KERVERUS HOLDING IT (CY) PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2012

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	M.Flett Financial Consultants Ltd Maria Christodoulou Appointed 26/04/2013 Christos Kaliptsides Politimi Roide Resigned on 26/04/2013
Company Secretary:	M.Flett Financial Consultants Ltd
Independent Auditors:	L. Gnaftis & Co. Ltd Certified Public Accountants Anexartisias & Athinon Nora Court, 2nd floor 3040 Limassol Cyprus
Registered office:	Anexartisias & Athinon, Nora Court, 2nd floor Limassol 3040 Cyprus
Registration number:	HE220870

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of KERVERUS HOLDING IT (CY) PLC and its subsidiaries (the Group) for the year ended 31 December 2012.

Principal activity
The principal activity of the Group is the development and sales of Software.

Change of Company name

On 09 April 2012, the Company changed its name from LOULISE TRADING LTD to KERVERUS HOLDING IT (CY) PLC.

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 considered satisfactory.

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends
The Group's results for the year are set out on page 7. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
Authorised capital
On 08 April 2012 the authorised share capital of the Company was increased by 1.709.000 shares of EUR 1 each. On 05 June 2012 it was increased by further 100.000 shares of EUR 1 each.
Issued capital
On 08 April issued share capital was increased by 1.709.000 ordinary shares of €1 each at par. On 05 June it was increased by further 100.000 shares of €1 each at par.

Implementation and compliance to the Code of Corporate Governance

As a company listed on the Cyprus Stock Exchange (CSE), KERVERUS HOLDING IT (CY) PLC has not yet adopted CSE's Corporate Governance Code and has not yet applied its principles as it is not compalsory by the CSE rules. However, it is planning to do so in near future.

Board of Directors
The members of the Group's Board of Directors as at 31 December 2012 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 2012.

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 of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 22 to the financial statements.

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, 29 April 2013

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES

By order of the Board of Directors,

M.Flett Financial Consultants Ltd
Director

Limassol, 29 April 2013

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 21 which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of 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.

Independent auditor's report (continued)

To the Members of KERVERUS HOLDING IT (CY) PLC

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 2012, 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.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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.
- 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 Law of 2009 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
Certified Public Accountant and Registered Auditor
for and on behalf of
L. Gnaftis & Co. Ltd
Certified Public Accountants

Limassol, 29 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	Note	**2012** €	2011 €
Revenue	5	**150.460**	-
Other income	6	**122**	-
Selling and distribution expenses		**(2.921)**	-
Administration expenses		**(70.831)**	-
Other expenses	7	**(5.750)**	-
Operating profit		**70.507**	-
Finance costs	9	**(481)**	-
Profit before tax		**70.026**	-
Tax	10	**(3.437)**	-
Net profit for the year		**66.589**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**66.589**	-

The notes on pages 11 to 21 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2012

	Note	2012 €	2011 €
ASSETS			
Non-current assets			
Intangible assets	11	**1.661.000**	-
		1.661.000	-
Current assets			
Trade and other receivables	12	**155.355**	-
Cash at bank and in hand		**97.703**	-
		253.058	-
Total assets		**1.914.058**	-
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**1.810.000**	1.000
Retained earnings /(accumulated losses)		**65.589**	(1.000)
Total equity		**1.875.589**	-
Current liabilities			
Trade and other payables	14	**35.051**	-
Current tax liabilities	15	**3.418**	-
		38.469	-
Total equity and liabilities		**1.914.058**	-

On 29 April 2013 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these consolidated financial statements for issue.

....	....
M.Flett Financial Consultants Ltd	Maria Christodoulou
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	Note	Share capital €	Retained earnings/(accumulated losses) €	Total €
Total comprehensive income for the year		-	-	-
Balance at 31 December 2011/ 1 January 2012		**1.000**	**(1.000)**	**-**
Comprehensive income				
Net profit for the year		-	66.589	66.589
Transactions with owners				
Issue of share capital	13	1.809.000	-	1.809.000
Balance at 31 December 2012		**1.810.000**	**65.589**	**1.875.589**

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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) 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 2012

	Note	2012 €	2011 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**70.026**	-
Adjustments for:			
Interest income	6	**(122)**	-
Cash flows from operations before working capital changes		**69.904**	-
Increase in trade and other receivables		**(155.355)**	-
Increase in trade and other payables		**35.051**	-
Cash flows used in operations		**(50.400)**	-
Tax paid		**(19)**	-
Net cash flows used in operating activities		**(50.419)**	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	11	**(1.661.000)**	-
Interest received		**122**	-
Net cash flows used in investing activities		**(1.660.878)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**1.809.000**	-
Net cash flows from financing activities		**1.809.000**	-
Net increase in cash and cash equivalents		**97.703**	-
Cash and cash equivalents:			
At beginning of the year		**-**	1.000
At end of the year		**97.703**	1.000

The notes on pages 11 to 21 form an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company KERVERUS HOLDING IT (CY) PLC (the "Company") was incorporated in Cyprus on 29/01/2008 under the Cyprus Companies Law, Cap. 113. Its registered office is at Anexartisias & Athinon, Nora Court, 2nd floor, Limassol, 3040, Cyprus.

Change of Company name

On 09 April 2012, the Company changed its name from LOULISE TRADING LTD to KERVERUS HOLDING IT (CY) PLC.

Principal activity

The principal activity of the Group is the development and sales of Software.

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

The 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. The 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 2012. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these 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 Group consolidated financial statements comprise the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC and the financial statements of the following subsidiaries, 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.

Business combinations

2. Accounting policies (continued)

Business combinations (continued)
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.

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.

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) <u>Functional and presentation currency</u>
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) <u>Transactions and balances</u>
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.

2. Accounting policies (continued)

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.

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.

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).

2. Accounting policies (continued)

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.

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. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

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.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2012	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Payables to related parties	17.663	-	-	-	-	-
	17.663	**-**	**-**	**-**	**-**	**-**

31 December 2011	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
	-	**-**	**-**	**-**	**-**	**-**

3. Financial risk management (continued)

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 Group'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 judgments

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

The 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 intangible asset**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

4. Critical accounting estimates and judgments (continued)

- **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

	2012 €	2011 €
Rendering of services	150.460	-
	150.460	-

6. Other income

	2012 €	2011 €
Interest income	122	-
	122	-

7. Other expenses

	2012 €	2011 €
Formation Expenses	5.750	-
	5.750	-

8. Expenses by nature

	2012 €	2011 €
Changes in inventories of finished goods and work in progress	573	-
Auditors' remuneration	3.800	-
Other expenses	75.702	-
Total expenses	80.075	-

9. Finance costs

	2012 €	2011 €
Net foreign exchange transaction losses	30	-
Sundry finance expenses	451	-
	481	-

10. Tax

	2012	2011
	€	€
Corporation tax - current year	3.167	-
Defence contribution - current year	270	-
Charge for the year	**3.437**	-

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

	2012	2011
	€	€
Profit before tax	70.026	-
Tax calculated at the applicable tax rates	7.003	-
Tax effect of allowances and income not subject to tax	(3.836)	-
Defence contribution current year	270	-
Tax charge	**3.437**	-

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). 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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011).

11. Intangible assets

	Goodwill
	€
Cost	
Additions	1.661.000
Balance at 31 December 2012	**1.661.000**
Net book amount	
Balance at 31 December 2012	**1.661.000**

Η εμπορική εύνοια αντιπροσωπεύει την υπεραξία που πληρώθηκε για την εξαγορά της εταιρείας KERVERUS IT (CY) LTD και επιμετράται στο κόστος μειωμένο με οποιεσδήποτε συσσωρευμένες ζημιές απομείωσης.

12. Trade and other receivables

	2012	2011
	€	€
Trade receivables	139.700	-
Deposits and prepayments	3.000	-
Other receivables	12.655	-
	155.355	-

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.

12. Trade and other receivables (continued)

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 financial statements.

13. Share capital

	2012 Number of shares	2012 €	2011 Number of shares	2011 €
Authorised				
Συνήθεις μετοχές του €1 η καθεμιά	**1.810.000**	**1.810.000**	1.000	1.000
Issued and fully paid				
Balance at 1 January	**1.000**	**1.000**	1.000	1.000
Issue of shares	**1.809.000**	**1.809.000**	-	-
Balance at 31 December	**1.810.000**	**1.810.000**	1.000	1.000

Authorised capital
On 08 April 2012 the authorised share capital of the Company was increased by 1.709.000 shares of EUR 1 each. On 05 June 2012 it was increased by further 100.000 shares of EUR 1 each.

Issued capital
On 08 April issued share capital was increased by 1.709.000 ordinary shares of €1 each at par. On 05 June it was increased by further 100.000 shares of €1 each at par.

14. Trade and other payables

	2012 €	2011 €
VAT	**15.388**	-
Directors' current accounts - credit balances (Note 16)	**17.663**	-
Accruals	**2.000**	-
	35.051	-

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

15. Current tax liabilities

	2012 €	2011 €
Corporation tax	**3.167**	-
Special contribution for defence	**251**	-
	3.418	-

16. Related party transactions

The following transactions were carried out with related parties:

16.1 Directors' current accounts - credit balances (Note 14)

	2012	2011
	€	€
Chris Kaliptsides	**17.663**	-
	17.663	-

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

17. 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, their spouses and their minor children, as at 31 December 2012 and 27 Μαίου 2013 (30 days before the date of notice for convening the Annual General Meeting) were as follows:

	31 December 2012	**27 Μαίου 2013**
	%	**%**
Chris Kaliptsides	65	65

18. Shareholders holding more than 5% of share capital

The shareholders holding more than 5% of the share capital of the Company as at 31 December 2012 and 27 Μαίου 2013 (30 days before the date of notice for convening the Annual General Meeting) was:

	31 December 2012	**27 Μαίου 2013**
	%	**%**
Politimi Roide	18	18
VIDAVO HEALTH TELEMATICS A.E.	6	6

19. Significant agreements with management

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

20. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2012.

21. Commitments

The Group had no capital or other commitments as at 31 December 2012.

22. Events after the reporting period

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

DETAILED INCOME STATEMENT
Year ended 31 December 2012

	Page	**2012** **€**	2011 €
Revenue			
Rendering of services		**150.460**	-
Cost of sales	23	**(573)**	-
Gross profit		**149.887**	-
Bank interest		**122**	-
		150.009	-
Operating expenses			
Administration expenses	24	**(70.831)**	-
Selling and distribution expenses	24	**(2.921)**	-
		76.257	-
Other operating expenses			
Formation Expenses		**(5.750)**	-
Operating profit		**70.507**	-
Finance costs	25	**(481)**	-
Net profit for the year before tax		**70.026**	-

COST OF SALES
Year ended 31 December 2012

	2012	2011
	€	€
Cost of sales		
Purchases	**573**	-
	573	-

OPERATING EXPENSES
Year ended 31 December 2012

	2012	2011
	€	€
Administration expenses		
Licenses and taxes	**700**	-
Telephone and postage	**160**	-
Newspapers and publications	**249**	-
Computer software	**36**	-
Auditors' remuneration	**3.800**	-
Other professional fees	**61.353**	-
CSE expenses	**1.933**	-
Fair expenses	**2.600**	-
	70.831	-

	2012	2011
	€	€
Selling and distribution expenses		
Overseas travelling	**2.921**	-
	2.921	-

FINANCE COSTS
Year ended 31 December 2012

	2012	2011
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	**451**	-
Net foreign exchange transaction losses		
Realised exchange loss	**30**	-
	481	-

KERVERUS HOLDING IT (CY) PLC

Minutes of the Shareholders Annual General Meeting held at the Company's registered office on 29 April 2013.

Present:

M.Flett Financial Consultants Ltd	Director, owner of 0 shares
Maria Christodoulou	Director, owner of 0 shares
Christos Kaliptsides	Director, owner of 1.172.162 shares

Agenda:
(a) Review and approval of the financial statements of the Company for the year ended 31 December 2012.
(b) Reappointment of Independent Auditors.

Chairman:
Mr Christos Kaliptsides was appointed chairman of the meeting.

Notice:
As all the members being entitled to attend and vote at the Annual General Meeting of the Company are present it was decided that no notice needs to be given for the present Meeting.

Presentation of financial statements:
The financial statements of the Group, the Directors' report and Independent Auditors' report thereon for the year ended 31 December 2012 were presented to the meeting.

Approval of financial statements:
It was resolved that the financial statements and Directors report be approved.

Reappointment of Independent Auditors:
Messrs L. Gnaftis & Co. Ltd were reappointed unanimously Independent Auditors of the Group for next year and it was resolved that the board of directors be authorised to and agree with the Auditors for their remuneration in due course.

....
Secretary Chairman