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Annual Financial Report
Kerverus Holding IT (Cyprus) Ltd
KERV

ΑΠΟΦΑΣΕΙΣ ΣΥΝΕΔΡΙΑΣΗΣ ΔΙΟΙΚΗΤΙΚΟΥ ΣΥΜΒΟΥΛΙΟΥ (en)

ANNOUNCEMENT OF THE BOARD OF DIRECTORS MEETING’S DECISIONS

SUBJECT: BOARD OF DIRECTORS MEETING’S DECISIONS

Limassol, Friday, March 13, 2015

The Board of Directors of the company Kerverus Holding IT (Cy) PLC, in the board meeting, held on Friday, March 13, 2015, resolved and approved the following:

A. Review and approval of the Financial Statements

The Board of Directors reviewed and approved the Financial Statements of the Company and the Consolidated Financial Statements of the Group for the year ended 31 December 2014.

B. Annual General Meeting (AGM)

The Board of Directors resolved that the Annual General Meeting of the Company will take place at the Company's offices at Anexartisias & Athinon Street, Nora Court, 2nd floor, P.C. 3040 Limassol, Cyprus, on 8 April 2015 at 12:00. The Agenda of the AGM is as follows:

1. Review and approval of the Financial Statements of the Company and the Consolidated Financial Statements of the Group for the year ended 31 December 2014.
2. Approval of the basic principles of a renewed Company's business plan.
3. Approval of the participation in a shipping – yachting company.
3. Reappointment of Independent Auditors.
4. Other matters and announcements.

In case the necessary quorum is not achieved, the Annual General Meeting will take place on Friday, April 17, 2015, at the same place and time.

For KERVERUS HOLDING IT (CY) PLC,
Christos Kaliptsidis
Chairman

Attachments:

1. **KERVERUS HOLDING CONS. FSs 2014-En**
2. **KERVERUS HOLDING FSs 2014 En**
3. **KERVERUS LTD FSs 2014-En**

Non Regulated

Publication Date: 16/03/2015

KERVERUS HOLDING IT (CY) PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014

KERVERUS HOLDING IT (CY) PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014

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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 Anexartisias & Athinon Nora Court, 2nd floor 3040 Limassol Cyprus
Registered office:	Anexartisias & Athinon, Nora Court, 2nd floor Limassol 3040 Cyprus
Banker:	USB Bank Plc
Registration number:	HE220870

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of KERVERUS HOLDING IT (CY) PLC and its subsidiaries (the Group) for the year ended 31 December 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.

The Group expands its operations in the United States of America (USA) and in the ligtht of this, the Group incorporated an associate company (Miipharos Inc.) in California, USA. The associate company was dormant throughout the year 2014.

Review of current position, future developments and significant risks
The Group's results and financial position as shown in the audited financial statements on pages 7 to 22, could be considered satisfactory in light of the Group's growth prospects in the i-Beacon industry.

Additional details that relate to the operating environment of the Group as well as other risks and uncertainties are described in notes 3 and 18 of the consolidated financial statements.

Results
The Group's results for the year are set out on page 7.

Dividends
On 23rd April 2014 the Company in the Annual General Meeting declared the payment of a final dividend of €18.100 (2013: €NIL).

Share capital
Authorised capital
On 20th June 2014 the authorised share capital of the Company was increased 2.910.000 ordinary shares of €1 each at par, thereby the authorised share capital was increased by 1.100.000 new ordinary shares of €1 each.
Issued capital
There were no changes in the issued share capital of the company during the year under review.

Implementation and compliance to the Code of Corporate Governance
As a company listed on the New Market of the Cyprus Stock Exchange (CSE), KERVERUS HOLDING IT (CY) PLC has not yet adopted CSE's Corporate Governance Code because it is not required by the New Market of the Cyprus Stock Exchange (CSE).

Board of Directors
The members of the Group'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.

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, 13 March 2015

KERVERUS HOLDING IT (CY) PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (''the Law'') we, the members of the Board of Directors and the Company official responsible for the drafting of the consolidated financial statements of KERVERUS HOLDING IT (CY) PLC (the "Company") for the year ended 31 December 2014, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 7 to 22:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of KERVERUS HOLDING IT (CY) PLC and the subsidiary companies included in the consolidated financial statements as a whole (''the Group'') and

b) The Board of Directors' report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with ɑ description of the main risks and uncertainties which they face.

Members of the Board of Directors:

M.Flett Financial Consultants Ltd

Christos Kaliptsidis

Maria Christodoulou

Responsible for drafting the financial statements

M.Flett Financial Consultants Ltd (Financial Manager)

Limassol, 13 March 2015

Independent auditor's report

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on the consolidated financial statements

We have audited the consolidated financial statements of KERVERUS HOLDING IT (CY) PLC (the "Group") and its subsidiaries (together with the Company, the "Group") on pages 7 to 22 which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated 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 consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated 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 the requirements of the Stocks and Cyprus Stock Exchange laws and regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group 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 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations.

Independent auditor's report (continued)

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated 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 consolidated 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 consolidated financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

Limassol, 13 March 2015

CONSOLIDATED 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	**131**	231
Selling and distribution expenses		**(2.010)**	(4.473)
Administration expenses		**(41.568)**	(140.306)
Other expenses	7	**(24.503)**	-
Operating (loss)/profit		**(15.094)**	59.902
Finance costs	9	**(722)**	(679)
(Loss)/profit before tax		**(15.816)**	59.223
Tax	10	**(540)**	2.184
Net (loss)/profit for the year		**(16.356)**	61.407
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(16.356)**	61.407

The notes on pages 11 to 22 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Intangible assets	12	**1.661.000**	1.661.000
Investments in associated undertakings	13	**140**	-
		1.661.140	1.661.000
Current assets			
Trade and other receivables	14	**193.736**	191.167
Refundable taxes	17	**1.196**	280
Cash at bank and in hand		**56.076**	93.977
		251.008	285.424
Total assets		**1.912.148**	1.946.424
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1.810.000**	1.810.000
Retained earnings		**92.541**	126.997
Total equity		**1.902.541**	1.936.997
Current liabilities			
Trade and other payables	16	**2.957**	3.800
Directors' current accounts - credit balances	19	**6.650**	5.627
		9.607	9.427
Total equity and liabilities		**1.912.148**	1.946.424

On 13 March 2015 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these consolidated financial statements for issue.

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M.Flett Financial Consultants Ltd — Director

Christos Kaliptsidis — Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

	Note	**Share capital** **€**	**Retained earnings** **€**	**Total** **€**
Balance at 1 January 2013		**1.000**	**65.590**	**66.590**
Comprehensive income				
Net profit for the year		-	61.407	61.407
Transactions with owners				
Issue of share capital	15	1.809.000	-	1.809.000
Balance at 31 December 2013/ 1 January 2014		**1.810.000**	**126.997**	**1.936.997**
Comprehensive income				
Net loss for the year		-	(16.356)	(16.356)
Transactions with owners				
Dividends	11	-	(18.100)	(18.100)
Balance at 31 December 2014		**1.810.000**	**92.541**	**1.902.541**

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.

KERVERUS HOLDING IT (CY) PLC

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2014

	Note	**2014**	2013
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(15.816)**	59.223
Adjustments for:			
Interest income	6	**(131)**	(231)
Interest expense	9	**-**	38
Cash flows (used in)/from operations before working capital changes		**(15.947)**	59.030
Increase in trade and other receivables		**(2.569)**	(35.812)
Increase in directors' current accounts		**1.023**	(12.036)
Decrease in trade and other payables		**(843)**	(13.588)
Cash flows used in operations		**(18.336)**	(2.406)
Tax paid		**(1.456)**	(1.514)
Net cash flows used in operating activities		**(19.792)**	(3.920)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in associated undertakings	13	**(140)**	-
Interest received		**131**	231
Net cash flows (used in)/from investing activities		**(9)**	231
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**-**	1.809.000
Interest paid		**-**	(38)
Dividends paid		**(18.100)**	-
Net cash flows (used in)/from financing activities		**(18.100)**	1.808.962
Net (decrease) /increase in cash and cash equivalents		**(37.901)**	1.805.273
Cash and cash equivalents:			
At beginning of the year		**93.977**	(1.711.296)
At end of the year		**56.076**	93.977

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.

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.

2. Accounting policies

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

Basis of preparation

These consolidated 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. These consolidated 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 Group'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 Group 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 Group.

At the date of approval of these consolidated 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 consolidated financial statements of the Group.

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.The Group consolidated financial statements comprise the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC and the financial statements of the following subsidiary, KERVERUS IT (CY) LTD.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

2. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. Accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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 Group 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.

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 Group'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 Group'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.

2. Accounting policies (continued)

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 Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group 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 consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

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 Group 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 Group 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.

2. Accounting policies (continued)

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors
The Group 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 Group 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 Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group'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 Group has no significant concentration of credit risk. The Group 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.

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 Group 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 Group 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 Group'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 Group 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 Group 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 Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in associates**

  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

5. Revenue

	2014	2013
	€	€
Rendering of services	**56.006**	206.780
	56.006	206.780

6. Other income

	2014	2013
	€	€
Interest income	**131**	231
	131	231

Interest revenue is analysed as follows:

	2014	2013
	€	€
Bank deposits	**131**	231
	131	231

7. Other expenses

	2014	2013
	€	€
Capital issue costs	**7.260**	-
Research and development expenses	**17.243**	-
	24.503	-

8. Expenses by nature

	2014	2013
	€	€
Changes in inventories of finished goods and work in progress	**3.150**	2.330
Auditors' remuneration	**1.900**	3.800
Research and development expenses	**17.243**	-
Other expenses	**(7.068)**	(65.801)
Total expenses	**15.225**	(59.671)

9. Finance costs

	2014	2013
	€	€
Net foreign exchange transaction losses	**167**	-
Interest expense	**-**	38
Sundry finance expenses	**555**	641
	722	679

10. Tax

	2014	2013
	€	€
Corporation tax - current year	**501**	1.197
Corporation tax - prior years	**-**	(3.167)
Defence contribution - current year	**39**	37
Defence contribution - prior years	**-**	(251)
Charge/(credit) for the year	**540**	(2.184)

10. Tax (continued)

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

	2014	2013
	€	€
(Loss)/profit before tax	(15.816)	59.223
Tax calculated at the applicable tax rates	(1.977)	7.403
Tax effect of allowances and income not subject to tax	1.480	(6.206)
Tax effect of tax loss for the year	998	-
Defence contribution current year	39	37
Prior year tax	-	(3.418)
Tax charge	540	(2.184)

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	18.100	-
	18.100	-

On 23rd April 2014 the Company in the Annual 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.

12. Intangible assets

	Goodwill
	€
Cost	
Balance at 1 January 2013	1.661.000
Balance at 31 December 2013/ 1 January 2014	**1.661.000**
Balance at 31 December 2014	**1.661.000**
Net book amount	
Balance at 31 December 2014	**1.661.000**
Balance at 31 December 2013	**1.661.000**

Goodwill represents the premium paid to acquire the KERVERUS IT (CY) LTD and is measured at cost.

13. Investments in associated undertakings

	2014	2013
	€	€
Balance at 1 January	**-**	-
Additions	**140**	-
Balance at 31 December	**140**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	**2014 €**
Miipharos Inc.	California, United States of America	Representation and promotion of software applications, specifically of the new, innovative application product 'Miipharos'	34	**140**
				140

The Company was dormant throughout the year 2014.

14. Trade and other receivables

	2014	2013
	€	€
Trade receivables	**186.652**	184.877
Deposits and prepayments	**2.375**	3.315
Refundable VAT	**4.709**	2.975
	193.736	191.167

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 3 of the consolidated financial statements.

15. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	**1.000**	**1.000**	1.000	1.000
	1.809.000	**1.809.000**	1.809.000	1.809.000
	1.810.000	**1.810.000**	1.810.000	1.810.000
Issued and fully paid				
Balance at 1 January	**1.810.000**	**1.810.000**	1.810.000	1.000
Issue of shares	**-**	**-**	-	1.809.000
Balance at 31 December	**1.810.000**	**1.810.000**	1.810.000	1.810.000

Authorised capital
On 20th June 2014 the authorised share capital of the Company was increased 2.910.000 ordinary shares of €1 each at par, thereby the authorised share capital was increased by 1.100.000 new ordinary shares of €1 each.

Issued capital
There were no changes in the issued share capital of the company during the year under review.

16. Trade and other payables

	2014 €	2013 €
Accruals	**2.957**	3.800
	2.957	3.800

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

17. Refundable taxes

	2014 €	2013 €
Corporation tax	**(1.196)**	(280)
	(1.196)	(280)

18. 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 Group 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 Group 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.

18. Recent volatility in global financial markets (continued)

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 Group'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 Group's business in the current circumstances.

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' current accounts - credit balances

	2014	2013
	€	€
Christos Kaliptsidis	6.510	5.627
	6.510	5.627

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

20. Participation of directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2014 and 8 March 2015 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2014	8 March 2015
	%	%
Christos Kaliptsidis	65	65

21. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2014 and 8 March 2015 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2014	8 March 2015
	%	%
Polytimi Roidi	13	13
VIDAVO HEALTH TELEMATICS A.E.	6	6

22. Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its management.

23. Contingent liabilities

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

24. Commitments

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

25. 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.

Independent auditor's report on pages 5 and 6

DETAILED INCOME STATEMENT
Year ended 31 December 2014

	Page	2014 €	2013 €
Revenue			
Rendering of services		**56.006**	206.780
Cost of sales	24	**(3.150)**	(2.330)
Gross profit		**52.856**	204.450
Bank interest		**131**	231
		52.987	204.681
Operating expenses			
Administration expenses	25	**(41.568)**	(140.306)
Selling and distribution expenses	25	**(2.010)**	(4.473)
		9.409	59.902
Other operating expenses			
Capital issue costs		**(7.260)**	-
Research and development expenses		**(17.243)**	-
Operating (loss)/profit		**(15.094)**	59.902
Finance costs	26	**(722)**	(679)
Net (loss)/profit for the year before tax		**(15.816)**	59.223

COST OF SALES
Year ended 31 December 2014

	2014	2013
	€	€
Cost of sales		
Purchases	**3.150**	2.330
	3.150	2.330

OPERATING EXPENSES
Year ended 31 December 2014

	2014 €	2013 €
Administration expenses		
Licenses and taxes	-	108
Annual levy	700	700
Sundry expenses	116	280
Telephone and postage	559	574
Courier expenses	753	51
Subscriptions and contributions	2.589	50
Newspapers and publications	5.521	1.070
Computer supplies and maintenance	-	210
Computer software	1.832	3.722
Auditors' remuneration	1.900	3.800
Legal fees	364	-
Other professional fees	18.237	126.509
Overseas travelling	2.750	-
Inland travelling and accommodation	-	354
Cyprus Stock Exchange expenses	5.647	2.521
Fair expenses	-	357
Marketing costs	600	-
	41.568	140.306

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

FINANCE COSTS
Year ended 31 December 2014

	2014	2013
	€	€
Finance costs		
Interest expense		
Interest on taxes	**-**	38
Sundry finance expenses		
Bank charges	**555**	641
Net foreign exchange transaction losses		
Realised exchange loss	**167**	-
	722	679

KERVERUS HOLDING IT (CY) PLC

REPORT AND FINANCIAL STATEMENTS
31 December 2014

KERVERUS HOLDING IT (CY) PLC

REPORT AND FINANCIAL STATEMENTS
31 December 2014

CONTENTS

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 Anexartisias & Athinon Nora Court, 2nd floor 3040 Limassol Cyprus
Registered office:	Anexartisias & Athinon, Nora Court, 2nd floor Limassol 3040 Cyprus
Banker:	USB Bank Plc
Registration number:	HE220870

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 investments in shares of other companies.

The Company expands its operations in the United States of America (USA) and in the ligtht of this, the Company incorporated an associate company (Miipharos Inc.) in California, USA. The associate company was dormant throughout the year 2014.

Review of current position, future developments and significant risks
The Company's results and financial position as shown in the audited financial statements on pages 7 to 20, could be considered satisfactory in light of the Group's growth prospects in the i-Beacon industry. Specifically:

a) The Company has not shown any income for the year under review as its 100% owned subsidiary (Kerverus IT (CY) Ltd) decided not to proceed with any dividend distribution. Even though the subsidiary was profitable, profits were retained to be used towards the subsidiary's operating plan.
b) The Company has managed to reduce its operating costs, before the authorised share capital increase expenses, mentioned in e) below, by 13.8%.
c) Losses of 32.793 Euros were recorded for the period under review. These came as a result of the Group's decision to deploy all resources on the development of 'Miipharos', benefits from which are expected in future periods.
d) As a short to medium term measure to increase "share liquidity" the Company has proceeded to a 1 to 10 ordinary share split during the year under review.
e) The Company has increased its Authorised Share Capital by 11,000,000 ordinary shares of 0.10 Euros each. These will be issued in due course in order to finance the Group's strategic objectives.

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 7.

Dividends
On 23rd of April 2014 the Company in the Annual General Meeting declared the payment of a final dividend of €18.100 (2013: €NIL).

Share capital
Authorised capital
On 20th of June 2014 the authorised share capital of the Company was increased to 2.910.000 ordinary shares of €1 each at par, thereby the authorised share capital was increased by 1.100.000 new ordinary shares of €1 each.
Issued capital
There were no changes in the issued share capital of the company during the year under review.

Implementation and compliance to the Code of Corporate Governance
As a company listed on the New Market of the Cyprus Stock Exchange (CSE), KERVERUS HOLDING IT (CY) PLC has not yet adopted CSE's Corporate Governance Code because it is not required by the New Market of the Cyprus Stock Exchange (CSE).

REPORT OF THE BOARD OF DIRECTORS

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.

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, 13 March 2015

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (''the Law'') we, the members of the Board of Directors and the Company official responsible for the drafting of the financial statements of KERVERUS HOLDING IT (CY) PLC (the ''Company'') for the year ended 31 December 2014, on the basis of our knowledge, declare that:

(a) The annual financial statements of the Company which are presented on pages 7 to 20:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of KERVERUS HOLDING IT (CY) PLC and the subsidiary companies included in the financial statements as a whole (''the Group'') and

b) The Board of Directors' report provides a fair view of the developments and the performance as well as the financial position of the Company as a whole, together with ɑ description of the main risks and uncertainties which they face.

Members of the Board of Directors:

M.Flett Financial Consultants Ltd

Christos Kaliptsidis

Maria Christodoulou

Responsible for drafting the financial statements

M.Flett Financial Consultants Ltd (Financial Manager)

Limassol, 13 March 2015

Independent auditor's report

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on the financial statements

We have audited the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC (the "Company") on pages 7 to 20 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 the requirements of the Stocks and Cyprus Stock Exchange laws and regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company KERVERUS HOLDING IT (CY) PLC as at 31 December 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 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations.

Independent auditor's report (continued)

To the Members of KERVERUS HOLDING IT (CY) PLC

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014.

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

Limassol, 13 March 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	**2014** €	2013 €
Dividend income		**-**	110.000
Other income	5	**27**	122
Other expenses		**(32.651)**	(29.452)
Operating (loss)/profit	7	**(32.624)**	80.670
Finance costs	8	**(161)**	(272)
(Loss)/profit before tax		**(32.785)**	80.398
Tax	9	**(8)**	(37)
Net (loss)/profit for the year		**(32.793)**	80.361
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(32.793)**	80.361

STATEMENT OF FINANCIAL POSITION
31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Investments in subsidiaries	11	**1.700.000**	1.700.000
Investments in associated undertakings	12	**140**	-
		1.700.140	1.700.000
Current assets			
Receivables	13	**3.142**	4.127
Receivables from own subsidiaries	17	**183.804**	204.198
Cash at bank and in hand		**819**	29.109
		187.765	237.434
Total assets		**1.887.905**	1.937.434
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**1.810.000**	1.810.000
Retained earnings		**68.764**	119.657
Total equity		**1.878.764**	1.929.657
Current liabilities			
Trade and other payables	15	**1.807**	2.150
Directors' current accounts - credit balances	17	**7.334**	5.627
		9.141	7.777
Total equity and liabilities		**1.887.905**	1.937.434

On 13 March 2015 the Board of Directors of KERVERUS HOLDING IT (CY) PLC authorised these financial statements for issue.

....	....
M.Flett Financial Consultants Ltd	Christos Kaliptsidis
Director	Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2013		**1.810.000**	**39.296**	**1.849.296**
Comprehensive income				
Net profit for the year		-	80.361	80.361
Balance at 31 December 2013/ 1 January 2014		**1.810.000**	**119.657**	**1.929.657**
Comprehensive income				
Net loss for the year		-	(32.793)	(32.793)
Transactions with owners				
Dividends	10	-	(18.100)	(18.100)
Balance at 31 December 2014		**1.810.000**	**68.764**	**1.878.764**

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.

CASH FLOW STATEMENT
Year ended 31 December 2014

	Note	**2014**	2013
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(32.785)**	80.398
Adjustments for:			
Dividend income		**-**	(110.000)
Interest income	5	**(27)**	(122)
Cash flows used in operations before working capital changes		**(32.812)**	(29.724)
Decrease/(increase) in receivables		**985**	(921)
Decrease/(increase) in receivables from own subsidiaries		**20.394**	(80.737)
Increase in directors' current accounts		**1.707**	(30.642)
(Decrease)/increase in trade and other payables		**(343)**	650
Cash flows used in operations		**(10.069)**	(141.374)
Dividends received		**-**	110.000
Tax paid		**(8)**	(37)
Net cash flows used in operating activities		**(10.077)**	(31.411)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in associated undertakings	12	**(140)**	-
Interest received		**27**	122
Net cash flows (used in)/from investing activities		**(113)**	122
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		**(28.290)**	(31.289)
Cash and cash equivalents:			
At beginning of the year		**29.109**	60.398
At end of the year		**819**	29.109

1. Incorporation and principal activities

Country of incorporation

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

Principal activity

The principal activity of the Company, which is unchanged from last year, is the investments in shares of other companies.

2. Accounting policies

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

Basis of preparation

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

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

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2014 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 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.

2. Accounting policies (continued)

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.The Group consolidated financial statements comprise the financial statements of the parent company KERVERUS HOLDING IT (CY) PLC and the financial statements of the following subsidiary, KERVERUS IT (CY) LTD.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Subsidiary companies

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

2. Accounting policies (continued)

Revenue recognition

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

- **Income from investments in securities**

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

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

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2014 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

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

- **Dividend income**

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

Finance costs

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

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

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.

<u>Cash and cash equivalents</u>

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

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 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.

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 Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries/associates**

  The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Other income

	2014	2013
	€	€
Interest income	**27**	122
	27	122

Interest revenue is analysed as follows:

	2014	2013
	€	€
Bank deposits	**27**	122
	27	122

6. Administration and other expenses

	2014 €	2013 €
Capital issue costs	**7.260**	-
Annual levy	**350**	350
Subscriptions and contributions	**627**	-
Computer software	**-**	46
Auditors' remuneration	**1.100**	2.150
Legal fees	**364**	-
Other professional fees	**14.553**	24.340
Overseas travelling	**2.750**	-
Cyprus Stock Exchange expenses	**5.647**	2.521
Sundry expenses	**-**	45
	32.651	29.452

7. Operating (loss)/profit

	2014 €	2013 €
Operating (loss)/profit is stated after charging the following items:		
Auditors' remuneration	**1.100**	2.150

8. Finance costs

	2014 €	2013 €
Sundry finance expenses	**161**	272
	161	272

9. Tax

	2014 €	2013 €
Defence contribution - current year	**8**	37
Charge for the year	**8**	37

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

	2014 €	2013 €
(Loss)/profit before tax	**(32.785)**	80.398
Tax calculated at the applicable tax rates	**(4.098)**	10.050
Tax effect of expenses not deductible for tax purposes	**4.101**	43
Tax effect of allowances and income not subject to tax	**(3)**	(13.765)
Tax effect of tax loss for the year	**-**	3.672
Defence contribution current year	**8**	37
Tax charge	**8**	37

9. Tax (continued)

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.

10. Dividends

	2014	2013
	€	€
Final dividend paid	**18.100**	-
	18.100	-

On 23rd of April 2014 the Company in the Annual 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.

11. Investments in subsidiaries

	2014	2013
	€	€
Balance at 1 January	**1.700.000**	1.700.000
Balance at 31 December	**1.700.000**	1.700.000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2014 Holding %	2013 Holding %	2014 €	2013 €
KERVERUS IT (CY) LTD	Cyprus	Development of application software and the sale of use of this software through internet	**100**	100	**1.700.000**	1.700.000
					1.700.000	1.700.000

12. Investments in associated undertakings

	2014	2013
	€	€
Balance at 1 January	**-**	-
Additions	**140**	-
Balance at 31 December	**140**	-

12. Investments in associated undertakings (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2014 €
Miipharos Inc.	California, United States of America	Representation and promotion of software applications, specifically of the new, innovative application product 'Miipharos'	34	140
				140

The Company was dormant throughout the year 2014.

13. Receivables

	2014 €	2013 €
Deposits and prepayments	-	2.000
Refundable VAT	3.142	2.127
	3.142	4.127

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.

14. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	1.810.000	-	1.810.000	-
	1.100.000	-	-	-
	2.910.000	-	1.810.000	-
Issued and fully paid				
Balance at 1 January	1.810.000	1.810.000	1.810.000	1.810.000
Balance at 31 December	1.810.000	1.810.000	1.810.000	1.810.000

Authorised capital
On 20th of June 2014 the authorised share capital of the Company was increased to 2.910.000 ordinary shares of €1 each at par, thereby the authorised share capital was increased by 1.100.000 new ordinary shares of €1 each.

Issued capital
There were no changes in the issued share capital of the company during the year under review.

15. Trade and other payables

	2014	2013
	€	€
Accruals	1.807	2.150
	1.807	2.150

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

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 following transactions were carried out with related parties:

17.1 Receivables from related parties

Name	Nature of transactions	2014 €	2013 €
KERVERUS IT(CY) LTD	Finance	183.804	204.198
		183.804	204.198

17.2 Directors' current accounts - credit balances

	2014	2013
	€	€
Christos Kaliptsidis	7.194	5.627
	7.194	5.627

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

18. Participation of directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2014 and 8 March 2015 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2014	8 March 2015
	%	%
Christos Kaliptsidis	65	65

19. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2014 and 8 March 2015 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2014	8 March 2015
	%	%
Polytimi Roidi	13	13
VIDAVO HEALTH TELEMATICS A.E.	6	6

20. Significant agreements with management

At the end of the year, no significant agreements existed between the Company and its management.

21. Contingent liabilities

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

22. Commitments

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

23. 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 5 and 6

DETAILED INCOME STATEMENT
Year ended 31 December 2014

	Page	**2014**	2013
		€	€
Revenue			
Dividend income		**-**	110.000
Bank interest		**27**	122
		27	110.122
Other operating expenses	22	**(25.391)**	(29.452)
Capital issue costs		**(7.260)**	-
Operating (loss)/profit		**(32.624)**	80.670
Finance costs	23	**(161)**	(272)
Net (loss)/profit for the year before tax		**(32.785)**	80.398

OPERATING EXPENSES
Year ended 31 December 2014

	2014	2013
	€	€
Other operating expenses		
Annual levy	**350**	350
Sundry expenses	**-**	45
Subscriptions and contributions	**627**	-
Computer software	**-**	46
Auditors' remuneration	**1.100**	2.150
Legal fees	**364**	-
Other professional fees	**14.553**	24.340
Overseas travelling	**2.750**	-
Cyprus Stock Exchange expenses	**5.647**	2.521
	25.391	29.452

FINANCE COSTS
Year ended 31 December 2014

	2014	2013
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	**161**	272
	161	272

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2014

	Income	Rate	Defence
	€		€ c
INTEREST			
Interest that was subject to deduction at source	27		
	27	30%	8,10
Less: deductions at source			(8,10)
DEFENCE CONTRIBUTION DUE TO IRD			-

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2014

	Page	€	€
Net loss per income statement	21		(32.785)
Add:			
Annual levy		350	
Capital issue costs		7.260	
Other non-allowable expenses		25.202	
			32.812
			27
Less:			
Interest income		27	
			(27)
Chargeable income for the year			-

Calculation of corporation tax	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	-	12,50	-
TAX PAYABLE			-

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS
31 December 2014

KERVERUS IT (CY) LTD

REPORT AND FINANCIAL STATEMENTS
31 December 2014

CONTENTS

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 Anexartisias & Athinon Nora Court, 2nd floor 3040 Limassol Cyprus
Registered office:	Anexartisias & Athinon, Nora Court 2nd floor Limassol 3040 Cyprus
Banker:	USB Bank Plc
Registration number:	HE220984

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 devopment 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.

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

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

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	Christos Kaliptsidis
Director	Director

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

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.

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
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

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 Anexartisias & 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.

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.

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.

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	**56.006**	206.780
	56.006	206.780

6. Other income

	2014	2013
	€	€
Interest income	104	109
	104	109

Interest revenue is analysed as follows:

	2014	2013
	€	€
Bank deposits	104	109
	104	109

7. Other expenses

	2014	2013
	€	€
Research and development expenses	17.243	-
	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	(38.619)	(93.102)
Total expenses	(17.426)	(89.122)

9. Finance costs

	2014	2013
	€	€
Net foreign exchange transaction losses	167	-
Interest expense	-	38
Sundry finance expenses	394	369
	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	-	(251)
Charge/(credit) for the year	532	(2.221)

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	**16.969**	88.824
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	**-**	(3.418)
Tax charge	**532**	(2.221)

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	**-**	110.000
	-	110.000

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	**1.567**	848
	190.594	187.040

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.

13. Share capital

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

14. Trade and other payables

	2014 €	2013 €
Accruals	**1.150**	1.650
	1.150	1.650

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	**(1.196)**	(280)
	(1.196)	(280)

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.

17. Related party transactions (continued)

The following transactions were carried out with related parties:

17.1 Payables to related parties

Name	Nature of transactions	2014 €	2013 €
KERVERUS HOLDING IT (CY) PLC	Finance	**183.804**	204.198
		183.804	204.198

17.2 Directors' current accounts - debit balances

	2014 €	2013 €
Christos Kaliptsidis	**685**	-
	685	-

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

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

COST OF SALES
Year ended 31 December 2014

	2014	2013
	€	€
Cost of sales		
Purchases	**3.150**	2.330
	3.150	2.330

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

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	**167**	-
	561	407

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2014

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

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2014

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

Calculation of corporation tax	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	3.640	12,50	455,00
10% additional charge			45,50
TAX PAYABLE			500,50