

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2014

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2014

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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

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 2014.

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, based on the following facts concerning the year ended 31 December 2014:

- a) The Company's turnover has decreased by approximately 73% compared to last year, mainly due to the fact that the majority of the Company's resources, including the sales force of the Company, were deployed on the development and promotion of the new, innovative product, 'Miipharos', in international markets.
- b) This development of Miipharos has placed the Company in a small elite group of high technology companies of the world, producing i-Beacon application products, connected to the Company's own data analysis software. The management of the Company, expects that the positive results from the development of 'Miipharos' and the connected data analysis software will start becoming visible during the year 2015.
- c) As a result of the decreased turnover, management has managed to sustain and reduce operating costs by more than 65% as compared to last year's results.
- d) As a result of management policies, i.e. resource deployment and cost control, the Company has made profits after tax of 16.437 Euros.
- e) Company's total equity has increased by 35.5% compared to last year.

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 6.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

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 2014 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 2014.

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.

KERVERUS IT (CY) LTD

REPORT 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, 24 February 2015

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 6 to 17 which comprise the statement of financial position as at 31 December 2014, 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 2014, 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, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of
L. Gnaftis & Co. Ltd
Certified Public Accountants

Limassol, 24 February 2015

KERVERUS IT (CY) LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 €	2013 €
Revenue	5	56.006	206.780
Cost of sales		(3.150)	(2.330)
Gross profit		52.856	204.450
Other income	6	104	109
Selling and distribution expenses		(2.010)	(4.473)
Administration expenses		(16.177)	(110.855)
Other expenses	7	(17.243)	-
Operating profit		17.530	89.231
Finance costs	9	(561)	(407)
Profit before tax		16.969	88.824
Tax	10	(532)	2.221
Net profit for the year		16.437	91.045
Other comprehensive income		-	-
Total comprehensive income for the year		16.437	91.045

The notes on pages 10 to 17 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Current assets			
Trade and other receivables	12	190.594	187.040
Directors' current accounts - debit balances	17	685	-
Refundable taxes	15	1.196	280
Cash at bank and in hand		55.255	64.867
		247.730	252.187
Total assets		247.730	252.187
EQUITY AND LIABILITIES			
Equity			
Share capital	13	40.000	40.000
Retained earnings		22.776	6.339
Total equity		62.776	46.339
Current liabilities			
Trade and other payables	14	1.150	1.650
Payables to parent	17	183.804	204.198
		184.954	205.848
Total equity and liabilities		247.730	252.187

On 24 February 2015 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 10 to 17 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2013		40.000	25.294	65.294
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/ 1 January 2014		40.000	6.339	46.339
Comprehensive income				
Net profit for the year		-	16.437	16.437
Balance at 31 December 2014		40.000	22.776	62.776

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 17 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16.969	88.824
Adjustments for:			
Interest income	6	(104)	(109)
Interest expense	9	-	38
		<u>16.865</u>	88.753
Cash flows from operations before working capital changes		16.865	88.753
Increase in trade and other receivables		(3.554)	(33.685)
(Increase) in directors' current accounts		(685)	18.606
Decrease in trade and other payables		(500)	(15.444)
(Decrease)/increase in payables to parent		(20.394)	80.737
Cash flows (used in)/from operations		(8.268)	138.967
Tax paid		(1.448)	(1.477)
Net cash flows (used in)/from operating activities		(9.716)	137.490
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		104	109
Net cash flows from investing activities		104	109
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		-	(38)
Dividends paid		-	(110.000)
Net cash flows used in financing activities		-	(110.038)
Net (decrease) /increase in cash and cash equivalents		(9.612)	27.561
Cash and cash equivalents:			
At beginning of the year		64.867	37.306
At end of the year		55.255	64.867

The notes on pages 10 to 17 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

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 Anexartiasias & 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 2014. 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 2014

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 2014

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.

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, currency 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.

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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. Financial risk management (continued)

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 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 Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

The 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

	2014	2013
	€	€
Rendering of services	<u>56.006</u>	206.780
	<u>56.006</u>	<u>206.780</u>

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

6. Other income

	2014	2013
	€	€
Interest income	<u>104</u>	<u>109</u>
	104	109

Interest revenue is analysed as follows:

	2014	2013
	€	€
Bank deposits	<u>104</u>	<u>109</u>
	104	109

7. Other expenses

	2014	2013
	€	€
Research and development expenses	<u>17.243</u>	<u>-</u>
	17.243	-

8. Expenses by nature

	2014	2013
	€	€
Changes in inventories of finished goods and work in progress	3.150	2.330
Auditors' remuneration	800	1.650
Research and development expenses	17.243	-
Other expenses	<u>(38.619)</u>	<u>(93.102)</u>
Total expenses	<u>(17.426)</u>	<u>(89.122)</u>

9. Finance costs

	2014	2013
	€	€
Net foreign exchange transaction losses	167	-
Interest expense	-	38
Sundry finance expenses	<u>394</u>	<u>369</u>
	561	407

10. Tax

	2014	2013
	€	€
Corporation tax - current year	501	1.197
Corporation tax - prior years	-	(3.167)
Defence contribution - current year	31	-
Defence contribution - prior years	<u>-</u>	<u>(251)</u>
Charge/(credit) for the year	<u>532</u>	<u>(2.221)</u>

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

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:

	2014	2013
	€	€
Profit before tax	<u>16.969</u>	<u>88.824</u>
Tax calculated at the applicable tax rates	2.121	11.103
Tax effect of expenses not deductible for tax purposes	44	13.756
Tax effect of allowances and income not subject to tax	(1.710)	(19.990)
Tax effect of group tax relief	-	(3.672)
10% additional charge	46	-
Defence contribution current year	31	-
Prior year tax	-	<u>(3.418)</u>
Tax charge	<u>532</u>	<u>(2.221)</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

	2014	2013
	€	€
Final dividend paid	<u>-</u>	<u>110.000</u>
	<u>-</u>	<u>110.000</u>

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

	2014	2013
	€	€
Trade receivables	186.652	184.877
Deposits and prepayments	2.375	1.315
Refundable VAT	<u>1.567</u>	<u>848</u>
	<u>190.594</u>	<u>187.040</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 2014

13. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	<u>40.000</u>	-	<u>40.000</u>	<u>40.000</u>
Issued and fully paid				
Balance at 1 January	<u>40.000</u>	<u>40.000</u>	<u>40.000</u>	<u>40.000</u>
Balance at 31 December	<u>40.000</u>	<u>40.000</u>	<u>40.000</u>	<u>40.000</u>

14. Trade and other payables

	2014 €	2013 €
Accruals	<u>1.150</u>	<u>1.650</u>
	<u>1.150</u>	<u>1.650</u>

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

15. Refundable taxes

	2014 €	2013 €
Corporation tax	<u>(1.196)</u>	<u>(280)</u>
	<u>(1.196)</u>	<u>(280)</u>

16. Recent volatility in global financial markets

The ongoing global liquidity crisis which commenced in the middle of 2007 and is still continuing, resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Such circumstances could affect the ability of the Company to obtain borrowings. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

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

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

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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

17. Related party transactions (continued)

The following transactions were carried out with related parties:

17.1 Payables to related parties

<u>Name</u>	<u>Nature of transactions</u>	2014 €	2013 €
KERVERUS HOLDING IT (CY) PLC	Finance	<u>183.804</u>	204.198
		<u>183.804</u>	<u>204.198</u>

17.2 Directors' current accounts - debit balances

	2014 €	2013 €
Christos Kalipsidis	<u>685</u>	-
	<u>685</u>	<u>-</u>

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

18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2014.

19. Commitments

The Company had no capital or other commitments as at 31 December 2014.

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 4 and 5

KERVERUS IT (CY) LTD

DETAILED INCOME STATEMENT

Year ended 31 December 2014

	Page	2014 €	2013 €
Revenue			
Rendering of services		56.006	206.780
Cost of sales	19	(3.150)	(2.330)
Gross profit		52.856	204.450
Bank interest		104	109
		52.960	204.559
Operating expenses			
Administration expenses	20	(16.177)	(110.855)
Selling and distribution expenses	20	(2.010)	(4.473)
		34.773	89.231
Other operating expenses			
Research and development expenses		(17.243)	-
Operating profit		17.530	89.231
Finance costs	21	(561)	(407)
Net profit for the year before tax		16.969	88.824

KERVERUS IT (CY) LTD

COST OF SALES
Year ended 31 December 2014

	2014	2013
	€	€
Cost of sales		
Purchases	<u>3.150</u>	2.330
	<u>3.150</u>	<u>2.330</u>

KERVERUS IT (CY) LTD

OPERATING EXPENSES

Year ended 31 December 2014

	2014 €	2013 €
Administration expenses		
Licenses and taxes	-	108
Annual levy	350	350
Sundry expenses	116	234
Telephone and postage	559	574
Courier expenses	753	51
Subscriptions and contributions	1.962	50
Website expenses	5.521	1.070
Computer supplies and maintenance	-	210
Computer software	1.832	3.677
Auditors' remuneration	800	1.650
Other professional fees	3.684	102.170
Inland travelling and accommodation	-	354
Fair expenses	-	357
Marketing costs	600	-
	16.177	110.855

	2014 €	2013 €
Selling and distribution expenses		
Overseas travelling	-	1.922
Advertising	2.010	2.551
	2.010	4.473

KERVERUS IT (CY) LTD

FINANCE COSTS

Year ended 31 December 2014

	2014	2013
	€	€
Finance costs		
Interest expense		
Interest on taxes	-	38
Sundry finance expenses		
Bank charges	394	369
Net foreign exchange transaction losses		
Realised exchange loss	<u>167</u>	-
	<u>561</u>	<u>407</u>

KERVERUS IT (CY) LTD

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2014

	Income €	Rate	Defence € c
INTEREST			
Interest that was subject to deduction at source	<u>104</u>		
	<u>104</u>	30%	<u>31,20</u>
			31,20
Deductions at source			<u>(31,20)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u><u>-</u></u>

KERVERUS IT (CY) LTD

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2014

Net profit per income statement	Page 18	€	€ 16.969
<u>Add:</u>			
Annual levy		<u>350</u>	<u>350</u>
			17.319
<u>Less:</u>			
80% of net royalty income		13.575	
Interest income		<u>104</u>	
			<u>(13.679)</u>
Chargeable income for the year			<u>3.640</u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	<u>3.640</u>	12,50	455,00
10% additional charge			<u>45,50</u>
TAX PAYABLE			<u>500,50</u>