KERVERUS HOLDING IT (CY) PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2015

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	M.Flett Financial Consultants Ltd Christos Kaliptsidis Maria Christodoulou
Company Secretary:	M.Flett Financial Consultants Ltd
Independent Auditors:	L.Gnaftis & Co. Ltd Certified Public Accountants Anexartisias & Athinon Nora Court, 2nd floor, Office 203 3040 Limassol Cyprus
Registered office:	Anexartisias & Athinon, Nora Court, 2nd floor Limassol 3040 Cyprus
Banker:	USB Bank Plc
Registration number:	HE220870

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for theyear ended 31 December 2015.

Principal activity
The principal activity of the Group, which is unchanged from last year, is the development of application software and the sale of use of this software through internet.

The Group expands its operations in the United States of America (USA) and in the light of this, the Group incorporated an associate company (Miipharos Inc.) in California, USA, since 2014. The associate company remained dormant throughout the year 2015, because negotiations with potential commercial partners in USA were not yet completed.

Review of current position, future developments and significant risks
The Group's development to date, financial results and position as presented in the financial statements are not yet considered satisfactory and the Board of Directors is making an effort in order the Group's operations to return to profitability in the following year.

Additional details that relate to the operating environment of the Group as well as other risks and uncertainties are described in notes 3 and 18 of the consolidated financial statements.

Results
The Group's results for the year are set out on page 7.

Dividends
The Board of Directors does not recommend the payment of a dividend.

Share capital
There were no changes in the share capital of the Company during the year under review.

On 20 June 2014 the authorized share capital of the Company was increased to 2.910.000 ordinary shares of €1 each, thereby it was increased by 1.100.000 new ordinary shares of €1 each.

The issued share capital of the company is € 1.810.000, being divided into 18.100.000 ordinary shares of € 0,10 each.

Implementation and compliance to the Code of Corporate Governance
As a company listed on the New Market of the Cyprus Stock Exchange (CSE), KERVERUS HOLDING IT (CY) PLC has not yet adopted CSE's Corporate Governance Code because it is not required by the New Market of the Cyprus Stock Exchange (CSE).

Board of Directors
The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2015.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration status of the Board of Directors.

Independent Auditors
The Independent Auditors, L.Gnaftis & Co. Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

M.Flett Financial Consultants Ltd
Secretary

Limassol, 28 March 2016

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated consolidated financial statements of KERVERUS HOLDING IT (CY) PLC (the "Company") for the year ended 31 December 2015, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 7 to 23:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

b) The Board of Directors' report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with ɑ description of the main risks and uncertainties which they face.

Members of the Board of Directors:

M.Flett Financial Consultants Ltd

Christos Kaliptsidis

Maria Christodoulou

Responsible for drafting the financial statements

M. Flett Financial Consultants Ltd (Financial Manager)

Limassol, 28 March 2016

Independent auditor's report

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on the consolidated financial statements

We have audited the consolidated financial statements of KERVERUS HOLDING IT (CY) PLC (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 7 to 23 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, 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 and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Lambros Gnaftis, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of
L.Gnaftis & Co. Ltd
Certified Public Accountants

Limassol, 28 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	**2015** €	2014 €
Revenue	5	**43,090**	56,006
Cost of sales		**(20,021)**	(3,150)
Gross profit		**23,069**	52,856
Other income	6	**137**	131
Selling and distribution expenses		**(195)**	(2,010)
Administration expenses		**(49,074)**	(41,568)
Other expenses	7	**(6,405)**	(24,503)
Operating loss		**(32,468)**	(15,094)
Finance costs	9	**(704)**	(722)
Loss before tax		**(33,172)**	(15,816)
Tax	10	**(41)**	(540)
Net loss for the year		**(33,213)**	(16,356)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(33,213)**	(16,356)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Intangible assets	12	**1,661,000**	1,661,000
Investments in associates	13	**2,018**	140
		1,663,018	1,661,140
Current assets			
Trade and other receivables	14	**193,004**	193,736
Refundable taxes	17	**1,697**	1,196
Cash at bank and in hand		**26,217**	56,076
		220,918	251,008
Total assets		**1,883,936**	1,912,148
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,810,000**	1,810,000
Retained earnings		**59,328**	92,541
Total equity		**1,869,328**	1,902,541
Current liabilities			
Trade and other payables	16	**7,692**	2,957
Directors' current accounts - credit balances	19	**6,916**	6,650
		14,608	9,607
Total equity and liabilities		**1,883,936**	1,912,148

On 28 March 2016 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these consolidated financial statements for issue.

....	....
M.Flett Financial Consultants Ltd	Christos Kaliptsidis
Director	Director

The notes on pages 11 to 23 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2014		**1,810,000**	**126,997**	**1,936,997**
Comprehensive income				
Net loss for the year		-	(16,356)	(16,356)
Transactions with owners				
Dividends	11	-	(18,100)	(18,100)
Balance at 31 December 2014/ 1 January 2015		**1,810,000**	**92,541**	**1,902,541**
Comprehensive income				
Net loss for the year		-	(33,213)	(33,213)
Balance at 31 December 2015		**1,810,000**	**59,328**	**1,869,328**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2015

	Note	**2015** **€**	2014 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(33,172)**	(15,816)
Adjustments for:			
Interest income	6	**(137)**	(131)
Interest expense	9	**15**	-
		(33,294)	(15,947)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**732**	(2,569)
Increase in directors' current accounts		**266**	1,023
Increase/(Decrease) in trade and other payables		**4,735**	(843)
Cash used in operations		**(27,561)**	(18,336)
Tax paid		**(542)**	(1,456)
Net cash used in operating activities		**(28,103)**	(19,792)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in associated undertakings	13	**(1,878)**	(140)
Interest received		**137**	131
Net cash used in investing activities		**(1,741)**	(9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(15)**	-
Dividends paid		**-**	(18,100)
Net cash used in financing activities		**(15)**	(18,100)
Net decreasein cash and cash equivalents		**(29,859)**	(37,901)
Cash and cash equivalents at beginning of the year		**56,076**	93,977
Cash and cash equivalents at end of the year		**26,217**	56,076

1. Incorporation and principal activities

Country of incorporation

The Company KERVERUS HOLDING IT (CY) PLC (the "Company") was incorporated in Cyprus on 29 January 2008as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Anexartisias & Athinon, Nora Court, 2nd floor, Limassol, 3040, Cyprus.

Principal activity

The principal activity of the Group, which is unchanged from last year, is the development of application software and the sale of use of this software through internet.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC and the financial statements of its ubsidiary, KERVERUS IT (CY) LTD.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

2. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. Accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. Accounting policies (continued)

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2. Accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

2. Accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors
The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

3.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

3.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Critical accounting estimates and judgements (continued)

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

  The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in associates**

  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

5. Revenue

	2015	2014
	€	€
Rendering of services	**43,090**	56,006
	43,090	56,006

6. Other income

	2015	2014
	€	€
Interest income	**137**	131
	137	131

Interest income is analysed as follows:

	2015	2014
	€	€
Bank deposits	**137**	131
	137	131

7. Other expenses

	2015	2014
	€	€
Capital issue costs	**-**	7,260
Research and development expenses	**6,405**	17,243
	6,405	24,503

8. Expenses by nature

	2015	2014
	€	€
Changes in inventories of finished goods and work in progress	**20,021**	3,150
Auditors' remuneration	**1,600**	1,900
Research and development expenses	**6,405**	17,243
Other expenses	**47,669**	48,938
Total expenses	**75,695**	71,231

9. Finance costs

	2015	2014
	€	€
Net foreign exchange transaction losses	**-**	167
Interest expense	**15**	-
Sundry finance expenses	**689**	555
	704	722

10. Tax

	2015	2014
	€	€
Corporation tax - current year	**-**	501
Defence contribution - current year	**41**	39
Charge for the year	**41**	540

10. Tax (continued)

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2015	2014
	€	€
Loss before tax	**(33,172)**	(15,816)
Tax calculated at the applicable tax rates	**(4,147)**	(1,977)
Tax effect of allowances and income not subject to tax	**73**	2,478
Tax effect of tax loss for the year	**4,074**	-
Defence contribution current year	**41**	39
Tax charge	**41**	540

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

11. Dividends

	2015	2014
	€	€
Final dividend paid	**-**	18,100
	-	18,100

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus.

12. Intangible assets

	Goodwill
	€
Cost	
Balance at 1 January 2014	1,661,000
Balance at 31 December 2014/ 1 January 2015	**1,661,000**
Balance at 31 December 2015	**1,661,000**
Net book amount	
Balance at 31 December 2015	**1,661,000**
Balance at 31 December 2014	**1,661,000**

Goodwill represents the premium paid to acquire the Company KERVERUS IT (CY) LTD and is measured at cost less any accumulated impairment losses.

13. Investments in associates

	2015	2014
	€	€
Balance at 1 January	**140**	-
Additions	**1,878**	140
Balance at 31 December	**2,018**	140

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2015 €	2014 €
Miipharos Inc.	California, United States of America	Representation and promotion of software applications, specifically of the new, innovative application product 'Miipharos'	34	**2,018**	140
				2,018	140

14. Trade and other receivables

	2015	2014
	€	€
Trade receivables	**167,046**	186,652
Deposits and prepayments	**20,000**	2,375
Refundable VAT	**5,958**	4,709
	193,004	193,736

The Group does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the consolidated financial statements.

15. Share capital

	2015	**2015**	2014	2014
	Number of shares	**€**	Number of shares	€
Authorised				
Ordinary shares of €1 each	**2,910,000**	**2,910,000**	1,810,000	1,810,000
	-	**-**	1,100,000	1,100,000
	2,910,000	**2,910,000**	2,910,000	2,910,000
Issued and fully paid				
Balance at 1 January	**18,100,000**	**1,810,000**	18,100,000	1,810,000
Balance at 31 December	**18,100,000**	**1,810,000**	18,100,000	1,810,000

On 20 June 2014 the authorized share capital of the Company was increased to 2.910.000 ordinary shares of €1 each, thereby it was increased by 1.100.000 new ordinary shares of €1 each.

The issued share capital of the company is € 1.810.000, being divided into 18.100.000 ordinary shares of € 0,10 each.

16. Trade and other payables

	2015	2014
	€	€
Accruals	**7,692**	2,957
	7,692	2,957

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

17. Refundable taxes

	2015	2014
	€	€
Corporation tax	**(1,697)**	(1,196)
	(1,697)	(1,196)

18. Recent volatility in global financial markets

The on-going global liquidity crisis which commenced in the middle of 2007 and is still continuing, resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Such circumstances could affect the ability of the Group to obtain borrowings or re-finance its existing operations at terms and conditions similar to those applied to earlier transactions. Indeed the full extent of the impact of the on-going financial crisis is proving to be impossible to anticipate or completely guard against.

The debtors or borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their amounts owed. Deteriorating operating conditions for debtors or borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

18. Recent volatility in global financial markets (continued)

To the extent that information is available, Management has reflected revised estimates of expected future cash flows in its impairment assessments. Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' current accounts - credit balances

	2015	2014
	€	€
Christos Kaliptsidis	**6,916**	6,650
	6,916	6,650

The directors' current accounts are interest free, and have no specified repayment date.

20. Participation of directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2015 and 23 March 2016 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2015	**23 March 2016**
	%	**%**
Christos Kaliptsidis	65	65

21. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2015 and 23 March 2016 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2015	**23 March 2016**
	%	**%**
Polytimi Roidi	13	13
VIDAVO HEALTH TELEMATICS A.E.	6	6

22. Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its management.

23. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2015.

24. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Independent auditor's report on pages 5 and 6

DETAILED INCOME STATEMENT
Year ended 31 December 2015

	Page	2015 €	2014 €
Revenue			
Rendering of services		**43,090**	56,006
Cost of sales	25	**(20,021)**	(3,150)
Gross profit		**23,069**	52,856
Bank interest		**137**	131
		23,206	52,987
Operating expenses			
Administration expenses	26	**(49,074)**	(41,568)
Selling and distribution expenses	26	**(195)**	(2,010)
		(26,063)	9,409
Other operating expenses			
Capital issue costs		**-**	(7,260)
Research and development expenses		**(6,405)**	(17,243)
Operating loss		**(32,468)**	(15,094)
Finance costs	27	**(704)**	(722)
Net loss for the year before tax		**(33,172)**	(15,816)

COST OF SALES
Year ended 31 December 2015

	2015	2014
	€	€
Cost of sales		
Purchases	**20,021**	3,150
	20,021	3,150

ADMINISTRATIVE EXPENSES
Year ended 31 December 2015

	2015 €	2014 €
Administration expenses		
Licenses and taxes	**3,277**	-
Annual levy	**700**	700
Sundry expenses	**418**	116
Telephone and postage	**1,866**	559
Courier expenses	**385**	753
Stationery and printing	**4**	-
Subscriptions and contributions	**462**	2,589
Newspapers and publications	**1,253**	5,521
Computer software	**2,627**	1,832
Auditors' remuneration	**1,600**	1,900
Legal fees	**400**	364
Other professional fees	**21,610**	18,237
Overseas travelling	**355**	2,750
Cyprus Stock Exchange expenses	**4,533**	5,647
Fair expenses	**2,950**	-
Marketing costs	**6,634**	600
	49,074	41,568

	2015 €	2014 €
Selling and distribution expenses		
Advertising	**171**	2,010
Entertaining	**24**	-
	195	2,010

FINANCE COSTS
Year ended 31 December 2015

	2015 €	2014 €
Finance costs		
Interest expense		
Interest on taxes	**15**	-
Sundry finance expenses		
Bank charges	**689**	555
Net foreign exchange transaction losses		
Realised foreign exchange loss	**-**	167
	704	722