

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2013

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2013

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KERVERUS IT (CY) LTD

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:

HE220984

KERVERUS IT (CY) LTD

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 development of application software and the sale of use 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 16 of the financial statements.

Results

The Company's results for the year are set out on page 5.

Dividends

Στις 31 Δεκεμβρίου 2013 the Company in General Meeting declared the payment of a final dividend of €110.000 (2012: €107.344).

Share capital

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

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

Independent auditor's report

To the Members of KERVERUS IT (CY) LTD

Report on the financial statements

We have audited the financial statements of KERVERUS IT (CY) LTD (the "Company") on pages 5 to 16 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 KERVERUS IT (CY) LTD 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 IT (CY) LTD

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.

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

Limassol, 31 March 2014

KERVERUS IT (CY) LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Revenue	5	206.780	150.460
Cost of sales		(2.330)	(573)
Gross profit		204.450	149.887
Other income	6	109	26
Selling and distribution expenses		(4.473)	(2.921)
Administration expenses		(110.855)	(6.812)
Other expenses	7	-	(2.875)
Operating profit		89.231	137.305
Finance costs	9	(407)	(246)
Profit before tax		88.824	137.059
Tax	10	2.221	(3.422)
Net profit for the year		91.045	133.637
Other comprehensive income		-	-
Total comprehensive income for the year		91.045	133.637

The notes on pages 9 to 16 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Current assets			
Trade and other receivables	12	187.040	153.355
Directors' current accounts - debit balances	17	-	18.606
Refundable taxes	15	280	-
Cash at bank and in hand		64.866	37.305
		252.186	209.266
Total assets		252.186	209.266
EQUITY AND LIABILITIES			
Equity			
Share capital	13	40.000	40.000
Retained earnings		6.338	25.293
Total equity		46.338	65.293
Current liabilities			
Trade and other payables	14	1.650	17.094
Payables to parent	17	204.198	123.461
Current tax liabilities	15	-	3.418
		205.848	143.973
Total equity and liabilities		252.186	209.266

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

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

.....
Christos Kalipsidis
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

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		-	133.637	133.637
Transactions with owners				
Issue of share capital	13	39.000	-	39.000
Dividends	11	-	(107.344)	(107.344)
Balance at 31 December 2012/ 1 January 2013		40.000	25.293	65.293
Comprehensive income				
Net profit for the year		-	91.045	91.045
Transactions with owners				
Dividends	11	-	(110.000)	(110.000)
Balance at 31 December 2013		40.000	6.338	46.338

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 9 to 16 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		88.824	137.059
Adjustments for:			
Interest income	6	(109)	(26)
Interest expense	9	<u>38</u>	-
Cash flows from operations before working capital changes		88.753	137.033
Increase in trade and other receivables		(33.685)	(153.355)
Increase in directors' current accounts		18.606	(18.606)
(Decrease)/increase in trade and other payables		(15.444)	17.094
Increase in payables to parent		<u>80.737</u>	123.461
Cash flows from operations		138.967	105.627
Tax paid		<u>(1.477)</u>	(4)
Net cash flows from operating activities		<u>137.490</u>	<u>105.623</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		<u>109</u>	26
Net cash flows from investing activities		<u>109</u>	<u>26</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	39.000
Interest paid		(38)	-
Dividends paid		<u>(110.000)</u>	(107.344)
Net cash flows used in financing activities		<u>(110.038)</u>	<u>(68.344)</u>
Net increase in cash and cash equivalents		27.561	37.305
Cash and cash equivalents:			
At beginning of the year		<u>37.305</u>	-
At end of the year		<u>64.866</u>	<u>37.305</u>

The notes on pages 9 to 16 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

The Company KERVERUS IT (CY) LTD (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 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 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 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 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.

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 Company 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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

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 Company'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 Company'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 Company's shareholders is recognised 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.

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 cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

KERVERUS IT (CY) LTD

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 IT (CY) LTD

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:

- **Provision for bad and doubtful debts**

The Company 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 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.

5. Revenue

	2013	2012
	€	€
Rendering of services	206.780	150.460
	206.780	150.460

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

6. Other income

	2013	2012
	€	€
Interest income	<u>109</u>	<u>26</u>
	109	26

Interest revenue is analysed as follows:

	2013	2012
	€	€
Bank deposits	<u>109</u>	<u>26</u>
	109	26

7. Other expenses

	2013	2012
	€	€
Formation Expenses	<u>-</u>	<u>2.875</u>
	-	2.875

8. Expenses by nature

	2013	2012
	€	€
Changes in inventories of finished goods and work in progress	2.330	573
Auditors' remuneration	1.650	1.650
Other expenses	113.678	10.958
Total expenses	117.658	13.181

9. Finance costs

	2013	2012
	€	€
Net foreign exchange transaction losses	-	30
Interest expense	38	-
Sundry finance expenses	369	216
	407	246

10. Tax

	2013	2012
	€	€
Corporation tax - current year	1.197	3.167
Corporation tax - prior years	(3.167)	-
Defence contribution - current year	-	255
Defence contribution - prior years	(251)	-
Credit/charge for the year	(2.221)	3.422

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

10. 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	<u>88.824</u>	<u>137.059</u>
Tax calculated at the applicable tax rates	11.103	13.706
Tax effect of expenses not deductible for tax purposes	13.756	-
Tax effect of allowances and income not subject to tax	(19.990)	(10.539)
Tax effect of group tax relief	(3.672)	-
Defence contribution current year	-	255
Prior year tax	<u>(3.418)</u>	<u>-</u>
Tax charge	<u>(2.221)</u>	<u>3.422</u>

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.

11. Dividends

	2013 €	2012 €
Final dividend paid	<u>110.000</u>	<u>107.344</u>
	<u>110.000</u>	<u>107.344</u>

Στις 31 Δεκεμβρίου 2013 the Company in General Meeting declared the payment of a final dividend of €110.000 (2012: €107.344).

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. Trade and other receivables

	2013 €	2012 €
Trade receivables	184.877	139.700
Deposits and prepayments	1.315	1.000
Other receivables	-	12.655
Refundable VAT	<u>848</u>	<u>-</u>
	<u>187.040</u>	<u>153.355</u>

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

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

13. Share capital

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Authorised				
Ordinary shares of €1 each	40.000	-	-	1.000
	-	-	-	39.000
	40.000	-	-	40.000
Issued and fully paid				
Balance at 1 January	40.000	40.000	1.000	1.000
Issue of shares	-	-	39.000	39.000
Balance at 31 December	40.000	40.000	40.000	40.000

14. Trade and other payables

	2013 €	2012 €
VAT	-	16.594
Accruals	1.650	500
	1.650	17.094

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

15. (Refundable) taxes/current tax liabilities

	2013 €	2012 €
Corporation tax	(280)	3.167
Special contribution for defence	-	251
	(280)	3.418

16. 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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

16. Operating Environment of the Company (continued)

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.

17. Related party transactions

The Company is controlled by Kerverus Holding IT (CY) Plc, incorporated in Cyprus, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

17.1 Payables to related parties

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

17.2 Shareholders' current accounts - debit balances

	2013 €	2012 €
Christos Kaliptsidis	<u>-</u>	<u>18.606</u>
	<u>-</u>	<u>18.606</u>

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

18. Contingent liabilities

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

19. Commitments

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

20. 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 3 and 4

KERVERUS IT (CY) LTD

DETAILED INCOME STATEMENT

Year ended 31 December 2013

	Page	2013 €	2012 €
Revenue			
Rendering of services		206.780	150.460
Cost of sales	18	(2.330)	(573)
Gross profit		204.450	149.887
Bank interest		109	26
		204.559	149.913
Operating expenses			
Administration expenses	19	(110.855)	(6.812)
Selling and distribution expenses	19	(4.473)	(2.921)
		89.231	140.180
Other operating expenses			
Formation Expenses		-	(2.875)
Operating profit		89.231	137.305
Finance costs	20	(407)	(246)
Net profit for the year before tax		88.824	137.059

KERVERUS IT (CY) LTD

COST OF SALES
Year ended 31 December 2013

	2013	2012
	€	€
Cost of sales		
Purchases	<u>2.330</u>	<u>573</u>
	<u>2.330</u>	<u>573</u>

KERVERUS IT (CY) LTD

OPERATING EXPENSES

Year ended 31 December 2013

	2013 €	2012 €
Administration expenses		
Licenses and taxes	108	-
Annual levy	350	350
Sundry expenses	234	-
Telephone and postage	574	160
Courier expenses	51	-
Subscriptions and contributions	50	-
Newspapers and publications	1.070	249
Computer supplies and maintenance	210	-
Computer software	3.677	36
Auditors' remuneration	1.650	1.650
Other professional fees	102.170	1.388
Inland travelling and accommodation	354	-
Internet security expenses	-	379
Fair expenses	357	2.600
	110.855	6.812

	2013 €	2012 €
Selling and distribution expenses		
Overseas travelling	1.922	2.921
Advertising	2.551	-
	4.473	2.921

KERVERUS IT (CY) LTD

FINANCE COSTS

Year ended 31 December 2013

	2013 €	2012 €
Finance costs		
Interest expense		
Interest on taxes	38	-
Sundry finance expenses		
Bank charges	369	216
Net foreign exchange transaction losses		
Realised exchange loss	-	30
	<u>407</u>	<u>246</u>

KERVERUS IT (CY) LTD

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2013

Net profit per income statement	Page 17	€	€ 88.824
<u>Add:</u>			
Annual levy		350	
Interest on taxes		38	
Other non-allowable expenses		<u>109.658</u>	
			<u>110.046</u>
			198.870
<u>Less:</u>			
80% of net royalty income		159.808	
Interest income		<u>109</u>	
			<u>(159.917)</u>
Chargeable income for the year			<u><u>38.953</u></u>
Losses surrendered to Company from Group companies			<u>(29.374)</u>
Chargeable income			<u><u>9.579</u></u>
<u>Calculation of corporation tax</u>	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	<u>9.579</u>	12,50	1.197,38
Tax paid provisionally	<u>23.150</u>		<u>(2.893,75)</u>
TAX REFUNDABLE			<u><u>(1.696,37)</u></u>