0217/00015736/en
Annual Financial Report
NETinfo Plc
NETIN

Financial Statements 2015

Please find below related announcement

Attachment:

1. **Netinfo Results**

Non Regulated

Publication Date: 28/04/2016

NETinfo Plc

Annual Report and Consolidated Financial Statements

31 December 2015

NETinfo Plc

Annual Report and Consolidated Financial Statements

31 December 2015

Company information

Board of Directors:	Vassos Aristodemou Polys Hadjikyriakos Orlando Castellanos Akis Michaelides Pavlos Iosifides Christiana Stylianou
Company Secretary:	Polys Hadjikyriakos
Independent Auditor:	Grant Thornton (Cyprus) Ltd Certified Public Accountants and Registered Auditors 41-49 Agiou Nicolaou Street Nimeli Court, Block C P.O. Box 23907 1687 Nicosia, Cyprus
Registered Office:	23, Aglantzias Netinfo Building 2108, Nicosia Cyprus
Registration number:	HE 110368

Report of the Board of Directors

The Board of Directors presents its report and audited consolidated financial statements of NETinfo Plc and its subsidiaries (the Group) for the year ended 31 December 2015.

Incorporation

The Company NETinfo Plc was incorporated in Cyprus on 03 April 2000 as a private company with limited liability under the Companies Law, Cap. 113.

Principal activity

The principal activity of the Group, which is unchanged from last year, is the design of banking and mobile banking software programs and web applications.

No operations of the Group are carried out through any branch.

Review of financial performance and position

The Group's results for the year are set out on pages 8 and 9. The Group's financial results as presented in the consolidated financial statements are considered satisfactory.

The Group's financial position as presented in the consolidated financial statements is considered satisfactory.

Future developments and significant risks

The Board of Directors of the Company does not anticipate any significant changes or developments in relation to the activities of the Group in the foreseeable future.

The Company has been admitted to the E.C.M Market of the Cyprus Stock Exchange (C.S.E) and trading in its shares has begun in 2016.

The most significant risks faced by the Group and the steps taken to manage these risks, are described in note 37 as well as in note 38 to the consolidated financial statements.

Dividends

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

Research and development activities

The Company continuously invests in developing and upgrading its IP codes. This has been achieved by investing in an in-house R&D department of more than 25 people who continuously develop its existing products according to business requirements. During the year, an amount of €230.125 (2014 €230.648) has been capitalised (Note 7).

Share capital

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

Report of the Board of Directors

Board of Directors

The members of the Board of Directors of the Company as at 31 December 2015 and as at the date of this report are shown on page 1. All of them were members of the board throughout the year ended 31 December 2015.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the end of the reporting year

Any significant events that occurred after the end of the year are described in note 40 to the consolidated financial statements.

Independent Auditors

The independent auditors, Grant Thornton (Cyprus) 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,

Vassos Aristodemou
Director

Nicosia, Cyprus, 28 April 2016

Grant Thornton

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Independent Auditor's Report to the Members of NETinfo Plc

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NETinfo Plc (the "Company") and its subsidiaries (together with the Company "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of profit or loss, 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 (EU) 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 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 as to 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 judgement, 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 the 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.

Independent Auditor's Report to the Members of NETinfo Plc (continued)

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 of NETinfo Plc as at 31 December 2015 and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113.

Report on Other Legal Requirements

Pursuant to the 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.

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Independent Auditor's Report to the Members of NETinfo Plc (continued)

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.

Froso Yiangoulli

Froso Yiangoulli
Certified Public Accountant and Registered Auditor
for and on behalf of

Grant Thornton (Cyprus) Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 28 April 2016

Consolidated statement of financial position

31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Property, plant and equipment	5	**3.690.691**	4.304.419
Investment property	6	**482.000**	507.000
Intangible assets	7	**2.050.643**	2.002.297
Investments in associates	9	**500.062**	-
Investments in joint ventures	10	**-**	910.578
		6.723.396	7.724.294
Current assets			
Unbilled revenue	11	**270.870**	276.230
Trade and other receivables	12	**877.476**	676.622
Bank deposits and cash in hand	13	**111.952**	26.690
		1.260.298	979.542
Total assets		**7.983.694**	8.703.836
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	14	**2.578.767**	2.578.767
Other reserves		**1.150.401**	2.042.125
Accumulated losses		**(1.148.725)**	(1.577.970)
Total equity		**2.580.443**	3.042.922
Non-current liabilities			
Borrowings	15	**3.775.021**	3.796.027
Deferred tax liabilities	16	**87.635**	68.634
Deferred income	18	**85.157**	-
		3.947.813	3.864.661
Current liabilities			
Trade and other payables	17	**428.721**	537.948
Deferred income	18	**4.731**	-
Borrowings	15	**942.860**	1.143.618
Current tax liabilities	19	**30.687**	46.221
Dividends		**48.439**	68.466
		1.455.438	1.796.253
Total liabilities		**5.403.251**	5.660.914
Total equity and liabilities		**7.983.694**	8.703.836

On 28 April 2016 the Board of Directors of NETinfo Plc authorised these consolidated financial statements for issue.

Vassos Aristodemou
Director

Polys Hadjikyriakos
Director

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

NETinfo Plc

Consolidated statement of profit or loss

Year ended 31 December 2015

	Note	2015 €	2014 €
Revenue	21	**3.276.248**	3.260.280
Cost of sales	22	**(868.406)**	(690.095)
Gross profit		**2.407.842**	2.570.185
Other income	23	**33.975**	7.200
Administration expenses	24	**(1.333.659)**	(1.265.366)
Selling and distribution expenses	25	**(306.239)**	(147.932)
Operating profit		**801.919**	1.164.087
Finance income	27	**59**	77
Finance costs	27	**(219.887)**	(374.232)
Loss from investing activities	28	**(162.890)**	(33.000)
Share of results of associate		**(15.633)**	-
Profit before tax		**403.568**	756.932
Taxation (income)/ expense	29	**25.677**	(48.015)
Profit for the year		**429.245**	708.917
Attributable to:			
Owners of the parent		**429.245**	708.917
Earnings per share (cent)	31		
Basic earnings per share		**3,66**	6,31
Diluted earnings per share		**3,66**	6,31

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 31 December 2015

	Note	2015 €	2014 €
Profit for the year		**429.245**	708.917
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings	5	**(587.950)**	-
Income taxes of items that will not be reclassified to profit or loss	30	**(52.606)**	(2.254)
		(640.556)	(2.254)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on the translation of foreign operations		**(251.168)**	(4.354)
		(251.168)	(4.354)
Other comprehensive income after tax		**(891.724)**	(6.608)
Total comprehensive (losses) / income for the year		**(462.479)**	702.309
Attributable to:			
Owners of the parent		**(462.479)**	702.309

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 31 December 2015

	Share capital €	Share premium €	Revaluation reserve €	Translation reserve €	Accumulated losses €	Total €
At 1 January 2014	2.351.286	-	1.639.563	-	(2.286.887)	1.703.962
Comprehensive income						
Profit for the year	-	-	-	-	708.917	708.917
Exchange difference on the translation of foreign operations	-	-	-	(4.354)	-	(4.354)
Income taxes of other comprehensive income	-	-	(2.254)	-	-	(2.254)
Total comprehensive income	-	-	(2.254)	(4.354)	708.917	702.309
Transactions with owners						
Bonus issue of shares	115.431	-	(115.431)	-	-	-
Rights issue of shares	112.050	524.601	-	-	-	636.651
	227.481	524.601	(115.431)	-	-	636.651
At 31 December 2014 / 1 January 2015	2.578.767	524.601	1.521.878	(4.354)	(1.577.970)	3.042.922
Comprehensive income						
Profit for the year	-	-	-	-	429.245	429.245
Revaluation of land and buildings	-	-	(587.950)	-	-	(587.950)
Exchange difference on the translation of foreign operations	-	-	-	(251.168)	-	(251.168)
Income taxes of other comprehensive income	-	-	(52.606)	-	-	(52.606)
Total comprehensive losses	-	-	(640.556)	(251.168)	429.245	(462.479)
At 31 December 2015	2.578.767	524.601	881.322	(255.522)	(1.148.725)	2.580.443

Companies in Cyprus 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 17% 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 for the account of the shareholders.

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 December 2015

	Note	2015 €	2014 €
Operating activities			
Profit before tax		**403.568**	756.932
Adjustments:			
Depreciation of property, plant and equipment	5	**163.049**	216.194
Amortisation of intangible assets	7	**181.779**	170.272
Share of results of associate	9	**15.633**	-
Fair value losses on investment property		**25.000**	33.000
Loss on reduction of shareholding	10	**137.890**	-
Amortization of government grants for the year		**4.731**	-
Interest income	27	**(59)**	(77)
Interest expense	27	**189.784**	347.846
		1.121.375	1.524.167
Changes in working capital other than translation differences:			
Trade and other receivables		**(195.494)**	(383.421)
Trade and other payables		**(129.254)**	(352.753)
Cash flows from operations		**796.627**	787.993
Tax paid		**(23.462)**	(13.962)
Net cash from operating activities		**773.165**	774.031
Investing activities			
Payment for purchase of intangible assets	7	**(230.125)**	(230.648)
Payment for purchase of property, plant and equipment	5	**(137.271)**	(108.387)
Payment for purchase of investments in joint ventures	10	**-**	(894.420)
Interest received		**59**	77
Deferred income from government grant		**89.888**	-
Net cash used in investing activities		**(277.449)**	(1.233.378)
Financing activities			
Proceeds from issue of share capital		**-**	636.651
Repayments of loans	15	**(396.590)**	(135.193)
Proceeds from new loans	15	**12.480**	-
Interest paid		**(9.718)**	(5.686)
Net cash (used in) / from financing activities		**(393.828)**	495.772
Net increase in cash and cash equivalents		**101.888**	36.425
Cash and cash equivalents:			
At beginning of the year		**(730.741)**	(767.166)
Effect of exchange rate fluctuations on cash held		**1.094**	-
At end of the year	13	**(627.759)**	(730.741)

The notes on pages 12 to 53 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Year ended 31 December 2015

1. Incorporation and principal activities

1.1 Incorporation

The Company NETinfo Plc (the "Company") was incorporated in Cyprus on 03 April 2000 as a private company with limited liability under the Cyprus Companies Law, Cap. 113. Its registered office is at 23, Aglantzias, Netinfo Building, 2108, Nicosia, Cyprus.

1.2 Principal activity

The principal activity of the Group, which is unchanged from last year, is the design of banking and mobile banking software programs and web applications.

2. Basis of preparation

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

The consolidated financial statements have been prepared on an accrual basis (other than for cash flow information) using the significant accounting policies and measurement bases summarised in note 3, and also on a going concern assumption as explained below.

2.1 Going concern basis

The main conditions and matters considered by the Board of Directors to determine the existence of any uncertainty over the Group's ability to continue as a going concern, are as follows:

Financial position

As at 31 December 2015, the Group's current liabilities exceeded its current assets by €195.140.

Relevant factors considered:

- The Company commercially has the option to obtain additional funds to cover its outflows, either to reduce its debt or for expansion, by issuing additional shares, either to its existing members or through private placement as it has been admitted in E.C.M Market of the Cyprus Stock Exchange (C.S.E).

Net debt to capital

As shown in note 39 of the consolidated financial statements, the Group despite its capital management policy has a high net debt to capital ratio.

Relevant factors considered:

- The Company commercially has the option to obtain additional funds either to reduce its debt or to cover its outflows by issuing additional shares, either to its existing members or through private placement as it has been admitted in E.C.M Market of the Cyprus Stock Exchange (C.S.E).

Litigation

As shown in note 33 of the consolidated financial statements, the Group has a legal case against it which if successful for the claimants could result in significant outflow of liquid and other resources.

Relevant factors considered:

- The Directors of the Company, considering also legal advise on the matter, have assessed that the possibility of the specific case being ruled against the Group is remote and therefore an outflow of resources is not expected.

Economic environment

As shown in note 38.1 of the consolidated financial statements, the Group's business is negatively affected by the economic environment in which it operates.

Conclusion

The Board of Directors considering and evaluating all the above conditions and relevant factors has concluded that the Group has currently the available resources to enable it to continue its activities, and, despite the conditions described above there is no material uncertainty over the Group's ability to continue as a going concern.

In accordance with IAS 1 "Presentation of Financial Statements" and the conclusion reached, these consolidated financial statements have been appropriately prepared on a going concern basis.

3. Accounting policies

The principal accounting policies and measurement bases used 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.

3.1 Adoption of new and revised IFRS

As from 1 January 2015, the Group adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

The adoption of the above did not have a material effect on the consolidated financial statements other than as described below:

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these consolidated financial statements but are not yet effective, or have not yet been endorsed by the EU, for the year ended 31 December 2015:

	Endorsed by the EU	*Effective for annual periods beginning on or after*
• IFRS 9: "Financial Instruments"	No	1 January 2018
• IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016
• IFRS 15: "Revenue from Contracts with Customers"	No	1 January 2018
• IFRS 16: "Leases"	No	1 January 2019
• Annual Improvements to IFRS 2012–2014 Cycle	Yes	1 January 2016
• Amendment to IFRS 10, IFRS 12, and IAS 28: "Investment Entities: Applying the Consolidation Exception"	No	1 January 2016
• Amendment to IFRS 10, and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No	to be determined
• Amendment to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"	Yes	1 January 2016
• Amendment to IAS 1: "Disclosure Initiative"	Yes	1 January 2016
• Amendment to IAS 7: "Disclosure Initiative"	No	1 January 2017
• Amendment to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses"	No	1 January 2017
• Amendment to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"	Yes	1 January 2016
• Amendments to IAS 16 and IAS 41: "Bearer Plants"	Yes	1 January 2016
• Amendment to IAS 27: "Equity Method in Separate Financial Statements"	Yes	1 January 2016

The Board of Directors expects that when the above Standards or Interpretations become effective in future periods, they will not have a material effect on the consolidated financial statements of the Group, except as described below.

IFRS 16 requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability and changes the definition of a lease. It also sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods, sale and leaseback arrangements, and introduces new disclosure requirements. IFRS 16 provides exemptions for short-term leases and leases of low value assets.

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management is not yet in a position to provide quantified information regarding the impact of IFRS 9. At this stage the main area of expected impact is that an expected credit loss-based impairment will need to be recognised on the Group's financial assets at amortised cost.

IFRS 15 "Revenue from Contracts with Customers" presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

Management is not yet in a position to provide quantified information regarding the impact of IFRS 15.

3.2 Basis of consolidation

The financial statements of all the Group are prepared using uniform accounting policies for all Group entities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.3 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, usually when the Group has a shareholding of between 20% and 50% of the voting rights.

A joint venture is an arrangement (usually a separate entity) that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The investments in associates and joint ventures are initially recognised at cost and are accounted for by the equity method of accounting.

Under the equity method, the investments in associates and joint ventures are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of an associate or a joint venture. less any impairment in the value of individual investments. Also the Group's share of post-acquisition profits or losses of an associate or a joint venture is recognised in profit or loss and its share of post-acquisition movement in reserves is recognised in reserves. Unrealised gains on transactions between the Group and an associate or a joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint ventureas at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate or joint venture.

The accounting policies of an associate or a joint venture are adapted where necessary to ensure consistency with the accounting policies adopted by the Group.

3.4 Property, plant and equipment

The buildings are carried at fair value, based on valuations by external independent valuers. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment classes are stated at historical cost less depreciation.

Revaluation surpluses are recognised through other comprehensive income in the revaluation reserve. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss. When revalued assets are sold, the related amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3
Computer Hardware	20
Motor vehicles	20
Furniture, fixtures and equipment	10
Telephone center	10

No depreciation is provided on land.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Repairs, maintenance, and renovations

Expenditure for routine repairs and maintenance of property, plant and equipment is charged to the profit or loss in the year in which it is incurred. The cost of major improvements and renovations and other subsequent expenditure are included in the carrying amount of the asset when the recognition criteria of IAS 16 are met. Major improvements and renovations capitalised are depreciated over the remaining useful life of the related asset.

3.5 Investment property

Investment property which is property held to earn rentals and / or for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by the Directors based on valuations prepared by external independent valuers.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3.6 Intangible assets

- **Computer software**

  Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

  Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software, when the recognition criteria of IAS 38 are also met. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred.

  Computer software costs are amortised using the straight-line method over their useful live, which commences when the computer software is available for use. Their amortisation expense is included in cost of sales.

- **Research and development**

  Expenditure on research activities is recognised as an expense in the period in which it is incurred.

  An internally-generated intangible asset arising from development is recognised only if all of the following conditions can be demonstrated:

  1. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
  2. there is intention to complete the intangible asset and use or sell it;
  3. there is ability to use or sell the intangible asset;
  4. it is probable that the asset created will generate future economic benefits;
  5. there are available adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  6. the development costs of the asset can be measured reliably.

  Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

  Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Their amortisation expense is included in cost of sales.

The useful life of each class is estimated as follows:

	Years
Computer software	20

3.7 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

- **Financial assets**

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1. the rights to receive cash flows from the asset have expired;
2. 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
3. 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.

Loans and receivables

Loans and receivables are initially recognised at their fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

(i) Loans granted

Loans granted by the Group are initially recognised at the fair value of cash consideration given as this is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

(ii) Trade receivables and unbilled revenue

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.

Trade receivables are written off, where it is considered appropriate.

(iii) Other receivables

Where these receivables are of a short-term nature the fair value is determined as equal to the nominal amount without any discounting. 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 estimated recoverable amount.

(iv) Bank deposits

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that a bank deposit is impaired. The allowance recognised is measured as the difference between the deposit's carrying amount and the present value of estimated future cash flows expected to be recovered. The discount rate used for fixed-rate deposits is the effective interest rate computed at initial recognition, and for floating-rate deposits is the latest effective interest rate which was applicable prior to impairment.

- **Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets. The financial liabilities are recorded initially at fair value, net of direct transaction costs, and are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or it expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Borrowings

Borrowings are recorded initially at fair value which usually is the amount of proceeds received, less transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Where the liabilities are of a short-term nature the fair value is determined as equal to the nominal amount without any discounting.

- **Equity instruments**

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares are classified as equity and measured at their nominal value. Any premiums received on issue of share capital above its nominal value, are recognised as share premium within equity. Associated issue costs are deducted from share premium.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and demand deposits less bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in borrowings in current liabilities.

3.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its depreciable tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

An impairment loss is recognised for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use (present value of estimated future cash flows) of the asset (or CGU). An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3.10 Government grants

Government grants on non-current assets acquisitions are recorded as deferred income and recognised as income on a systematic basis over the useful life of the asset.

Government grants that relate to expenses occurred are recognised in the profit or loss when they are received. If the relevant expense has not yet incurred the grant received is carried as deferred income in the consolidated statement of financial position until the expense occurs.

3.11 Operating segments

In identifying its operating segments, the Directors follow the Group's business lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. Any corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss or in the method of allocation between segments.

3.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and revenue indirect taxes.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably, and when also the criteria for each of the Group's different activities have been met. These activity-specific recognition criteria are described below.

Notes to the consolidated financial statements

Year ended 31 December 2015

- **Software development**

  Fees from the development of customized software are recognized as revenue by reference to the stage of completion of the development, including completion of services provided for post-delivery service support.

- **Rendering of services**

  Revenue from services is 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.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

3.13 Retirement benefit costs

Payments made to state-managed retirement benefit schemes (e.g. Government Social Insurance Fund) are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the government scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

3.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense on loans, finance leases and bank overdrafts on an effective rate basis as well as other bank charges.

3.15 Functional and presentation currency and foreign currency translation

- **Functional and presentation currency**

Items included in the financial statements of the Group entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency").

The consolidated financial statements are presented in Euro (€) which is also the functional currency of the parent Company NETinfo Plc. The functional currencies of the subsidiaries are as follows:

- NETinfo Services Limited: Euro (€)
- The P.R. People Limited: Euro (€)
- NETteller Solutions S.A.: Costa Rican Colon
- NETinfo Ltd: UK pound sterling

The functional currency of the associate Allpay LLP is the Kazakhstani Tenge.

- **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 the profit or loss.

- **Translation to presentation currency**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euro (€) using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3.16 Tax

Income tax expense represents the sum of current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. No deferred tax is recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax on revaluation surpluses is recognised through other comprehensive income in the revaluation reserve. Subsequent adjustments to the relevant deferred tax amount are also recognised in the same reserve, through other comprehensive income.

Current and deferred tax assets and corresponding liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

4. Critical accounting estimates and judgement

The preparation of these consolidated financial statements in conformity with IFRS requires the use of accounting estimates and assumptions, and also requires Management to exercise its judgement, in the process of applying the Group's accounting policies.

Estimates, assumptions and judgement applied 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. Although these estimates, assumptions and judgement are based on Management's best knowledge of current events and actions, actual results may ultimately differ.

4.1 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements:

Going concern assumption

The Directors have exercised significant judgement in assessing that the preparation of these consolidated financial statements on a going concern basis is appropriate. In making this assessment, the important factors considered, among others, include the current financial position and the profitability of the Group as well their expectations in relation to future business prospects, and future profitability and cash flows of the Group. Another important factor for determining that the going concern basis remains appropriate is the ability of raising necessary funding as and when needed. Further details are disclosed in note 2.1 of the consolidated financial statements.

Current economic conditions

The Board of Directors assessed whether any impairment allowances are deemed necessary for any of the assets, whether financial or non-financial in nature, by considering the economic situation and outlook at the reporting date, as this is further explained in note 38.1. Based on the evaluation performed, no further provisions or impairment charges are deemed necessary as at the reporting date.

Revenue recognition

The Group applies the provisions of IAS 18 for accounting for revenue from its sales, under which income and cost of sales are recognized upon delivery and when substantially all risks have been transferred to the buyer for each separately identifiable performance obligation.

Determining also when to recognise revenue from after-sales services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market.

Internally generated intangibles

Significant judgement is required in distinguishing research from the development phase. A detailed forecast of sales or cost savings expected to be generated by the intangible asset is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data. The Group's Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

Impairment assessment of receivable amounts

The Group follows the guidance of IAS 39 in determining when a receivable balance is impaired. This determination requires significant judgement regarding the current and potential economic circumstances specific to each debtor, and its current and potential repayment ability.

Impairment assessment of investments in associates

The Group follows the guidance of IAS 39 in determining whether an investment in associate is impaired. In the exercise of this judgment, the Group assesses factors such as the prolongation and significance of a fall of the fair value below cost, the financial viability and the short term business future of the investment, the results of the relevant business sector, and the cash flows of the business. When impairment indications exist, the recoverable amount is determined in accordance with IAS 36.

Income tax liability

In estimating the income tax liability, the Board of Directors has exercised significant judgement and has assessed that the Company will be taxed under the Intellectual Property regime (Article 9-(1)ε). This assessment has not been agreed with the Tax Authorities until the date of approval of these consolidated financial statements. Based on this judgement the Company recognised the resulting corporation tax liability. Where the final tax outcome of this judgement is different from the amount that was initially recorded, such a difference will significantly impact the income tax and deferred tax in the period in which such judgement was made.

4.2 Estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Unbilled revenue

Unbilled revenue is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of unbilled revenue includes labour and direct expenses plus attributable overheads based on a normal level of activity. The Group uses estimates and make assumptions that are mainly based on market conditions existing at each reporting date.

Income taxes

Significant estimates are made in determining the tax liability 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 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 liability in the period in which such determination is made.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

Notes to the consolidated financial statements

Year ended 31 December 2015

Fair value of property

The fair value of the Group's investment property and property for own use (land and buildings) is determined by using valuation techniques.

Further details are shown in note 36 of the consolidated financial statements.

Allowance for 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 allowance for bad and doubtful debts is made. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Impairment assessment of intangible assets under development

The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Further details are shown in note 7 of the consolidated financial statements.

Notes to the consolidated financial statements

Year ended 31 December 2015

5. Property, plant and equipment

	Land and buildings	Computer Hardware	Motor vehicles	Furniture, fixtures and equipment	Telephone center	Total
	€	€	€	€	€	€
Cost or valuation						
At 1 January 2014	4.166.950	452.498	216.624	350.705	46.934	5.233.711
Additions	34.631	8.177	57.600	6.639	1.340	108.387
Disposals	-	-	(66.635)	-	-	(66.635)
At 31 December 2014 / 1 January 2015	**4.201.581**	**460.675**	**207.589**	**357.344**	**48.274**	**5.275.463**
Additions	-	18.656	95.528	21.940	1.147	137.271
Adjustment on revaluation	(686.950)	-	-	-	-	(686.950)
Transfers	(34.631)	-	-	34.631	-	-
At 31 December 2015	**3.480.000**	**479.331**	**303.117**	**413.915**	**49.421**	**4.725.784**
Depreciation						
At 1 January 2014	-	407.798	179.788	220.427	13.472	821.485
Charge for the year	100.733	31.975	48.357	25.985	9.144	216.194
On disposals	-	-	(66.635)	-	-	(66.635)
At 31 December 2014 / 1 January 2015	**100.733**	**439.773**	**161.510**	**246.412**	**22.616**	**971.044**
Charge for the year	86.667	13.175	30.625	27.582	5.000	163.049
Adjustment on revaluation	(99.000)	-	-	-	-	(99.000)
Transfers	(1.733)	-	-	1.733	-	-
At 31 December 2015	**86.667**	**452.948**	**192.135**	**275.727**	**27.616**	**1.035.093**
Net book amount						
At 31 December 2015	**3.393.333**	**26.383**	**110.982**	**138.188**	**21.805**	**3.690.691**
At 31 December 2014	**4.100.848**	**20.902**	**46.079**	**110.932**	**25.658**	**4.304.419**

Depreciation expense for the year has been recognised in profit or loss as follows:

	2015	2014
	€	€
Cost of sales	13.175	32.595
Administration expenses	149.874	183.599
Total	163.049	216.194

5.1 Revaluations

The buildings of the Group have been revalued on 1 January 2015 by the Directors based on valuations from independent valuers on the basis of open market value. Further details are shown in note 36 of the consolidated financial statements.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2015	2014
	€	€
Cost	**2.929.944**	2.929.944
Accumulated depreciation	**(246.356)**	(184.466)
Net book amount	**2.683.588**	2.745.478

6. Investment property

	2015	2014
	€	€
On 1 January	**507.000**	540.000
Fair value adjustment	**(25.000)**	(33.000)
At 31 December	**482.000**	507.000

The investment properties related to three offices in Stasikratous which are valued annually on 31 December at fair value comprising open market value by an independent professionally qualified valuer. The last valuation made on 31 December 2015.

Further details are shown in note 36.

Notes to the consolidated financial statements

Year ended 31 December 2015

7. Intangible assets

Computer software	2015	2014
	€	€
Cost		
On 1 January	**3.405.464**	3.174.816
Additions	230.125	230.648
At 31 December	**3.635.589**	3.405.464
Depreciation		
On 1 January	**1.403.167**	1.232.895
Charge for the year	181.779	170.272
At 31 December 2015	**1.584.946**	1.403.167
Net book amount		
At 31 December	**2.050.643**	2.002.297

Computer software relates to a development library made up of reusable objects which are used by the Company to develop application software for its customers.

The additions for both 2015 and 2014 relate to capitalised software development costs.

Amortisation expense for the year has been recognised in profit or loss as follows:

	2015	2014
	€	€
Cost of sales	181.779	170.272
Total	181.779	170.272

8. Subsidiary companies

8.1 Details of the subsidiaries

Name of subsidiary	Country of incorporation	Principal activities	Direct holding %
NETinfo Services Limited	Cyprus	Development of software	100
The P.R. People Limited	Cyprus	Dormant	100
NETteller Solutions S.A.	Costa Rica	Development of software	100
NETinfo Ltd	UK	Development of software	100
Allpay Limited	Cyprus	Dormant	100
Syn-Hi-Tek Internet Services Ltd	Cyprus	Dormant	100
Perapal Inc	Panama	Dormant	100

The holdings for each of the above subsidiaries have not changed during the year.

During 2015, D&T Network Solutions S.A. and Fusion Technology S.A were dissolved. All of the assets and liabilities held by D&T Network Solutions S.A were transferred to NETteller Solutions S.A.

9. Investment in associate

	2015 €	2014 €
On 1 January	-	-
Transfer from investments in joint ventures	772.688	-
Share of results of associate	(15.633)	-
Exchange difference on retranslation of associate	(256.993)	-
At 31 December	500.062	-

9.1 Details of the associate

Name of associate	Country of incorporation	Principal activities	Indirect holding %
Allpay LLP	Kazakhstan	Mobile Financial Services	33,33

The activities of the associate are regarded as being strategic to the Group's own activities.

9.2 Summarised financial information for the associate

	2015 €
Assets	
Non-current assets	48.793
Current assets	880.535
	929.328
Liabilities	
Current liabilities	28.163
	28.163
Net assets	901.165
Other income	279.675
Expenses	(326.579)
Net loss	(46.904)
Other comprehensive income	-
Total comprehensive income	(46.904)

9.3 Reconciliation of summarised information to carrying amount

	€	%	2015 €
Share of net assets			
Allpay LLP	901.165	33.33	300.358
Goodwill			199.704
Carrying amount			500.062

10. Investments in joint ventures

	2015	2014
	€	€
On 1 January	910.578	16.158
Additions	-	894.420
Transfer to investments in associates	(772.688)	-
Loss on reduction of shareholding	(137.890)	-
At 31 December	-	910.578

10.1 Details of the investments

Name of joint venture	Country of incorporation	Principal activities	Indirect holding %
Allpay LLP	Kazakhstan	Mobile Financial Services	50

The activities of the joint ventures are regarded as being strategic to the Group's own activities

During 2015, Allpay LLP proceeded with the increase of its share capital. Following this increase, the percentage holding of NETinfo Ltd in Allpay LLP was reduced from 50% to 33,33%. As a result of this change in the percentage holding, management has assessed that Allpay LLP should be classified as an associate (note 9) since only a significant influence has been retained. The decrease in the percentage share holding generated a loss of €137.890 which has been recognised in profit or loss.

10.2 Summarised financial information for the material joint ventures

		Allpay LLP
	2015	2014
	€	€
Assets		
Non-current assets	-	15.602
Cash and cash equivalents	-	83
Current assets	-	870.354
Current assets	-	870.437
	-	886.039
Liabilities		
Other current liabilities	-	60.075
Current liabilities	-	60.075
	-	60.075
Net assets	-	825.964
Other income	-	245
Other expenses	-	(224)
Net profit	-	21
Other comprehensive income	-	-
Total comprehensive income	-	21

10.3 Reconciliation of summarised information to carrying amount

			2015	2014
	€	%	€	€
Share of net assets				
Allpay LLP	825.964	50	-	412.982
Goodwill			-	497.596
Carrying amount			-	910.578

11. Unbilled revenue

	2015	2014
	€	€
Unbilled revenue	270.870	276.230
	270.870	276.230

Unbilled revenue ("WIP") represents work executed for the development and implementation of online banking systems (as per contract with customers) as at 31 December but not yet invoiced by the Group. Most of the amount relates to banks outside the Republic of Cyprus and is considered by the management recoverable.

11.1 Neither past due nor impaired balances

The credit quality of unbilled revenue is assessed by reference to historical information about counterparty default rates, since no external ratings exist. The Group for this purpose allocates its neither past due nor impaired amount of unbilled revenue as follows:

	2015	2014
	€	€
Customers with no defaults in past	270.870	276.230
	270.870	276.230

12. Trade and other receivables

	2015	2014
Financial items	€	€
Trade receivables	1.037.968	728.784
Less: Allowance for impairment losses	(178.607)	(104.011)
Trade receivables - net	859.361	624.773
Receivables from related companies (Note 32)	228	-
Shareholders' current accounts - debit balances (Note 32)	-	1.513
Loans receivable	3.896	4.200
Other receivables	10.045	18.546
	873.530	649.032
Non-financial items		
Deposits and prepayments	3.946	27.590
	877.476	676.622

12.1 Neither past due nor impaired balances

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to historical information about counterparty default rates, since no external ratings exist. The Group for this purpose allocates its neither past due nor impaired trade receivables as follows:

	2015	2014
	€	€
New customers (less than 6 months)	438.882	2.390
Existing customers with no defaults in past	84.850	283.462
	523.732	285.852

The Group under certain conditions allows its customers a credit period for settling their amounts due. The Group applies a system of continuous assessment of the credit terms allowed for each of its customers.

12.2 Past due but not impaired balances

Included in the Group's trade receivables are debtors with a carrying amount of € 335.629 (2014: € 338.921) which are past due at the reporting date for which the Group has not provided for impairment losses as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired:

	2015	2014
	€	€
Up to 30 days	61.375	58.593
30-120 days	-	61.772
More than 120 days	274.254	218.556
	335.629	338.921

12.3 Impaired balances

The Group has recognized a loss (including write offs) of € 98.876 (2014: € -) for the impairment of its trade receivables during the year ended 31 December 2015.

Allowance for impairment losses

	2015	2014
	€	€
On 1 January	104.011	104.011
Charge for year	77.665	-
Recoveries	(3.069)	-
At 31 December	178.607	104.011

The Group has not recognized any loss for the impairment of its non-trade receivables during the year ended 31 December 2015 (2014: € -).

13. Cash and cash equivalents

	2015	2014
	€	€
Cash in hand	31.776	250
Bank demand deposits	80.176	26.440
	111.952	26.690

13.1 Credit quality of bank deposits

The credit quality of the banks in which the Group keeps its deposits is assessed by reference to the credit rating of these banks. The bank balances of the Group are allocated based on the credit ratings of the corresponding banks as follows:

	2015	2014
	€	€
Lower than B- / B3	65.606	17.356
No rating	14.570	9.084
	80.176	26.440

13.2 Cash and cash equivalents in the statement of cash flows

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2015	2014
	€	€
Bank deposits and cash in hand	111.952	26.690
Bank overdrafts (Note 15)	(739.711)	(757.431)
	(627.759)	(730.741)

14. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
Authorised				
Ordinary shares of €0,22 each	38.461.538	8.461.538	38.461.538	8.461.538

	Number of shares	€	Number of shares	€
Issued and fully paid				
On 1 January	11.721.670	2.578.767	10.687.664	2.351.286
Bonus issue of shares	-	-	524.685	115.431
Rights issue of shares	-	-	509.321	112.050
At 31 December	11.721.670	2.578.767	11.721.670	2.578.767

15. Borrowings

	2015 €	2014 €
Current borrowings		
Bank overdrafts (Note 13)	739.711	757.431
Bank loans	203.149	386.187
	942.860	1.143.618
Non-current borrowings		
Bank loans	3.775.021	3.796.027
	3.775.021	3.796.027
Total	4.717.881	4.939.645

15.1 Changes in loans:

	2015 €	2014 €
On 1 January	4.182.214	3.975.247
Proceeds from new loans	12.480	-
Repayments for the year	(396.590)	(135.193)
Interest charged for the year	180.066	342.160
At 31 December	3.978.170	4.182.214

15.2 Maturity of non-current borrowings

	2015	2014
Between one to two years	198.596	412.921
Between two and five years	722.402	1.203.540
After five years	2.854.023	2.179.566
	3.775.021	3.796.027

15.3 Securities pledged

Bank loans and bank overdrafts

The bank loans and overdrafts are secured as follows:
- By personal guarantees from Mr. Vassos Aristodemou, and Mr. Polys Hadjikyriacos, shareholders of the Company.
- By mortgage against freehold property of the Company with a carrying amount of €803.612.
- By corporate guarantee of €1.680.000 from NETinfo Services Limited.
- By assignment of life insurance of Mr. Vassos Aristodemou with Eurolife (no. 195716) for €150.000.
- By installing the "E-Banking Development and supporting agreement" including the annual maintenance and support fees.
- Assignment of receivables of €58.500.

15.4 The weighted average effective interest rates at the reporting date were as follows:

	2015	2014
Bank overdrafts	**4,84%**	3,97%
Bank loans	**4,75%**	6,25%

15.5 Loan restructuring

During 2015, the Company proceeded with a restructuring of two loans having a total carrying amount as at 31 December 2015 of €978.485. The two loans were consolidated into one with a modification of:

- The date of maturity. The maturity date for the old loans was 30 June 2015 and 30 June 2014 whereas the new loan's maturity date is 28 January 2030
- The interest rate was reduced from 6,25% to 4,75%

16. Deferred tax

The deferred taxation movement is as follows:

16.1 Deferred tax liability

	Accounting and tax depreciation differences €	Revaluation of land and buildings €	Fair value gains on investment property €	Total €
At 1 January 2014	137	32.305	-	32.442
Increase for the year through:				
profit or loss (Note 29)	12.907	-	21.031	33.938
other comprehensive income (Note 30)	-	2.254	-	2.254
At 31 December 2014 / 1 January 2015	**13.044**	**34.559**	**21.031**	**68.634**
Increase / (decrease) for the year through:				
profit or loss (Note 29)	(12.574)	-	(21.031)	(33.605)
other comprehensive income (Note 30)	-	52.606	-	52.606
At 31 December 2015	**470**	**87.165**	**-**	**87.635**

17. Trade and other payables

	2015 €	2014 €
Financial items		
Trade payables	**248.585**	214.611
Shareholders' current accounts - credit balances (Note 32)	**35.374**	5.540
Accruals	**12.560**	77.483
Payables to provident fund	**-**	73.685
Other payables	**42.156**	-
	338.675	371.319
Non-financial items		
Social insurance and other taxes	**68.908**	110.367
VAT	**15.394**	50.518
Defence tax on payable dividends	**5.744**	5.744
	428.721	537.948

18. Deferred income

	2015 €	2014 €
Government grants	**89.888**	-
	89.888	-
Within one year	**4.731**	-
After more than one year	**85.157**	-
	89.888	-

During 2013 NETinfo Plc was approved for a government grant of €105.278 under the business innovation scheme. The government grant has been recognised as deferred income in the consolidated statement of financial position and it is transferred to profit or loss on a straight line basis over the useful life of the corresponding intangible asset which has been estimated to be 20 years.

19. Current tax liabilities

	2015	2014
	€	€
Corporation tax	**30.503**	46.106
Special contribution for defence	**184**	115
	30.687	46.221

20. Operating segments

The Directors currently identify a single business line as the Group's operating segment.

The Group has no significant dependencies in respect of its revenues to any single customer.

Entity-wide geographical disclosures

	2015		**2014**	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
	€	€	€	€
Cyprus	551.190	6.223.334	535.082	6.813.716
Greece	51.766	-	68.524	-
Chile	46.728	-	106.371	-
Peru	46.400	-		-
United Kingdom	292.325	-	225.972	-
Kenya	210.987	-	303.964	-
Azerbaijan	226.543	-		-
Ghana	129.728	-	297.526	-
Bermuda	171.707	-	238.472	-
Jamaica	687.553	-	-	-
Haiti	393.100	-	-	-
Oman	273.850	-	-	-
Georgia	108.362	-	138.190	-
South Africa	50.000	-	50.000	-
Kazakhstan	-	-	932.511	-
Albania	-	-	211.560	-
Costa Rica	-	-	57.318	-
Colombia	9.240	-	65.405	-
Other	26.769	-	29.385	-
	3.276.248	**6.223.334**	**3.260.280**	**6.813.716**

Non-current assets (other than financial assets, investments accounted for using the equity method and deferred tax assets) are allocated based on their physical location.

The Group's revenues from external customers have been allocated on the basis of the customer's geographical location.

21. Revenue

	2015	2014
	€	€
Software development and implementation	3.077.299	2.011.508
Software development and implementation to joint venture	-	1.070.701
Website design services	198.949	178.071
	3.276.248	3.260.280

22. Cost of sales

	2015	2014
	€	€
Direct costs		
Staff costs (Note 26)	561.673	369.819
Software and domain registration	111.779	117.408
Amortisation of software	181.779	170.273
Depreciation of computer hardware	13.175	32.595
	868.406	690.095

23. Other income

	2015	2014
	€	€
Government grants	25.956	-
Bad debts recovered	3.069	-
Rental income	4.950	7.200
	33.975	7.200

Rental income

The rental income of the Group relates to investment properties.

The future aggregate minimum rental income under non-cancellable operating leases are as follows:

	2015	2014
	€	€
Within one year	13.200	7.050
Between one and five years	9.750	3.200
	22.950	10.250

Notes to the consolidated financial statements

Year ended 31 December 2015

24. Administration expenses

	2015	2014
	€	€
Staff costs (Note 26)	530.119	461.973
Rent	11.080	13.143
Licenses and taxes	42.742	3.897
Audit fees for statutory audit - current year	9.050	9.050
Auditors' fees for tax services	950	950
Audit fees for statutory audit - prior years	-	702
Accounting fees	2.083	302
Legal fees	24.359	20.837
Other professional fees	36.656	115.314
Fines	34.024	76.814
Overseas travelling	237.176	192.374
Provident Fund	43.056	-
Depreciation property, plant and equipment	149.874	183.599
Other administration expenses	212.490	186.411
	1.333.659	1.265.366

During the year, an amount of €43.056 was paid to some of the members of the provident fund of NETinfo Group of Companies Ltd and its subsidiaries.

25. Selling and distribution expenses

	2015	2014
	€	€
Overseas travelling	55.048	51.896
Advertising	17.959	61.007
Commissions to agents	101.038	3.126
Bad debts written off	21.211	-
Allowance for bad debts	77.665	-
Other selling and distribution expenses	33.318	31.903
	306.239	147.932

26. Staff costs

	2015	2014
	€	€
Wages and salaries	941.976	718.968
Social insurance costs and other funds	88.393	75.778
Social cohesion fund	16.423	11.046
Director's remuneration	45.000	26.000
	1.091.792	831.792
Cost of sales	561.673	369.819
Administration expenses	530.119	461.973
	1.091.792	831.792
Average number of employees	42	39

27. Finance income and costs

	2015	2014
	€	€
Finance income		
Interest income	59	77
	59	77
Finance costs		
Foreign currency exchange losses	5.597	2.744
Interest expense	189.784	347.846
Other finance expenses	24.506	23.642
	219.887	374.232
Net finance costs	(219.828)	(374.155)

28. Loss from investing activities

	2015	2014
	€	€
Fair value losses on investment properties	(25.000)	(33.000)
Loss on reduction of shareholding in joint venture	(137.890)	-
	(162.890)	(33.000)

29. Taxation (income)/ expense

	2015	2014
	€	€
Corporation tax - prior years	-	13.962
Defence contribution - current year	78	115
Defence contribution - prior years	7.850	-
Deferred tax - (credit)/ charge (Note 16)	(33.605)	33.938
	(25.677)	48.015

The Group entities operate in different countries and therefore are subject to different income tax rates as follows:

Cyprus	12,5%
United Kingdom	20%
Costa Rica	30%

The amount of taxation income for 2015 and taxation expense for 2014 relate to taxes in Cyprus. No tax has been imposed in other jurisdictions.

Cyprus tax

Cyprus entities are subject to corporation tax on their taxable profits at the rate of 12,5%. Any capital gains are taxed at the rate of 20%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest is subject either to corporation tax or to defence contribution. The relevant corporation tax rate for the year is 12,5% and the defence contribution rate is 30%.

The Company has exercised significant judgement and assessed it will be taxed under the Intellectual Property Regime; and therefore is taxed with an effective rate of 2,5% during 2012-2015.

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

	2015	2014
	€	€
Profit before tax	403.568	756.932
Tax calculated at the applicable tax rates	50.446	94.617
Tax effect of allowances and income not subject to tax and expenses not deductible for tax purporses	(50.446)	(94.617)
Defence contribution current year	78	115
Deferred tax	(33.605)	33.938
Prior year tax	7.850	13.962
Taxation (income)/ expense	(25.677)	48.015

30. Taxation of other comprehensive income items

	2015			2014		
	Before tax	**Taxation**	**After tax**	Before tax	Taxation	After tax
	€	**€**	**€**	€	€	€
Revaluation of land and buildings	**(587.950)**	**(52.606)**	**(640.556)**	-	(2.254)	(2.254)
Exchange difference on the translation of foreign operations	**(251.168)**	**-**	**(251.168)**	(4.354)	-	(4.354)
	(839.118)	**(52.606)**	**(891.724)**	(4.354)	(2.254)	(6.608)

31. Earnings per share

31.1 Basic earnings per share

	2015	**2014**
Earnings attributable to shareholders (€)	**429.245**	708.917
Weighted average number of ordinary shares in issue during the year	**11.721.670**	11.237.446
Basic earnings per share (cent)	**3,66**	6,31

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in issue during the year.

31.2 Diluted earnings per share

No potentially dilutive shares existed during the current and previous year and therefore for both years the diluted earnings per share equal the basic earnings per share.

32. Related parties

The Company's share capital is widely disbursed to individuals and companies with different shareholdings with no one single party controlling the entity.

The following transactions were carried out with related parties:

32.1 Key management compensation

The remuneration of Directors and other members of key management was as follows:

	2015	2014
	€	€
Directors' fees	**45.000**	26.000
Other key management members' remuneration	**104.000**	100.400
Directors' insurance expense	**7.092**	15.303
	156.092	141.703

32.2 Revenue and other income

	Nature of transactions	2015 €	2014 €
• **Joint ventures**			
Allpay LLP	Trade	-	1.070.701
		-	1.070.701

32.3 Receivables from related parties (Note 12)

	Nature of balance	2015 €	2014 €
• **Key management**			
Polys Hadjikyriakos (Shareholder)	Financing	-	1.513
• **Other related parties**			
NETinfo LATAM S.A.S	Trading	228	-
		228	1.513

The receivables from related parties are interest free, unsecured and have no specified repayment date.

32.4 Payables to related parties (Note 17)

	Nature of balance	2015 €	2014 €
• **Key management**			
Vassos Aristodemou (Shareholder)	Current account	**35.374**	5.540
		35.374	5.540

The payables to related parties are interest free, unsecured and have no specified repayment date.

33. Legal cases and contingent liabilities

33.1 Contingent liabilities relating to legal cases

Choreos Development Limited against the Company

The Company is engaged into a litigation since 2009, where the plaintiff (a third party) is asking the defendant (the Company) for a compensation amounting to €146.312, plus interest of 8%, plus disbursements and VAT in relation to a liability arising from the purchase of a property by the Company in 2000. The Company claims that this liability was settled via the issue of shares of the Company to the plaintiff, where the plaintiff claims that it signed the relevant contract under duress. The Directors of the Company have assessed that payment of the above mentioned amount is not probable and therefore a provision is not required.

33.2 Other contingent liabilities

The Group had no other contingent liabilities as at 31 December 2015.

34. Commitments

34.1 Operating lease commitments

The non-cancellable operating lease agreements entered by the Company relate to rental of premises for business purposes.

The total operating lease expenses for the year amounted to €11.080 (2014: €13.143).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	€	€
Within one year	20.302	-
Between one and five years	33.103	-
	53.405	-

35. Financial assets and liabilities

35.1. Carrying amount

The carrying amount of each class of financial assets and liabilities included in the consolidated statement of financial position is as follows:

		2015	2014
Financial assets	**Note**	€	€
Loans and receivables	11, 12, 13	1.256.352	951.952
		1.256.352	951.952
Financial liabilities			
At amortised cost	15, 17	5.056.556	5.310.964
		5.056.556	5.310.964

35.2. Fair values

The fair values of the Group's financial assets and liabilities measured at amortised cost approximate their carrying amounts at the reporting date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

36. Fair value of non-financial assets

The following analysis presents non-financial assets that are either measured at fair value in the consolidated statement of financial position, or their fair value is disclosed in the notes, in accordance with the fair value hierarchy. Based on the significance of inputs used in measuring the fair value, this hierarchy groups non-financial assets into three levels as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and
- Level 3: unobservable inputs for the asset

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Fair values**
	€	€	€	**€**
Land and buildings	-	-	3.393.333	**3.393.333**
Investment property	-	-	482.000	**482.000**
	-	-	3.875.333	**3.875.333**

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Fair values**
	€	€	€	**€**
Land and buildings	-	-	4.100.848	**4.100.848**
Investment property	-	-	507.000	**507.000**
	-	-	4.607.848	**4.607.848**

The movements in the non-financial assets within Level 3 are shown below:

	Land and buildings	Investment property	Level 3 fair value
	€	€	€
At 1 January 2014	4.166.950	540.000	4.706.950
Fair value gains or losses recognised in:			
profit or loss	-	(33.000)	(33.000)
Additions	34.631	-	34.631
Depreciation	(100.733)	-	(100.733)
At 31 December 2014 / 1 January 2015	4.100.848	507.000	4.607.848
Gains or losses recognised in:			
profit or loss	-	(25.000)	(25.000)
other comprehensive income	(587.950)	-	(587.950)
Transfers	(32.898)	-	(32.898)
Depreciation	(86.667)	-	(86.667)
At 31 December 2015	3.393.333	482.000	3.875.333

Fair value of the Group's property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with the Directors. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date. Further information is set out below.

36.1. Property, plant and equipment

The fair value is estimated using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for specific factors, including plot and building size, location, planning zone and permits, encumbrances and current use and condition.

The significant unobservable inputs are the adjustments for factors specific to the property in question. The extent and direction of these adjustments depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although those inputs include subjective judgement, the Directors consider that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

36.2. Investment property

The fair value is estimated using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for specific factors, including plot and building size, location, planning zone and permits, encumbrances and current use and condition.

The significant unobservable inputs are the adjustments for factors specific to the property in question. The extent and direction of these adjustments depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although those inputs include subjective judgement, the Directors consider that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

37. Financial risk management

The Group is exposed to interest rate risk, credit risk and liquidity risk arising from the financial instruments held.

37.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. 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.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2015	2014
	€	€
Variable rate instruments		
Financial assets	**80.176**	26.440
Financial liabilities	**(4.717.881)**	(4.939.645)
	(4.637.705)	(4.913.205)

Sensitivity analysis

An increase of 100 basis points (1,00%) in interest rates at 31 December 2015 would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For an equivalent decrease there would be an equal and opposite impact on the profit or loss and other comprehensive income.

	Profit or loss		**Other comprehensive income**	
	2015	2014	**2015**	2014
	€	€	**€**	€
Variable rate instruments	**46.377**	49.132	**-**	-
	46.377	49.132	**-**	-

37.2 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 significant concentration of credit risk arising from the small number of clients. The Group has policies in place to ensure that all of its transactions giving rise to credit risk are made with parties having an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance represents specific loss provision that relates to individually significant exposures. Credit quality information in relation to trade and other receivables is provided in note 12.

The Group also has a credit risk exposure in relation to unbilled revenue. The Group reviews the credit quality of each customer separately and where necessary establishes an allowance for impairment based on an estimation of incurred losses. Credit quality information in relation to unbilled revenue is provided in note 11.

Also, the Group has policies to limit the amount of credit exposure to any banking institution, considering among other factors the credit ratings of the banks with which deposits are held. Credit quality information in relation to those banks is provided in note 13.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date, without taking account of any collateral obtained, was:

	2015	2014
	€	€
Loans receivable	**3.896**	4.200
Trade receivables	**859.361**	624.773
Other receivables	**10.273**	20.059
Bank balances	**80.176**	26.440
Unbilled revenue	**270.870**	276.230
	1.224.576	951.702

37.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially can 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 having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2015	Carrying amounts	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	3.978.170	5.550.361	392.247	378.533	1.198.343	3.581.238
Bank overdrafts	739.711	739.711	739.711	-	-	-
Trade and other payables	338.675	338.675	338.675	-	-	-
	5.056.556	6.628.747	1.470.633	378.533	1.198.343	3.581.238

31 December 2014	Carrying amounts	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	4.182.214	4.525.156	417.856	438.928	1.310.082	2.358.290
Bank overdrafts	757.431	757.431	757.431	-	-	-
Trade and other payables	371.319	371.319	371.319	-	-	-
	5.310.964	5.653.906	1.546.606	438.928	1.310.082	2.358.290

38. Other risk management

38.1 Economic environment

The general economic environment prevailing in Cyprus and internationally may adversely affect the Group's operations. The Cypriot economy has been adversely affected from the crisis in the Cypriot banking system in conjunction with the limited ability of the Republic of Cyprus to borrow from international markets. These events led to provision of financial assistance to the Republic of Cyprus by the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") and the formulation of an Economic Adjustment Program for the country, which is subject to ongoing reviews by the Troika.

Furthermore, the banking sector continues to face challenges arising from the high level of non-performing loans and availability of credit remains limited.

The uncertain economic conditions in Cyprus, could affect:

1. the ability of the Group to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions;
2. the ability of the Group's trade and other debtors to repay the amounts due to the Group; and
3. the cash flow forecasts of the Group's Management in relation to the impairment assessment for financial and non-financial assets.

Management is unable to predict all developments which could have an impact on the economy and consequently what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

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

39. Capital management

The Group for management purposes determines as capital its equity, including all reserves.

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 balance between its net debt and equity. The Group's overall strategy remains unchanged from last year.

The Group manages the capital structure and takes reasonable steps in the light of changes in the economic conditions and the risk characteristics of its underlying business and assets. In order to improve its capital structure the Group may issue new shares, sell assets to reduce debt, re-finance existing borrowings, and adjust the amount of any distribution of dividends.

The net debt and capital at the end of the year are calculated using the following amounts, as shown in the consolidated statement of financial position:

	2015	2014
	€	€
Borrowings	**4.717.881**	4.939.645
Bank deposits and cash in hand	**(111.952)**	(26.690)
Net debt	**4.605.929**	4.912.955
Total equity	**2.580.443**	3.042.922
Capital	**2.580.443**	3.042.922

Based on the above calculation the ratio of Net Debt to Capital at the end of 2015 was 178,49% (2014: 161,46%). The Group regards that the ratio is at a high level and intends to improve its capital position.

40. Events after the end of the reporting year

The following events occurred after the end of the reporting year:

- On 22 February 2016, the Company entered into a Memorandum of Understanding with RUCard Aura ("RUCard"), a company incorporated in Russia. The Company and RUCard have agreed to co-operate, by incorporating a new company in Russia, each contributing its respective capabilities and experience for the deployment of Mobile Financial Services in Russia.

- During 2016, the Company's subsidiary, Allpay Limited, applied for an Electronic Money Institution License to the Central Bank of Cyprus. Upon granting of the license Allpay Limited will be promoting electronic money services to clients in Cyprus.

- On 31 March 2016, the Economic Adjustment Program for Cyprus came to an end. The Cypriot economy returned to postitive growth, fiscal position has been restored to a sustainable path, and public debt is on a downward trajectory, with Cyprus regaining access to international capital markets. These positive developments have been instrumental in regaining investor confidence in the Cypriot economy.

Independent auditor's report pages 4 to 6