

Half-Yearly Financial Report

Please find attached the below Announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 01/09/2017

NETinfo Plc

UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

NETinfo Plc

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For the period from 1 January 2017 to 30 June 2017

C O N T E N T S

	<u>Page</u>
Officers and Professional Advisors	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of financial position	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the unaudited consolidated financial statements	6 - 11

NETinfo Plc**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors

Executive members:

Vassos Aristodemou
Polykarpos Hadjikyriakos
Orlando Castellanos

Non-executive members:

Kevin Ashby (appointed 25 May 2017)
Pavlos Iosifides
Iacovos Koumi

Secretary

Polykarpos Hadjikyriakos

Independent Auditors

KPMG Limited

Registered Office

23 Aglatzias
Netinfo Building
2108, Nicosia
Cyprus

Registration number

HE110368

NETinfo Plc

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFor the period from 1 January 2017 to 30 June 2017

	Note	Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Revenue		1.643.755	1.843.715
Cost of sales		<u>(599.295)</u>	<u>(517.823)</u>
Gross profit		1.044.460	1.325.892
Other operating income		19.117	13.531
Selling and distribution expenses		<u>(168.260)</u>	<u>(119.930)</u>
Administrative expenses		<u>(723.173)</u>	<u>(756.579)</u>
Operating profit	1	<u>172.144</u>	<u>462.914</u>
Finance expenses	3	<u>(127.061)</u>	<u>(131.654)</u>
Operating profit after net finance expenses		45.083	331.260
Share of losses from associates	9	<u>-</u>	<u>(78.770)</u>
Profit before tax		45.083	252.490
Tax		<u>(1.938)</u>	<u>(31.205)</u>
Profit for the period		<u>43.145</u>	<u>221.285</u>
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u>192.734</u>	<u>161.458</u>
Other comprehensive income for the period		<u>192.734</u>	<u>161.458</u>
Total comprehensive income for the period		<u>235.879</u>	<u>382.743</u>
Basic and fully diluted earnings per share (cent)	4	<u>0.37</u>	<u>1.89</u>

The notes on pages 6 to 11 are an integral part of these unaudited consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 30 June 2017

	Note	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Assets			
Non-current assets			
Property, plant and equipment	6	3.474.182	3.533.361
Intangible assets	7	2.407.751	2.267.006
Investment property		482.000	482.000
Investments in associates	9	<u>456.076</u>	<u>456.076</u>
Total non-current assets		<u>6.820.009</u>	<u>6.738.443</u>
Current assets			
Work in progress		97.359	107.201
Trade and other receivables	10	1.309.525	1.021.022
Cash and cash equivalents	11	<u>409.464</u>	<u>144.100</u>
Total current assets		<u>1.816.348</u>	<u>1.272.323</u>
Total assets		<u>8.636.357</u>	<u>8.010.766</u>
Equity			
Equity and reserves			
Share capital	12	2.578.767	2.578.767
Other reserves		1.093.940	901.206
Retained earnings		<u>(551.379)</u>	<u>(569.235)</u>
Total equity		<u>3.121.328</u>	<u>2.910.738</u>
Liabilities			
Non-current liabilities			
Borrowings	13	3.743.878	3.550.257
Deferred tax liabilities		85.458	86.480
Deferred income	15	<u>78.061</u>	<u>80.426</u>
Total non-current liabilities		<u>3.907.397</u>	<u>3.717.163</u>
Current liabilities			
Borrowings	13	1.150.943	912.176
Trade and other payables	14	431.941	397.502
Deferred income	15	4.731	4.731
Tax liability	16	20.017	20.017
Payable dividends		-	48.439
Total current liabilities		<u>1.607.632</u>	<u>1.382.865</u>
Total liabilities		<u>5.515.029</u>	<u>5.100.028</u>
Total equity and liabilities		<u>8.636.357</u>	<u>8.010.766</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor the period from 1 January 2017 to 30 June 2017

	Note	Share capital €	Share premium €	Fair value reserve - land and buildings €	Translation reserve €	Retained earnings €	Total equity €
Balance at 1 January 2016		2.578.767	524.601	881.322	(255.522)	(1.148.725)	2.580.443
Profit for the period		-	-	-	-	221.285	221.285
Exchange difference arising on the translation of foreign operations		-	-	-	161.458	-	161.458
Balance at 30 June 2016		<u>2.578.767</u>	<u>524.601</u>	<u>881.322</u>	<u>(94.064)</u>	<u>(927.440)</u>	<u>2.963.186</u>
Balance at 1 January 2017		2.578.767	524.601	813.499	(436.894)	(569.235)	2.910.738
Profit for the period		-	-	-	-	43.145	43.145
Special contribution to the defence fund on deemed distribution	5	-	-	-	-	(25.289)	(25.289)
Exchange difference arising on the translation of foreign operations		-	-	-	192.734	-	192.734
Balance at 30 June 2017		<u>2.578.767</u>	<u>524.601</u>	<u>813.499</u>	<u>(244.160)</u>	<u>(551.379)</u>	<u>3.121.328</u>

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CONSOLIDATED STATEMENT OF CASH FLOWSFor the period from 1 January 2017 to 30 June 2017

	Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Cash flows from operating activities		
(Loss)/profit for the period	43.145	252.490
Adjustments for:		
Depreciation of property, plant and equipment	125.645	81.534
Exchange difference arising on the translation of non-current assets in foreign currencies	-	15.297
Amortisation of intangible assets	100.137	90.890
Share of (profit) from associates	-	78.770
(Profit) from the sale of property, plant and equipment	(1.300)	-
Amortization of government grants for the period	2.365	2.365
Interest expense	105.747	111.097
Income tax expense	1.938	-
Exchange differences	-	(7.119)
	<u>377.677</u>	<u>625.324</u>
Increase in trade and other receivables	(30.714)	(217.340)
Increase/(decrease) in trade and other payables	<u>34.439</u>	<u>(26.475)</u>
Cash generated from operations	381.402	381.509
Tax paid	<u>(1.938)</u>	<u>(30.323)</u>
Net cash generated from operating activities	<u>379.464</u>	<u>351.186</u>
Cash flows from investing activities		
Payment for acquisition of intangible assets	(240.882)	-
Payment for acquisition of property, plant and equipment	(66.466)	(28.202)
Proceeds from disposal of property, plant and equipment	1.300	-
Proceeds from sale of investments in associated undertakings	-	(40.160)
Net cash used in investing activities	<u>(306.048)</u>	<u>(68.362)</u>
Cash flows from financing activities		
Repayment of borrowings	(173.529)	(128.702)
Proceeds from borrowings	500.000	-
Interest paid	(105.747)	(111.097)
Dividends paid	(48.439)	-
Special contribution to the defence fund on deemed distribution paid	<u>(25.289)</u>	<u>-</u>
Net cash generated from/(used in) financing activities	146.996	(239.799)
Effect of exchange rate fluctuations on cash held	<u>-</u>	<u>(1.728)</u>
Net increase in cash and cash equivalents	220.412	41.297
Cash and cash equivalents at beginning of the period	<u>(561.599)</u>	<u>(627.759)</u>
Cash and cash equivalents at end of the period	<u>(341.187)</u>	<u>(561.599)</u>

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**1. OPERATING PROFIT**

	Note	Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Operating profit is stated after (crediting)/charging the following items:			
Gain from the sale of property, plant and equipment	6	(1.300)	-
Depreciation of property, plant and equipment	6	125.645	81.534
Staff costs	2	673.436	688.138
Independent auditors' remuneration for the statutory audit of annual accounts		<u>7.520</u>	<u>7.055</u>

2. STAFF COSTS

	Note	Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Salaries		559.317	615.771
Social insurance contributions		80.883	60.345
Social cohesion fund contributions		14.468	12.022
Pensions cost		<u>18.768</u>	-
Total staff costs	1	<u>673.436</u>	<u>688.138</u>

3. NET FINANCE EXPENSES

		Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Net foreign exchange transaction losses		6.651	11.312
Interest expense		105.747	111.097
Sundry finance expenses		<u>14.663</u>	<u>9.245</u>
		<u>127.061</u>	<u>131.654</u>

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**4. PROFIT PER SHARE**

	Unaudited 1/1/2017 to 30/6/2017	Unaudited 1/1/2016 to 30/6/2016
Basic and fully diluted earnings attributable to shareholders (€)	<u>43.145</u>	<u>221.285</u>
Weighted average number of ordinary shares in issue during the year	<u>11.721.670</u>	<u>11.721.670</u>
Basic and fully diluted earnings per share (cent)	<u>0,37</u>	<u>1,89</u>

5. DIVIDENDS

	Unaudited 1/1/2017 to 30/6/2017 €	Unaudited 1/1/2016 to 30/6/2016 €
Special contribution to the defence fund on deemed distribution	<u>25.289</u>	<u>-</u>
	<u>25.289</u>	<u>-</u>

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

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

6. PROPERTY, PLANT AND EQUIPMENT

The net carrying amounts of property plant and equipment at the reporting date are as follows:

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Land and buildings	3.222.664	3.236.666
Motor vehicles	83.194	102.406
Furniture, fixtures and office equipment	<u>168.324</u>	<u>194.289</u>
	<u>3.474.182</u>	<u>3.533.361</u>

7. INTANGIBLE ASSETS

The net book value of intangible asset which solely represents development of computer software as at 30 June 2017 was €2.407.751 whereas on 31 December 2016 (as per audited financial statements) was €2.267.006.

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**8. INVESTMENTS IN SUBSIDIARIES**

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
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 Limited	United Kingdom	Development of software	100
Allpay Limited	Cyprus	Electronic money institution	100
NETinfo CIS LLC	Russia	Development of software	100

9. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Balance at 1 January	456.076	500.062
Additions-capital contributions	-	500.000
Acquisition of new associate/transfer from investements in joint venture	-	40.160
Impairment charge	-	(343.957)
Exchange differences	-	(15.297)
Unrealised profit	-	(50.100)
Share of profit/(loss) from associates	-	(174.792)
Balance	<u>456.076</u>	<u>456.076</u>

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**10. TRADE AND OTHER RECEIVABLES**

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Trade receivables	1.456.459	1.205.334
Less: Provision for impairment of receivables	<u>(178.607)</u>	<u>(212.650)</u>
Trade receivables - net	1.277.852	992.684
Receivables from related companies	5.725	6.604
Directors' current accounts - debit balances	4.494	-
Shareholders' current accounts - debit balances	428	-
Deposits and prepayments	2.280	2.198
Loans receivable	-	980
Other receivables	<u>18.746</u>	<u>18.556</u>
	<u><u>1.309.525</u></u>	<u><u>1.021.022</u></u>

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

11. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Cash at bank and in hand	407.698	142.334
Bank deposits	<u>1.766</u>	<u>1.766</u>
	<u><u>409.464</u></u>	<u><u>144.100</u></u>

12. SHARE CAPITAL

	Unaudited 30/6/2017 Number of shares	Unaudited 30/6/2017 €	Audited 31/12/2016 Number of shares	Audited 31/12/2016 €
Authorised				
Ordinary shares of €0,22 each	<u>38.461.538</u>	<u>8.461.538</u>	<u>38.461.538</u>	<u>8.461.538</u>
Issued and fully paid				
Balance at 1 January	<u>11.721.670</u>	<u>2.578.767</u>	<u>11.721.670</u>	<u>2.578.767</u>
Balance	<u><u>11.721.670</u></u>	<u><u>2.578.767</u></u>	<u><u>11.721.670</u></u>	<u><u>2.578.767</u></u>

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**13. LOANS AND BORROWINGS**

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Non-current liabilities		
Bank loans	<u>3.743.878</u>	<u>3.550.257</u>
Current liabilities		
Bank overdrafts	748.885	718.157
Bank loans	<u>402.058</u>	<u>194.019</u>
	<u>1.150.943</u>	<u>912.176</u>
Total	<u><u>4.894.821</u></u>	<u><u>4.462.433</u></u>

14. TRADE AND OTHER PAYABLES

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Trade payables	204.873	237.663
Social insurance and other taxes	31.960	45.617
VAT	42.041	60.363
Shareholders' current accounts - credit balances	-	7.225
Accruals	124.367	18.470
Other creditors	22.956	22.420
Special contribution to the defence fund on payable dividends	<u>5.744</u>	<u>5.744</u>
	<u><u>431.941</u></u>	<u><u>397.502</u></u>

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

15. DEFERRED INCOME

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Government grants	<u>82.792</u>	<u>85.157</u>
Deferred income more than one year	78.061	80.426
Deferred income within one year	<u>4.731</u>	<u>4.731</u>
	<u><u>82.792</u></u>	<u><u>85.157</u></u>

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**16. TAX LIABILITY**

	Unaudited 30/6/2017 €	Audited 31/12/2016 €
Corporation tax	19.447	19.447
Special contribution to the defence fund	<u>570</u>	<u>570</u>
	<u><u>20.017</u></u>	<u><u>20.017</u></u>