mls.gr/default.asp?pid=46&la=1&nw=776
19/06/2013	MLS enters the tablet market	http://www.mls.gr/default.asp?pid=46&la=1&nw=781
26/06/2013	MLS Multimedia : Enters Nigerian navigation market	http://www.mls.gr/default.asp?pid=46&la=1&nw=786
04/07/2013	MLS releases new mobile phone MLS iQTalk King™	http://www.mls.gr/default.asp?pid=46&la=1&nw=789
10/07/2013	MLS Multimedia: Presentation and launch of its first Tablet with Talk & Post® and Talk & Email®	http://www.mls.gr/default.asp?pid=46&la=1&nw=791
18/07/2013	MLS Multimedia: Release of its first 3G tablet	http://www.mls.gr/default.asp?pid=46&la=1&nw=795
06/08/2013	MLS Multimedia: Launches its first full aluminum tablet	http://www.mls.gr/default.asp?pid=46&la=1&nw=798
27/08/2013		http://www.mls.gr/default.asp?pid=46&la=1&nw=800
26/09/2013	MLS Multimedia: Automatic update of MLS features through the MLS Updater application	http://www.mls.gr/default.asp?pid=46&la=1&nw=806
16/10/2013	MLS Multimedia: Key sponsor of the 2nd International Night Half Marathon of Thessaloniki	http://www.mls.gr/default.asp?pid=46&la=1&nw=813
14/11/2013	MLS Multimedia: Launch of the new mobile phone MLS iQTalk crystal max®	http://www.mls.gr/default.asp?pid=46&la=1&nw=814
26/11/2013		http://www.mls.gr/default.asp?pid=46&la=1&nw=819

Announcements

02/01/2013	Buyback Treasury Shares	http://www.mls.gr/default.asp?pid=47&la=1&nw=732
04/01/2013	Buyback Treasury Shares	http://www.mls.gr/default.asp?pid=47&la=1&nw=733
29/01/2013	New Synthesis of the Board of Directors	http://www.mls.gr/default.asp?pid=47&la=1&nw=742
04/02/2013	Announcements of the General Meeting	http://www.mls.gr/default.asp?pid=47&la=1&nw=745
19/02/2013	sale of treasury shares	http://www.mls.gr/default.asp?pid=47&la=1&nw=747
22/02/2013	sale of treasury shares	http://www.mls.gr/default.asp?pid=47&la=1&nw=751
19/03/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=756
28/03/2014	Announcement dated 27.03.2013	http://www.mls.gr/default.asp?pid=47&la=1&nw=757
27/05/2014	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=779
28/06/2014	Announcements of the General Meeting	http://www.mls.gr/default.asp?pid=47&la=1&nw=787
12/07/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=793
17/07/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=794
26/07/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=797
19/09/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=804
24/09/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=805
30/09/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=808
01/10/2013	announcement for tax results	http://www.mls.gr/default.asp?pid=47&la=1&nw=809
07/10/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=811
10/10/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=812
22/11/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=816
25/11/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=817
26/11/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=818
27/11/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=820
28/11/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=823
28/11/2013	Announcement	http://www.mls.gr/default.asp?pid=47&la=1&nw=822
29/11/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=824
04/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=825
11/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=826
20/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=829
20/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=828
20/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=827
23/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=830
27/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=831
30/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=833
30/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=832
31/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=839
31/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=838
31/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=837
31/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=836
31/12/2013	Announcement of regulated information according to Law 3556/2007	http://www.mls.gr/default.asp?pid=47&la=1&nw=835