

KERVERUS HOLDING IT (CY) PLC

INTERIM UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS

Period from 1 January 2014 to 30 June 2014

KERVERUS HOLDING IT (CY) PLC

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Period from 1 January 2014 to 30 June 2014

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KERVERUS HOLDING IT (CY) PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

M.Flett Financial Consultants Ltd
Maria Christodoulou
Christos Kaliptsidis

Company Secretary:

M.Flett Financial Consultants Ltd

Independent Auditors:

L.Gnaftis & Co. Ltd
Certified Public Accountants
Anexartiasias & Athinon
Nora Court, 2nd floor, Office 203
3040 Limassol
Cyprus

Registered office:

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

KERVERUS HOLDING IT (CY) PLC

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and unaudited consolidated financial statements of KERVERUS HOLDING IT (CY) PLC and its subsidiaries (the Group) for the year ended 30 June 2014.

Principal activity

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

Review of current position, future developments and significant risks

The Group's development to date, financial results and position as presented in the consolidated financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Group losses.

Results

The Group's results for the period are set out on page 3.

Dividends

The Company in General Meeting declared the payment of a final dividend of €18.100 (2013: €NIL).

Share capital

Authorised capital

On 20 June 2014 the authorised share capital of the Company was increased by 1.100.000 shares of EUR 1 each.

Board of Directors

The members of the Group's Board of Directors as at 30 June 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 30 June 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.

Independent Auditors

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

By order of the Board of Directors,

M.Flett Financial Consultants Ltd
Secretary

Limassol, 29 August 2014

KERVERUS HOLDING IT (CY) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year from 1 January 2014 to 30 June 2014

	Note	2014 €	2013 €
Revenue	4	-	121.660
Cost of sales		<u>(12.717)</u>	<u>(2.233)</u>
Gross (loss)/profit		(12.717)	119.427
Selling and distribution expenses		(2.789)	(4.328)
Administration expenses		(14.880)	(109.020)
Other expenses	5	<u>(7.260)</u>	-
Operating (loss)/profit		(37.646)	6.079
Finance costs	7	<u>(55)</u>	<u>(166)</u>
(Loss)/profit before tax		(37.701)	5.913
Tax	8	<u>-</u>	<u>-</u>
Net (loss)/profit for the year		(37.701)	5.913
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(37.701)</u>	<u>5.913</u>

The notes on pages 7 to 11 form an integral part of these consolidated financial statements.

KERVERUS HOLDING IT (CY) PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Period from 1 January 2014 to 30 June 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Intangible assets	10	<u>1.661.000</u>	1.661.000
		<u>1.661.000</u>	1.661.000
Current assets			
Trade and other receivables	11	188.310	191.167
Refundable taxes	14	1.697	280
Cash at bank and in hand		<u>40.514</u>	93.976
		<u>230.521</u>	285.423
Total assets		<u>1.891.521</u>	<u>1.946.423</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1.810.000	1.810.000
Retained earnings		<u>71.195</u>	126.996
Total equity		<u>1.881.195</u>	<u>1.936.996</u>
Current liabilities			
Trade and other payables	13	<u>10.326</u>	9.427
		<u>10.326</u>	9.427
Total equity and liabilities		<u>1.891.521</u>	<u>1.946.423</u>

On 29 August 2014 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these consolidated financial statements for issue.

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

.....
Maria Christodoulou
Director

The notes on pages 7 to 11 form an integral part of these consolidated financial statements.

KERVERUS HOLDING IT (CY) PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year from 1 January 2014 to 30 June 2014

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2013		1.810.000	65.589	1.875.589
Comprehensive income				
Net profit for the year		-	61.407	61.407
Balance at 31 December 2013		1.810.000	126.996	1.936.996
Balance at 1 January 2014		1.810.000	126.996	1.936.996
Comprehensive income				
Net loss for the period		-	(37.701)	(37.701)
Transactions with owners				
Dividends	9	-	(18.100)	(18.100)
Balance at 30 June 2014		1.810.000	71.195	1.881.195

The notes on pages 7 to 11 form an integral part of these consolidated financial statements.

KERVERUS HOLDING IT (CY) PLC

CONSOLIDATED CASH FLOW STATEMENT

Year from 1 January 2014 to 30 June 2014

	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	<u>(37.701)</u>	<u>5.913</u>
Cash flows (used in)/from operations before working capital changes	(37.701)	5.913
Decrease/(increase) in trade and other receivables	2.857	(17.206)
Increase/(Decrease) in trade and other payables	899	(44.230)
Cash flows used in operations	(33.945)	(55.523)
Tax paid	(1.417)	(3.698)
Net cash flows used in operating activities	(35.362)	(59.221)
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(18.100)	-
Net cash flows used in financing activities	(18.100)	-
Net decrease in cash and cash equivalents	(53.462)	(59.221)
Cash and cash equivalents:		
At beginning of the year	93.976	153.197
At end of the year	40.514	93.976

The notes on pages 7 to 11 form an integral part of these consolidated financial statements.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Year from 1 January 2014 to 30 June 2014

1. Incorporation and principal activities

Country of incorporation

The Group KERVERUS HOLDING IT (CY) PLC (the "Group") 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 Anexartisias & Athinon, Nora Court, 2nd floor, Limassol, 3040, Cyprus.

2. Unaudited financial statements

The condensed interim financial statements for the six months ended on 30 June 2013 and 2014 respectively, have not been audited by the external auditors of the Company.

3. Accounting policies

The condensed interim financial statements, which are presented in Euro, have been prepared in accordance with international Financial Reporting Standards, including IAS 34 "Interim Financial Reporting"

The accounting policies used in the preparation of the interim financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2013.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

These interim financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2013.

4. Revenue

	2014	2013
	€	€
Rendering of services	-	121.660
	<u>-</u>	<u>121.660</u>

5. Other expenses

	2014	2013
	€	€
Capital issue costs	7.260	-
	<u>7.260</u>	<u>-</u>

6. Expenses by nature

	2014	2013
	€	€
Changes in inventories of finished goods and work in progress	12.717	2.233
Other expenses	24.929	(8.312)
Total expenses	<u>37.646</u>	<u>(6.079)</u>

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Year from 1 January 2014 to 30 June 2014

7. Finance costs

	2014	2013
	€	€
Sundry finance expenses	<u>55</u>	166
	<u>55</u>	<u>166</u>

8. Tax

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.

9. Dividends

	2014	2013
	€	€
Final dividend paid	<u>18.100</u>	-
	<u>18.100</u>	<u>-</u>

The Company in General Meeting declared the payment of a final dividend of €18.100 (2013: €NIL).

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.

10. Intangible assets

	Goodwill
	€
Cost	
Balance at 1 January 2013	<u>1.661.000</u>
Balance at 31 December 2013	<u>1.661.000</u>
Balance at 1 January 2014	<u>1.661.000</u>
Balance at 30 June 2014	<u>1.661.000</u>
Net book amount	
Balance at 30 June 2014	<u>1.661.000</u>
Balance at 1 January 2014	<u>1.661.000</u>

11. Trade and other receivables

	2014	2013
	€	€
Trade receivables	181.012	184.877
Deposits and prepayments	3.000	3.315
Other receivables	329	-
Refundable VAT	<u>3.969</u>	2.975
	<u>188.310</u>	<u>191.167</u>

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Year from 1 January 2014 to 30 June 2014

11. Trade and other receivables (continued)

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

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

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

12. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	<u>2.910.000</u>	<u>2.910.000</u>	1.810.000	1.810.000
Issued and fully paid				
Balance at 1 January	<u>1.810.000</u>	<u>1.810.000</u>	1.810.000	1.810.000
Balance at 30 June/31 December	<u>1.810.000</u>	<u>1.810.000</u>	1.810.000	1.810.000

Authorised capital

On 20 June 2014 the authorised share capital of the Company was increased by 1.100.000 shares of EUR 1 each.

13. Trade and other payables

	2014 €	2013 €
Directors' current accounts - credit balances (Note 17)	7.974	5.627
Accruals	<u>2.352</u>	3.800
	<u>10.326</u>	9.427

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

14. Refundable taxes

	2014 €	2013 €
Corporation tax	<u>(1.697)</u>	(280)
	<u>(1.697)</u>	(280)

15. Operating Environment of the Group

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.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Year from 1 January 2014 to 30 June 2014

15. Operating Environment of the Group (continued)

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, could affect:

- The ability of the Group to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Group's trade and other debtors to repay the amounts due to the Group
- The ability of the Group to enter into contracts for the development of new property units
- The cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

The economic conditions disclosed above together with the impact of the results of the Eurogroup decision of 25 March 2013 for Cyprus may have an adverse impact on the Group's debtors (inability to meet their obligations towards the Group), suppliers (inability to continue trading), valuation of real estate, bankers (inability to provide adequate finance), revenue (decreased demand for the Group's products or services due to decreased purchasing power by consumers).

The Group's management has assessed:

- (1) Whether any impairment provisions are deemed necessary for the Group'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 Group'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 Group.

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

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

16. General events

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

KERVERUS HOLDING IT (CY) PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Year from 1 January 2014 to 30 June 2014

16. General events (continued)

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through "bail-in", that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

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.

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Directors' current accounts - credit balances (Note 13)

	2014	2013
	€	€
Christos Kaliptsidis	<u>7.978</u>	<u>5.627</u>
	<u>7.978</u>	<u>5.627</u>

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

18. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2014.

19. Commitments

The Group had no capital or other commitments as at 30 June 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 consolidated financial statements.

KERVERUS HOLDING IT (CY) PLC

DETAILED INCOME STATEMENT

Year from 1 January 2014 to 30 June 2014

	Page	2014 €	2013 €
Revenue			
Rendering of services		-	121.660
Cost of sales	13	<u>(12.717)</u>	<u>(2.233)</u>
Gross (loss)/profit		(12.717)	119.427
Operating expenses			
Administration expenses	14	(14.880)	(109.020)
Selling and distribution expenses	14	<u>(2.789)</u>	<u>(4.328)</u>
		(30.386)	6.079
Other operating expenses			
Capital issue costs		<u>(7.260)</u>	-
Operating (loss)/profit		(37.646)	6.079
Finance costs	15	<u>(55)</u>	<u>(166)</u>
Net (loss)/profit for the year before tax		<u>(37.701)</u>	<u>5.913</u>

KERVERUS HOLDING IT (CY) PLC

COST OF SALES

Year from 1 January 2014 to 30 June 2014

	2014 €	2013 €
Cost of sales		
Purchases	<u>12.717</u>	<u>2.233</u>
	<u>12.717</u>	<u>2.233</u>

KERVERUS HOLDING IT (CY) PLC

OPERATING EXPENSES

Year from 1 January 2014 to 30 June 2014

	2014 €	2013 €
Administration expenses		
Licenses and taxes	3.142	291
Sundry expenses	-	165
Telephone and postage	325	498
Courier expenses	1.788	-
Subscriptions and contributions	647	-
Computer supplies and maintenance	-	115
Computer software	1.770	2.471
Other professional fees	4.062	103.269
Sundry expenses	3.146	1.854
Sundry expenses	-	357
	<u>14.880</u>	<u>109.020</u>

	2014 €	2013 €
Selling and distribution expenses		
Overseas travelling	1.629	1.372
Advertising	1.080	2.551
Inland travelling	80	405
	<u>2.789</u>	<u>4.328</u>

KERVERUS HOLDING IT (CY) PLC

FINANCE COSTS

Year from 1 January 2014 to 30 June 2014

	2014	2013
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	<u>55</u>	<u>166</u>
	<u>55</u>	<u>166</u>