

KERVERUS HOLDING IT (CY) PLC

REPORT AND FINANCIAL STATEMENTS

31 December 2013

KERVERUS HOLDING IT (CY) PLC

REPORT AND FINANCIAL STATEMENTS

31 December 2013

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KERVERUS HOLDING IT (CY) PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

M.Flett Financial Consultants Ltd
Christos Kaliptsidis
Maria Christodoulou Appointed 23/04/2013
Politimi Roidi Resigned 23/04/2013
Theodoros Potiris Resigned 06/09/2012

Company Secretary:

M.Flett Financial Consultants Ltd

Independent Auditors:

L.Gnaftis & Co. Ltd
Certified Public Accountants
Anexartiasias & Athinon
Nora Court, 2nd floor
3040 Limassol
Cyprus

Registered office:

Anexartiasias & Athinon, Nora Court, 2nd floor
Limassol
3040
Cyprus

Banker:

USB Bank Plc

Registration number:

HE220870

KERVERUS HOLDING IT (CY) PLC

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the investment in shares of other companies involved with the development of application software and the sale of this software through internet.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 15 of the financial statements.

Results

The Company's results for the year are set out on page 6.

Dividends

The Board of Directors recommends a dividend of One cent (1 cent) per share from the profits of 2013 amounting to €18.100.

Share capital

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

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. However, the Company recognises the importance of implementing sound corporate governance policies, practices and procedures.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. Mr.Theodoros Potiris and Mrs. Politimi Roidi were resigned on 06/09/2012 and on 23/04/2013 respectively and on 23/04/2013 Mrs. Maria Christodoulou was appointed in their place

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.

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 2014

KERVERUS HOLDING IT (CY) PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 we, the members of the Board of Directors and the Company official responsible for the drafting of the consolidated and the Company's separate financial statements of KERVERUS HOLDING IT (CY) PLC for the year ended 31 December 2013, on the basis of our knowledge, declare that:

(a) The annual financial statements which are presented on pages 6 to 18.

(i) have been prepared in accordance with the applicable International Financial Reporting Standards and the provisions of section (4), and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and the profit or loss of KERVERUS HOLDING IT (CY) PLC 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 position of KERVERUS HOLDING IT (CY) PLC and the entities included in the consolidated financial statements as a whole, together with a 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 2014

Independent auditor's report

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on the financial statements

We have audited the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC (the "Company") on pages 6 to 18 which comprise the statement of financial position as at 31 December 2013, and the 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 financial statements

The Board of Directors is responsible for the preparation of 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 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 of 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 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 financial statements give a true and fair view of the financial position of parent company KERVERUS HOLDING IT (CY) PLC as at 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 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 Company's 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 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 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013.

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

Limassol, 31 March 2014

KERVERUS HOLDING IT (CY) PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Dividends receivable		<u>110.000</u>	107.344
Other income	5	122	96
Administration and other expenses	6	<u>(29.452)</u>	(66.895)
Operating profit	7	80.670	40.545
Finance costs	8	<u>(272)</u>	(235)
Profit before tax		80.398	40.310
Tax	9	<u>(37)</u>	(14)
Net profit for the year		80.361	40.296
Other comprehensive income		-	-
Total comprehensive income for the year		<u>80.361</u>	<u>40.296</u>

The notes on pages 10 to 18 form an integral part of these financial statements.

KERVERUS HOLDING IT (CY) PLC

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Investments in subsidiaries	11	<u>1.700.000</u>	1.700.000
		<u>1.700.000</u>	1.700.000
Current assets			
Receivables	12	4.127	3.206
Receivables from own subsidiaries	16	204.198	123.461
Cash at bank and in hand		<u>29.109</u>	60.398
		<u>237.434</u>	187.065
Total assets		<u>1.937.434</u>	<u>1.887.065</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1.810.000	1.810.000
Retained earnings		<u>119.657</u>	39.296
Total equity		<u>1.929.657</u>	1.849.296
Current liabilities			
Trade and other payables	14	2.150	1.500
Directors' current accounts - credit balances	16	<u>5.627</u>	36.269
		<u>7.777</u>	37.769
Total equity and liabilities		<u>1.937.434</u>	<u>1.887.065</u>

On 28 March 2014 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these financial statements for issue.

.....
M.Flett Financial Consultants Ltd
Director

.....
Christos Kaliptsidis
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

KERVERUS HOLDING IT (CY) PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2012		1.000	(1.000)	-
Comprehensive income				
Net profit for the year		-	40.296	40.296
Transactions with owners				
Issue of share capital	13	1.809.000	-	1.809.000
Balance at 31 December 2012/ 1 January 2013		1.810.000	39.296	1.849.296
Comprehensive income				
Net profit for the year		-	80.361	80.361
Balance at 31 December 2013		1.810.000	119.657	1.929.657

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.

The notes on pages 10 to 18 form an integral part of these financial statements.

KERVERUS HOLDING IT (CY) PLC

CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		80.398	40.310
Adjustments for:			
Dividend income		(110.000)	(107.344)
Interest income	5	(122)	(96)
		(29.724)	(67.130)
Cash flows used in operations before working capital changes		(29.724)	(67.130)
Increase in receivables		(921)	(3.206)
Increase in receivables from own subsidiaries		(80.737)	(123.461)
(Decrease) in directors' current accounts		(30.642)	36.269
Increase in trade and other payables		650	1.500
Cash flows used in operations		(141.374)	(156.028)
Dividends received		110.000	107.344
Tax paid		(37)	(14)
Net cash flows used in operating activities		(31.411)	(48.698)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	11	-	(1.700.000)
Interest received		122	96
Net cash flows from/(used in) investing activities		122	(1.699.904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	1.809.000
Net cash flows from financing activities		-	1.809.000
Net (decrease) /increase in cash and cash equivalents		(31.289)	60.398
Cash and cash equivalents:			
At beginning of the year		60.398	-
At end of the year		29.109	60.398

The notes on pages 10 to 18 form an integral part of these financial statements.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

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

Principal activity

The principal activity of the Company, which is unchanged from last year, is the investment in shares of other companies involved with the development of application software and the sale of this software through internet.

2. Accounting policies

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

Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The 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 financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from Anexartias & Athinon, Nora Court, 2nd floor, Office 203, 3040 Limassol, Cyprus

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group

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 Company'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 Company 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 2013. This adoption did not have a material effect on the accounting policies of the Company.

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 financial statements of the Company.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Subsidiary companies (continued)

an expense in the period in which the impairment is identified.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2013 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

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

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Finance costs

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

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

Proposed dividends are recorded in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

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

Cash and cash equivalents

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

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

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 Company 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 Company 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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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 statement of financial position.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company 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 Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

3. Financial risk management (continued)

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 Company has no significant concentration of credit risk. The Company 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 Company 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 Company 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 Capital risk management

The Company 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 Company'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 Company 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:

- **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 Company 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 subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries 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 subsidiaries 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.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

5. Other income

	2013	2012
	€	€
Interest income	<u>122</u>	<u>96</u>
	<u>122</u>	<u>96</u>

Interest revenue is analysed as follows:

	2013	2012
	€	€
Bank deposits	<u>122</u>	<u>96</u>
	<u>122</u>	<u>96</u>

6. Administration and other expenses

	2013	2012
	€	€
Formation Expenses	-	2.875
Annual levy	350	350
Sundry expenses	45	-
Computer software	46	-
Auditors' remuneration	2.150	2.150
Other professional fees	24.340	59.965
Cyprus Stock Exchange expenses	<u>2.521</u>	<u>1.555</u>
	<u>29.452</u>	<u>66.895</u>

7. Operating profit

	2013	2012
	€	€
Operating profit is stated after charging the following items:		
Auditors' remuneration	2.150	2.150
Formation Expenses	<u>-</u>	<u>2.875</u>

8. Finance costs

	2013	2012
	€	€
Sundry finance expenses	<u>272</u>	<u>235</u>
	<u>272</u>	<u>235</u>

9. Tax

	2013	2012
	€	€
Defence contribution - current year	<u>37</u>	<u>14</u>
Charge for the year	<u>37</u>	<u>14</u>

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

9. Tax (continued)

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

	2013	2012
	€	€
Profit before tax	80.398	40.310
Tax calculated at the applicable tax rates	10.050	4.031
Tax effect of expenses not deductible for tax purposes	43	-
Tax effect of allowances and income not subject to tax	(13.765)	(4.031)
Tax effect of tax loss for the year	3.672	-
Defence contribution current year	37	14
Tax charge	37	14

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). 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.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2013, the balance of tax losses which is available for offset against future taxable profits amounts to €94.629 for which no deferred asset is recognised in the statement of financial position.

10. Dividends

At the Annual General Meeting on 23 April 2014 a dividend in respect of 2013 of One cent (1 cent) per share amounting to a total dividend of €18.100 is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2014.

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. Consequently, the dividends proposed in respect of the year 2013 will be subject to defence contribution amounting to €2.715 at the time the dividend is paid to the shareholders.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

11. Investments in subsidiaries

	2013 €	2012 €
Balance at 1 January	1.700.000	-
Additions	-	1.700.000
Balance at 31 December	1.700.000	1.700.000

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2013 Holding %	2012 Holding %	2013 €	2012 €
KERVERUS IT (CY) LTD	Κύπρος	Development of application software and the sale of use of this software through internet	100	100	1.700.000	1.700.000
					1.700.000	1.700.000

12. Receivables

	2013 €	2012 €
Deposits and prepayments	2.000	2.000
Refundable VAT	2.127	1.206
	4.127	3.206

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

The exposure of the Company 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

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Authorised				
Ordinary shares of €1 each	1.810.000	-	1.000	1.000
	-	-	1.809.000	1.809.000
	1.810.000	-	1.810.000	1.810.000
Issued and fully paid				
Balance at 1 January	1.810.000	1.810.000	1.000	1.000
Issue of shares	-	-	1.809.000	1.809.000
Balance at 31 December	1.810.000	1.810.000	1.810.000	1.810.000

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

14. Trade and other payables

	2013	2012
	€	€
Accruals	<u>2.150</u>	1.500
	<u>2.150</u>	<u>1.500</u>

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

15. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The Company's management has assessed:

- (1) Whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the incurred loss model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

16. Related party transactions

The following transactions were carried out with related parties:

16.1 Receivables from related parties

	2013	2012
<u>Name</u>	€	€
KERVERUS IT(CY) LTD	<u>204.198</u>	123.461
	<u>204.198</u>	<u>123.461</u>

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

16. Related party transactions (continued)

16.2 Directors' current accounts - credit balances

	2013	2012
	€	€
Christos Kalipsidis	<u>5.627</u>	<u>36.269</u>
	<u>5.627</u>	<u>36.269</u>

The directors' 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 2013 and 23 March 2014 (30 days before the date of notice for convening the Annual General Meeting) were as follows:

	31 December 2013	23 Μαρτίου 2014
	%	%
Christos Kalipsidis	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 2013 and 23 March 2014 (30 days before the date of notice for convening the Annual General Meeting) was:

	31 December 2013	23 Μαρτίου 2014
	%	%
Politimi Roidi	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 Company and its management.

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

21. Commitments

The Company had no capital or other commitments as at 31 December 2013.

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.

Independent auditor's report on pages 4 and 5

KERVERUS HOLDING IT (CY) PLC

DETAILED INCOME STATEMENT

Year ended 31 December 2013

	Page	2013 €	2012 €
Revenue			
Dividends receivable		110.000	107.344
Bank interest		122	96
		110.122	107.440
Other operating expenses	20	(29.452)	(64.020)
Formation Expenses		-	(2.875)
		80.670	40.545
Operating profit		80.670	40.545
Finance costs	21	(272)	(235)
		80.398	40.310
Net profit for the year before tax		80.398	40.310

KERVERUS HOLDING IT (CY) PLC

OPERATING EXPENSES

Year ended 31 December 2013

	2013	2012
	€	€
Other operating expenses		
Annual levy	350	350
Sundry expenses	45	-
Computer software	46	-
Auditors' remuneration	2.150	2.150
Other professional fees	24.340	59.965
Cyprus Stock Exchange expenses	2.521	1.555
	<u>29.452</u>	<u>64.020</u>

KERVERUS HOLDING IT (CY) PLC

FINANCE COSTS

Year ended 31 December 2013

	2013 €	2012 €
Finance costs		
Sundry finance expenses		
Bank charges	<u>272</u>	<u>235</u>
	<u>272</u>	<u>235</u>

KERVERUS HOLDING IT (CY) PLC

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2013

	Income €	Rate	Defence € c
INTEREST			
Interest that was subject to deduction at source	<u>122</u>		
	<u>122</u>	30%	36,60
Less: deductions at source			<u>(36,60)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u>-</u>

KERVERUS HOLDING IT (CY) PLC

COMPUTATION OF CORPORATION TAX Year ended 31 December 2013

	Page	€	€
Net profit per income statement	19		80.398
<u>Add:</u>			
Annual levy		<u>350</u>	<u>350</u>
			80.748
<u>Less:</u>			
Dividends received		110.000	
Interest income		<u>122</u>	<u>(110.122)</u>
Net loss for the year			<u>(29.374)</u>
Loss brought forward			<u>(65.255)</u>
Loss carried forward			<u>(94.629)</u>
Calculation of corporation tax	Loss	Rate	Total
	€	%	€ c
Tax at normal rates:			
Net (loss) as above	<u>(94.629)</u>	12,50	-
TAX PAYABLE			<u>-</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset	
		Amount €	Year	Amount €	Year
2008	-	-		-	
2009	-	-		-	
2010	-	-		-	
2011	-	-		-	
2012	(65.255)	-		-	
2013	(29.374)	-		-	

Tax year	Profits/(losses) for the tax year	Gains Offset	
		Amount €	Year
2008	-	-	
2009	-	-	
2010	-	-	
2011	-	-	
2012	(65.255)	-	
2013	(29.374)	-	

Net loss carried forward (94.629)