

KERVERUS IT (CY) LTD

**REPORT AND INTERIM UNAUDITED
FINANCIAL STATEMENTS**

Period from 1 January 2015 to 30 Iouviou 2015

KERVERUS IT (CY) LTD

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

Registered office:

Anexartisas & 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 period from 1 January 2015 to 30 June 2015.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the development and promotion of innovative computer software and the sale of the rights of using 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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

Results

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

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at 30 June 2015 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 1 January 2015 to 30 June 2015.

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 2015

KERVERUS IT (CY) LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2015 to 30 June 2015

	Note	30 June 2015 €	Unaudited 30 June 2014 €
Revenue	1	41.255	-
Cost of sales		(19.464)	(12.717)
Gross profit/(loss)		21.791	(12.717)
Other income	2	5	-
Selling and distribution expenses		(2.765)	(2.709)
Administration expenses		(19.329)	(6.906)
Operating loss		(298)	(22.332)
Finance costs	4	(368)	(48)
Loss before tax		(666)	(22.380)
Tax	5	-	-
Net loss for the period/year		(666)	(22.380)
Other comprehensive income		-	-
Total comprehensive income for the period/year		(666)	(22.380)

The notes on pages 7 to 10 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

STATEMENT OF FINANCIAL POSITION

Period from 1 January 2015 to 30 Iouviou 2015

		Audited 31 December 2014
	30 June 2015	€
ASSETS	Note	€
Non-current assets		
Property, plant and equipment	6	- <u>3.277</u> <u>3.277</u>
Current assets		
Inventories	7	- 720
Trade and other receivables	8	190.594 169.598
Directors' current accounts - debit balances	12	685 785
Refundable taxes	11	1.196 1.196
Cash at bank and in hand		55.255 <u>66.816</u> <u>239.115</u> <u>247.730</u>
Total assets		242.392 <u>247.730</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9	40.000 40.000
Retained earnings		<u>22.110</u> 22.776
Total equity		62.110 <u>62.776</u>
Current liabilities		
Trade and other payables	10	1.150 700
Payables to parent	12	183.804 179.582
		<u>180.282</u> 184.954
Total equity and liabilities		242.392 <u>247.730</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2015 to 30 June 2015

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2014	40.000	6.339	46.339
Comprehensive income			
Net loss for the year	-	16.437	16.437
Balance at 31 December 2014	40.000	22.776	62.776
Balance at 1 January 2015	40.000	22.776	62.776
Comprehensive income			
Net loss for the period	-	(666)	(666)
Balance at 30 June 2015	40.000	22.110	62.110

The notes on pages 7 to 10 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

CASH FLOW STATEMENT

Period from 1 January 2015 to 30 June 2015

	Note	30 June 2015 €	Unaudited 30 June 2014 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(666)	(22.380)
		(666)	(22.380)
Changes in working capital:			
Increase in inventories		(720)	-
Decrease/(increase) in trade and other receivables		20.996	(3.554)
Increase in directors' current accounts		(100)	(685)
Decrease in trade and other payables		(450)	(500)
Decrease in payables to parent		(4.222)	(20.394)
Cash generated from/(used in) operations		14.838	(47.513)
Tax paid		-	(916)
Net cash generated from/(used in) operating activities		14.838	(48.429)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	6	(3.277)	-
Net cash used in investing activities		(3.277)	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net increase/(decrease) in cash and cash equivalents		11.561	(48.429)
Cash and cash equivalents at beginning of the period/year		55.255	103.684
Cash and cash equivalents at end of the period/year		66.816	55.255

The notes on pages 7 to 10 form an integral part of these financial statements.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January 2015 to 30 June 2015

1. Revenue

	30 June 2015	Unaudited 30 June 2014
	€	€
Rendering of services	41.255	-
	41.255	-

2. Other income

	30 June 2015	Unaudited 30 June 2014
	€	€
Discounts received	5	-
	5	-

3. Expenses by nature

	30 June 2015	Unaudited 30 June 2014
	€	€
Changes in inventories of finished goods and work in progress	19.464	12.717
Other expenses	22.094	9.615
Total expenses	41.558	22.332

4. Finance costs

	30 June 2015	Unaudited 30 June 2014
	€	€
Sundry finance expenses	368	48
	368	48

5. Tax

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. 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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January 2015 to 30 June 2015

6. Property, plant and equipment

	Furniture, fixtures and office equipment €
Cost	
Balance at 30 June 2015	<u>3.277</u>
Net book amount	
Balance at 30 June 2015	<u>3.277</u>
Balance at 1 January 2015	<u>-</u>

7. Inventories

	30 June 2015 €	Audited 31 December 2014 €
Finished products	<u>720</u>	-
	<u>720</u>	<u>-</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to €19.464 (2014: €12.717).

Inventories are stated at cost.

8. Trade and other receivables

	30 June 2015 €	Audited 31 December 2014 €
Trade receivables	167.046	186.652
Deposits and prepayments	542	2.375
Refundable VAT	<u>2.010</u>	<u>1.567</u>
	<u>169.598</u>	<u>190.594</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.

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January 2015 to 30 June 2015

9. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
Authorised				
Ordinary shares of €1 each	40.000	-	40.000	-
Issued and fully paid				
Balance at 1 January	40.000	40.000	40.000	40.000
Balance at 30 June/31 December	40.000	40.000	40.000	40.000

10. Trade and other payables

	30 June 2015 €	Audited 31 December 2014 €
Accruals	700	1.150
	700	1.150

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

11. Refundable taxes

	30 June 2015 €	Audited 31 December 2014 €
Corporation tax	(1.196)	(1.196)
	(1.196)	(1.196)

12. 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:

12.1 Payables to related parties

<u>Name</u>	30 June 2015 €	Audited 31 December 2014 €
KERVERUS HOLDING IT (CY) PLC	179.582	183.804
	179.582	183.804

KERVERUS IT (CY) LTD

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January 2015 to 30 June 2015

12. Related party transactions (continued)

12.2 Χρεωστικά υπόλοιπα τρεχούμενων λογαριασμών συμβούλων

	30 June 2015	Audited 31 December 2014
	€	€
Christos Kaliptsidis	785	685
	785	685

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

13. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2015.

14. Commitments

The Company had no capital or other commitments as at 30 June 2015.

15. 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.

KERVERUS IT (CY) LTD

DETAILED INCOME STATEMENT

Period from 1 January 2015 to 30 June 2015

		30 June 2015	Unaudited 30 June 2014
	Page	€	€
Revenue			
Rendering of services		41.255	-
Cost of sales	12	(19.464)	(12.717)
Gross profit/(loss)		21.791	(12.717)
Other operating income			
Discounts received		5	-
		21.796	(12.717)
Operating expenses			
Administration expenses	13	(19.329)	(6.906)
Selling and distribution expenses	13	(2.765)	(2.709)
Operating loss		(298)	(22.332)
Finance costs	14	(368)	(48)
Net loss for the period/year before tax		(666)	(22.380)

KERVERUS IT (CY) LTD

COST OF SALES

Period from 1 January 2015 to 30 June 2015

	30 June 2015	Unaudited 30 June 2014
	€	€
Cost of sales		
Purchases	20.184	10.897
Packing materials	<u>-</u>	<u>1.820</u>
	<u>19.464</u>	<u>12.717</u>

KERVERUS IT (CY) LTD

ADMINISTRATIVE EXPENSES

Period from 1 January 2015 to 30 June 2015

	30 June 2015	Unaudited 30 June 2014
	€	€
Administration expenses		
Annual levy	350	-
Telephone and postage	647	325
Courier expenses	352	1.868
Stationery and printing	4	-
Subscriptions and contributions	219	113
Newspapers and publications	1.222	3.142
Computer software	2.003	44
Legal fees	2.278	-
Other professional fees	7.724	1.414
Fair expenses	2.950	-
Marketing and promotion costs	1.580	-
	19.329	6.906

	30 June 2015	Unaudited 30 June 2014
	€	€
Selling and distribution expenses		
Overseas travelling	2.570	1.629
Advertising	171	1.080
Entertaining	24	-
	2.765	2.709

KERVERUS IT (CY) LTD

FINANCE COSTS

Period from 1 January 2015 to 30 June 2015

	30 June 2015	Unaudited 30 June 2014
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	368	48
	368	48