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Ετήσια Οικονομική Έκθεση

NETinfo Plc

NETIN

Ελεγμένοι οικονομικοί λογαριασμοί 2017

Ελεγμένοι οικονομικοί λογαριασμοί της εταιρείας NETinfo για το έτος 2017

Attachment:

1. **Ελεγμένοι Οικονομικοί Λογαριασμοί 2017**

Non Regulated

Publication Date: 02/05/2018

NETINFO PLC

REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS

For the year ended 31 December 2017

NETINFO PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

C O N T E N T S

NETINFO PLC

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors		
	Executive members:	Vassos Aristodemou Polykarpos Hadjikyriakos Orlando Castellanos
	Non-executive members:	Kevin Ashby (appointed on 25 May 2017) Pavlos Iosifides Iacovos Koumi
Secretary		Polykarpos Hadjikyriakos
Independent Auditors		KPMG Limited
Bankers		Bank of Cyprus Public Company Ltd Hellenic Bank Public Company Ltd Alpha Bank Cyprus Ltd National Bank of Greece (Cyprus) Ltd USB Bank Plc Eurobank Cyprus Ltd
Registered Office		23 Aglantzias Netinfo Building 2108, Nicosia Cyprus
Registration number		HE110368

NETINFO PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of NETinfo PLC (the "Company") for the year ended 31 December 2017, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 11 to 57:

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

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

(b) The Management Report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Vassos Aristodemou

Polykarpos Hadjikyriakos

Orlando Castellanos

Kevin Ashby

Pavlos Iosifides

Iacovos Koumi

Responsible for drafting the financial statements

Zoe Zafiropoulou

Nicosia, 30 April 2018

NETINFO PLC

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Polykarpos Hadjikyriakos

Orlando Castellanos

Kevin Ashby

Pavlos Iosifides

Iacovos Koumi

Responsible for drafting the financial statements

Zoe Zafiropoulou

Nicosia, 30 April 2018

NETINFO PLC

MANAGEMENT REPORT

The Board of Directors of NETinfo PLC (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE GROUP

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.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2017 are set out on page 11 to the consolidated financial statements. The net loss for the year attributable to the shareholders of the Group amounted to €34.613 (2016: €579.490 profit).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

Financial technology groups tend to invest heavily in developing a strong asset and service offering either through acquisitions or in-house development. The Group is one of the leading financial technology companies in Cyprus with a strong in house development team which was further enhanced in 2017. During the year the Group invested heavily in the upgrade of its software platform product offerings compatible with current and next generation systems. What's important to highlight, is the significant innovation of the Group during 2017 with the development of cutting edge electronic payment and real time electronic wallet technology and the approval of its e-money license application by the Central Bank of Cyprus, a significant milestone for the medium to long term development plans of the Group.

The operating result of the Group before finance expenses shows a decrease compared to 2016 from €995.657 to €331.474. This was attributed to the decrease in revenue compared to 2016 mainly due to the cancellation of 2 contracts signed during the year as well as the increase in cost of sales due to the work done for the 2 contracts one of which the board elected not to proceed and the other one was postponed. Administration costs also increased mainly due to the increase in staff costs and other professional fees. The overall decrease was mitigated by the gain on the disposal of the investment in the equity accounted investee. The Group showed an operating loss after finance expenses mainly due to the increase in foreign exchange losses and loss after taxes due to the share of loss from associates and tax expense compared to a profit in 2016 of €579.940.

The management of the group is actively monitoring the financial performance of the Group and looking to improve its capital base and liquidity position. To this end, during 2018 the Group successfully issued a convertible bond in the amount of €600.000. In addition, the Group is admitted in the Emerging Capital Market of the Cyprus Stock Exchange (C.S.E) and therefore has the option to obtain additional funds to cover its outflows by issuing additional shares either to its existing members or through private placement and are considering various options to further improve its capital base.

DIVIDENDS

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

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 34 to the consolidated financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

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 Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

CREDIT RISK

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Group does not hold collateral as security.

LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

FUTURE DEVELOPMENTS

The Board of Directors as discussed elsewhere in the report the Group through the acquisition of the EMI from the Central Bank of Cyprus expecting dynamically in the payment systems and world markets add a significant new activity in the group's operations.

The most significant risks faced by the Group and the steps taken to manage these risks, are described in note 34 to the consolidated financial statements.

NETINFO PLC

MANAGEMENT REPORT *(continued)*

IMPLEMENTATION AND COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE

The Group recognises the importance of implementing sound corporate governance policies, practices and procedures.

NETinfo Plc is admitted to the E.C.M. Market of the Cyprus Stock Exchange (C.S.E), which is not regarded as a regulated market with the meaning used in Companies Law, therefore it is not required to adopt the Corporate Governance Statement as per Section 151 of the Companies Law, Cap.113.

BRANCHES

During the year ended 31 December 2017 the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017, except for Mr. Kevin Ashby who was appointed director on 25 May 2017.

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 REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

INDEPENDENT AUDITORS

During the year the independent auditors of the Company, Grant Thornton (Cyprus) Ltd, resigned and KPMG Limited was appointed in their place.

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Vassos Aristodemou
Director

Nicosia, 30 April 2018

KPMG Limited
Chartered Accountants
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Independent Auditors' report

TO THE MEMBERS OF NETINFO PLC

Report on the audit of the Consolidated financial statements

Opinion

We have audited the accompanying financial statements of Netinfo Plc (the "Company"), and its subsidiaries ("the Group") which are presented on pages 11 to 57, and comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), and the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

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F +357 26 322722

Revenue recognition	
Refer to note 5 to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
Revenue of the Group is generated through contracts signed between the Group and various local and international clients. Based on the contracts, delivery of the product comprises the implementation phase, subsequent maintenance and change requests after the product goes live as per each client's needs. Revenue is recognised when the work is performed based on the stage of completion of each contract. For this purpose the stage of completion as at the reporting date needs to be assessed. We have identified revenue recognition as a key audit matter as the determination of the percentage of contract completion at the reporting date involves significant judgment and also incurs risk associated with the completion of the contract.	Our audit procedures included amongst others the following: - We assessed the reasonableness of management's assumptions when estimating the stage of completion be referring to signed contract terms (including agreed milestones) and discussing contract progress with the project manager. We have assessed the reliability of the estimate through consideration of the historical accuracy of the management's estimate - We have performed substantive analytical procedures on current year's revenue and performed contract revenue recalculation for the new clients by tracing revenue recognized to the contract terms. - We have selected significant customers and contracts and assessed the progress including agreed milestones and recognition of revenue in line with contract terms and tracing to invoices and subsequent cash receipts - We reviewed transactions posted post year end by tracing revenue recognized to contract terms, to examine completeness of revenue.

Capitalisation and impairment of software development costs	
Refer to note 17 to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
Internally generated intangible assets (software development costs) are recognised only when the conditions of IAS 38 are met. This involves significant management judgement, such as with respect to the technical feasibility, intention and ability to complete the intangible asset generation of future economic benefits and the ability to measure the costs reliably. Capitalisation of software development costs was identified as a key audit matter.	Our audit procedures included amongst others the following: - We have assessed the recognition criteria of internally generated intangible assets, challenged the key assumptions and estimates applied by management in capitalized software development costs and assessed their reasonableness. - We have obtained an analysis of the software tools database developments made to the software library during 2017 and assessed the reasonableness of costs capitalized against those developments. - We considered whether any indicators of impairment were present by understanding the business rationale and management plans for the future and relevant markets addressed

Other information

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report is presented in the "*Report on other legal requirements*" section.

Responsibilities of the Board of Directors for the 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 IFRS-EU and the requirements of the 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business activities of the within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on other legal requirements

Pursuant to the additional requirements of law L.53(I)2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other matter

Reporting responsibility

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017, 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.

Comparative figures

The financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 April 2017.

Audit Committee

The Company has not established an Audit Committee in accordance with Article 79 of L.53(I)/2017.

The engagement partner on the audit resulting in this independent auditors' report is Pangratios P. Vanezis.

Pangratios P. Vanezis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus

30 April 2018

NETINFO PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	5	3.625.964	4.057.824
Cost of sales	6	(1.565.877)	(1.265.564)
Gross profit		2.060.087	2.792.260
Other operating income	7	46.730	77.904
Selling and distribution expenses	8	(318.908)	(299.405)
Administrative expenses	9	(1.582.673)	(1.231.145)
Gain/(loss) from investing activities	10	137.945	(343.957)
Operating profit	11	343.181	995.657
Finance income		196	1.248
Finance expenses		(344.715)	(240.397)
Net finance expenses	13	(344.519)	(239.149)
Operating (loss)/profit after net finance expenses		(1.338)	756.508
Share of losses from associates	20	(14.427)	(174.792)
(Loss)/profit before tax		(15.765)	581.716
Tax	14	(18.848)	(2.226)
(Loss)/profit for the year		(34.613)	579.490
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Change in the fair value of land and buildings		-	(70.000)
Tax on other comprehensive income-fair value change of properties	26	6.016	2.177
		6.016	(67.823)
Items that are or may be reclassified to profit or loss:			
Share of exchange difference arising on the translation and consolidation of foreign associates		11.071	(181.372)
Other comprehensive income for the year		17.087	(249.195)
Total comprehensive (expense)/income for the year		(17.526)	330.295
Basic and fully diluted (losses)/earnings per share (cent)	15	(0,30)	4,94

The notes on pages 15 to 57 are an integral part of these audited consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 €	2016 €
Assets			
Property, plant and equipment	16	3.487.940	3.533.361
Intangible assets	17	2.954.636	2.267.006
Investment property	18	482.000	482.000
Investments in associates	20	156.830	456.076
Total non-current assets		7.081.406	6.738.443
Work in progress	21	60.421	107.201
Trade and other receivables	22	993.725	1.021.022
Cash at bank and in hand	23	454.670	144.100
Total current assets		1.508.816	1.272.323
Total assets		8.590.222	8.010.766
Equity			
Share capital	24	2.578.767	2.578.767
Other reserves		918.293	901.206
Retained earnings		(626.685)	(569.235)
Total equity		2.870.375	2.910.738
Liabilities			
Borrowings	25	3.637.231	3.550.257
Deferred tax liabilities	26	77.975	86.480
Deferred income	28	75.695	80.426
Total non-current liabilities		3.790.901	3.717.163
Bank overdrafts	23	963.449	718.157
Borrowings	25	339.493	194.019
Trade and other payables	27	605.714	397.502
Deferred income	28	-	4.731
Tax liability	29	20.290	20.017
Payable dividends		-	48.439
Total current liabilities		1.928.946	1.382.865
Total liabilities		5.719.847	5.100.028
Total equity and liabilities		8.590.222	8.010.766

On 30 April 2018 the Board of Directors of NETinfo PLC approved and authorised these consolidated financial statements for issue.

.... Vassos Aristodemou

.... Polykarpos Hadjikyriakos

The notes on pages 15 to 57 are an integral part of these audited consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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 year		-	-	-	-	579.490	579.490
Other comprehensive income for the year		-	-	(67.823)	(181.372)	-	(249.195)
Total comprehensive income for the year		-	-	(67.823)	(181.372)	579.490	330.295
Balance at 31 December 2016		2.578.767	524.601	813.499	(436.894)	(569.235)	2.910.738
Balance at 1 January 2017		2.578.767	524.601	813.499	(436.894)	(569.235)	2.910.738
Loss for the year		-	-	-	-	(34.613)	(34.613)
Other comprehensive income for the year		-	-	6.016	11.071	-	17.087
Total comprehensive income for the year		-	-	6.016	11.071	(34.613)	(17.526)
Transactions with owners of the Company							
Special contribution to the defence fund on deemed distribution		-	-	-	-	(25.289)	(25.289)
Loss of control of subsidiary	19	-	-	-	-	2.452	2.452
Total transactions with owners		-	-	-	-	(22.837)	(22.837)
Balance at 31 December 2017		2.578.767	524.601	819.515	(425.823)	(626.685)	2.870.375

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.

The notes on pages 15 to 57 are an integral part of these audited consolidated financial statements.

NETINFO PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 €	2016 €
Cash flows from operating activities			
(Loss)/profit for the year		(34.613)	579.490
Adjustments for:			
Depreciation of property, plant and equipment	16	166.296	174.146
Exchange difference arising on the translation of non-current assets in foreign currencies		(11.071)	-
Amortisation of intangible assets	17	212.624	200.273
Share of results of associates	20	14.427	174.792
Profit from the sale of property, plant and equipment		-	(1.300)
Loss from the sale of investments in associated undertakings		66.095	-
Impairment charge - investments in associates	20	-	343.957
Amortization of government grants for the year		-	(4.731)
Interest income	13	(196)	(1.248)
Interest expense	13	222.448	218.310
Income tax expense		18.848	2.226
		654.858	1.685.915
Decrease in inventories		46.780	-
Decrease/(increase) in trade and other receivables		294.494	(496.339)
Increase in bank deposits		(19)	-
Increase/(decrease) in trade and other payables		159.773	(31.219)
Decrease in deferred income		(9.462)	-
Cash generated from operations		1.146.424	1.158.357
Tax paid		(21.065)	(11.875)
Net cash generated from operating activities		1.125.359	1.146.482
Cash flows from investing activities			
Payment for acquisition of intangible assets	17	(900.254)	(416.636)
Payment for acquisition of property, plant and equipment	16	(120.875)	(96.417)
Proceeds from disposal of intangible assets		-	200.273
Proceeds from disposal of property, plant and equipment		-	10.900
Proceeds from sale of investments in associated undertakings		(66.095)	-
Interest received		196	1.248
Net cash used in investing activities		(1.087.028)	(300.632)
Cash flows from financing activities			
Repayment of borrowings		(266.552)	(415.330)
Proceeds from borrowings		500.000	-
Interest paid		(181.231)	(181.436)
Special contribution to the defence fund on deemed distribution paid		(25.289)	-
Net cash generated from/(used in) financing activities		26.928	(596.766)
Effect of exchange rate fluctuations on cash held		-	3.124
Net increase in cash and cash equivalents		65.259	252.208
Cash and cash equivalents at beginning of the year		(575.823)	(828.031)
Cash and cash equivalents at end of the year	23	(510.564)	(575.823)

The notes on pages 15 to 57 are an integral part of these audited consolidated financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

NETinfo PLC (the "Company") was incorporated in Cyprus on 3 April 2000 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 23 Aglantzias Avenue, Netinfo Building, 2108, Nicosia, Cyprus.

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 for the year ended 31 December 2017 consist of the financial statements of the Company and its subsidiaries (which together referred to as "the Group").

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

(b) Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except in the case of land and buildings and investments property, which are measured at fair value.

(c) Going concern basis
The Group incurred a loss of €34.613 during the year ended 31 December 2017 and, as of that date the Group's current liabilities exceeded its current assets by €420.130. The management of the Group is closely monitoring the financial performance and position of the Group with relevant forecasts and budgets.

During 2017 the Group has heavily invested in software development, as evidenced by the software development costs capitalized, mainly in the upgrade of its software platform product offerings compatible with current and next generation system and more importantly in the significant innovation of the Group with the development of cutting edge electronic payment and real time electronic wallet technology and the approval of its e-money license application by the Central Bank of Cyprus a significant milestone for the medium to long term development plans of the Group. This is expected to result in future economic benefits for the Group through new business expected to be generated as well as the operations of NETinfoPay Ltd which obtained an e-money license in 2017.

Furthermore, the Group has successfully issued in early 2018 convertible bond amounting to €600.000. This further enhances the liquidity of the Group. The management of the Group is also actively looking to improve its capital base and has the option to obtain additional funds to cover its outflows by issuing additional shares, either to its existing members or through private placement as it is admitted in the Emerging Capital Market of the Cyprus Stock Exchange (C.S.E). As of today there is active interest from potential investors.

The Board of Directors, following consideration and evaluation of the above conditions and relevant factors, has concluded that the Group has a strong product offering and a significant innovative new technology that would produce strong results not only in the short term but longer term as well. in addition, there are currently available resources to implement the business plans of the Group achieving long term viability and maximizing shareholders returns. The financial statements of the Group have been prepared on a going concern basis.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

As from 1 January 2017, the Company adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by the EU which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

At the date of approval of these consolidated financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors is currently considering the impact and is not in position now to disclose a quantitative amount. This may be done in the next reporting date.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2017. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IAS issued the final version of IFRS 9, which replaces the existing guidance in IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  Classification – Financial assets
  IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

  Impairment - Financial assets and contract assets
  IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ECL model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.
  Under IFRS 9, loss allowances will be measured on either of the following bases:
  – 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
  – lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(i) Standards and Interpretations adopted by the EU (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the entity has chosen to apply this policy also for trade receivables and contract assets with a significant financing component. There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to corroborate a more lagging default criterion.

- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).
  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. It provides a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. The recognition of such revenue is in accordance with five steps to: 1) identifying the contract with the customer; 2) identifying each of the performance obligations included in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognising revenue as each performance obligation is satisfied.

- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
  Clarifications to IFRS 15 provide additional application guidance but do not change the underlying principles of the standard. The clarifications relate principally to identifying performance obligations (step 2), accounting for licenses of intellectual property (step 5) and agent vs principal considerations. The clarifications also introduce additional practical expedients on transition in relation to modified and completed contracts.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(i) Standards and Interpretations adopted by the EU (continued)

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
  IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard introduces a single, on-balance sheet lease accounting model for lessees. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The previous distinction between operating and finance leases is removed for lessees. Instead, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS 1 and IAS 28)).
  The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. Additionally, a non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries (election can be made separately for each investment entity associate or joint venture).

- IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018).
  The amendments cover three accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payments settled net of tax withholdings; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements can affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
  The amendments clarify the requirements on transfers to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, the amendments clarify that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(i) Standards and Interpretations adopted by the EU (continued)

- IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019)
  In October 2017, the IASB issued "Prepayment Features with Negative Compensation (Amendments to IFRS 9)". The amendments address the issue that under pre-amended IFRS 9, financial assets with such features would probably not meet the SPPI criterion and as such would be measured at fair value through profit or loss. The IASB believes that this would not be appropriate because measuring them at amortised cost provides useful information about the amount, timing and uncertainty of their future cash flows. Financial assets with these prepayment features can therefore be measured at amortised cost or fair value through other comprehensive income provided that they meet the other relevant requirements of IFRS 9. The final amendments also contain a clarification in the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in thederecognition of the financial liability. Based on the clarification, an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
  The interpretation clarifies that the transaction date, for the purpose of determining the exchange rate, is the date of initial recognition of the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

(ii) Standards and Interpretations not adopted by the EU

- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).
  IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected.

- IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019)
  The amendments clarify that an entity applies IFRS 9 "Financial Instruments", including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(ii) Standards and Interpretations not adopted by the EU (continued)

- Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).
  In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:
  - IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements". The amendments to IFRS clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value. The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - IAS 12 "Income Taxes": the amendments clarify that all income tax consequences of dividends (i. distribution of profits) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
  - IAS 23 "Borrowing Costs": the amendments clarify that if any specific borrowing remai outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

- IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 1 January 2019).
  In February 2018, the IASB issued amendments to the guidance in IAS 19 "Employee Benefits", in connection with accounting for planned amendments, curtailments and settlements.

- "Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1 January 2020)
  In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised "Conceptual Framework for Financial Reporting" (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognized in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the "practical ability" approach to liabilities". To assist companies with the transition, the IASB issued a separate accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards". This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(ii) Standards and Interpretations not adopted by the EU (continued)

- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the consolidated financial statements of the Group, except for the adoption of IFRS 9 and IFRS 15. The management currently considers the impact and is not in a position now to disclose a quantitative amount. This will be done in the immediate next reporting date.

(e) Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3 "Revenue recognition" - accounting for revenue from sale of the developed software programs and web applications.
- Note 3 "Capitalisation of software development costs" - determination whether the recognition criteria are met.

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgments (continued)

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 17 - impairment test: key assumptions underlying recoverable amounts and value in use.
- Note 3 "Work in progress" - assumptions to determine the cost of work in progress.
- Note 22 "Provision for bad and doubtful debts" - the Group reviews its trade and other receivables for evidence of their recoverability.
- Note 29 "Income taxes" - to determine any provision for income taxes.
- Notes 19, 20 and 3 "Impairment of investments in associates" - determine the recoverability of investments in associates whenever indicators of impairment are present.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes:

- Note 18 - Investment property
- Note 16 - Property, plant and equipment
- Note 34 - Financial instruments

(f) Functional and presentation currency
The consolidated financial statements are presented in Euro (€) which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these consolidated financial statements. The accounting policies have been consistently applied by all companies of the Group.

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

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as transactions with shareholders acting in their capacity as shareholders. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

When the Group loses control of a subsidiary, the resulting profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The resulting profit or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations (continued)

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations (continued)

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

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

Investments in associates

Associates are those entities in which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method.

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

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 recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount 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, after reassessment, is recognised immediately in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segmental reporting
The Group is organised by business segments and this is the primary format for segmental reporting. Each business segment provides products or services which are subject to risks and returns that are different from those of other business segments. The Group operates only in Cyprus and for this reason operations are not analysed by geographical segment.

Revenue recognition
Revenues earned by the Group are recognised on the following bases:

- *Sale of computer accessories*
  Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of Value Added Tax, return, volume rebates and trade discounts.

  The timing of the transfer of risks and rewards depends on when the goods are delivered to customer.

- *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.

- *Software development*
  Income from the development of customised software is recognised by reference to the stage of completion of the development, including completion of services provided for post-delivery service support.

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

Employee benefits
The Group's companies and their employees contribute to the Government Social Insurance Fund based on employees' salaries. 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 scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund.

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

NETINFO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Finance expenses

Finance expenses include interest expense on loans and bank overdrafts as well as bank charges and foreign exchange losses. Finance expenses, excluding bank charges, are recognised to profit or loss using the effective interest method. Bank charges are recognised in profit or loss in the period which incurred.

Foreign currency translation

(i) Functional currencies

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

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

- NETinfo Services Limited: Euro (€)
- NETteller Solutions S.A.: Euro (€)
- NETinfo Ltd: UK pound sterling (£)
- NETinfoPay Limited: Euro (€)
- NETinfo CIS LLC: Russian Ruble

(ii) Transactions and balances

Foreign currency transactions are translated into respective functional currencies of the Group companies 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 the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

(iii) Translation to presentation currency

The assets and liabilities of the Group (including comparatives) arc 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 recognised in other comprehensive income and transferred to the translation reserve.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and 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 current tax assets and liabilities on a net basis.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's consolidated financial statements in the year in which they are approved by the Company's shareholders.

Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. 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 are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

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 for the current and comparative periods 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.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Deferred income from government grants

Government grants on non-current assets acquisitions are recorded as deferred income and recognised as income on a systematic and rational basis over the useful life of the asset. Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment property is held for long-term rental yields 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. Changes in fair values are recorded in profit or loss and are included in other operating income.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Intangible assets

(i) Internally-generated intangible assets - research and development

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

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The annual depreciation rate used for the current and comparative periods is

(ii) 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 programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives. Amortisation commences when the computer software is available for use and is included within cost of sales.

The annual amortisation rate used for the current and comparative periods is 5%.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases
At inception of an arrangement, the Group determines whether an arrangement is or contains a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases - The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Operating leases - The Group as lessee
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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

(i) Trade and other receivables
Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are stated after deducting the appropriate allowances for any impairment.

(ii) Prepayments from clients
Payments received in advance on sale contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities.

(iii) Loans granted
Loans originated by the Group by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

(iv) Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and bank overdrafts.

(v) Borrowings
Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(vi) Trade and other payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

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

- the contractual rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognized financial assets that is created or retained by the Group is recognised as a separate asset or liability

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or 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, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets
Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to be benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Work in progress
Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes labour cost incurred for the development and implementation of online banking systems.

Share capital
Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Non-current liabilities
Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NETINFO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SEGMENTAL ANALYSIS

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

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

Entity-wide geographical disclosures

2017	Cyprus €	Other €	Total €
Revenue	1.151.304	2.474.660	3.625.964
Non-current assets	8.590.222	-	8.590.222

2016	Cyprus €	Other €	Total €
Revenue	1.255.505	2.802.319	4.057.824
Non-current assets	6.282.367	-	6.282.367

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.

5. REVENUE

	2017 €	2016 €
Software development and implementation	3.442.168	3.873.990
Website design services	171.520	183.834
Sale of computer accessories	12.276	-
	3.625.964	4.057.824

NETINFO PLC

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For the year ended 31 December 2017

6. COST OF SALES

	2017	2016
	€	€
Staff costs (Note 12)	949.094	776.520
Software and domain registration	347.010	44.940
Amortisation of software	212.624	200.273
Depreciation of computer hardware	11.749	17.165
Subcontracted work	-	113.666
Consulting services for research and development	45.400	113.000
	1.565.877	1.265.564

7. OTHER INCOME

	2017	2016
	€	€
Profit from sale of property, plant and equipment	-	1.300
Government grants	32.074	5.608
Rental income	12.395	15.300
Sundry operating income	2.261	55.696
	46.730	77.904

8. SELLING AND DISTRIBUTION EXPENSES

	2017 €	2016 €
Overseas travelling	74.773	75.716
Advertising	59.447	30.208
Decoration	12.182	16.460
Commissions to agents	19.875	53.794
Inland travelling	-	786
Bad debts written off	16.781	27.666
Provision for bad debts	46.821	34.043
Discounts allowed	14	382
Other selling and distribution expenses	89.015	60.350
	318.908	299.405

9. ADMINISTRATIVE EXPENSES

	2017 €	2016 €
Staff costs (Note 12)	664.969	448.143
Rent	36.528	36.259
Licenses and taxes	12.544	2.624
Electricity	31.380	24.275
Water supply and cleaning	15.396	11.676
Insurance	17.392	17.818
Repairs and maintenance	30.524	13.225
Sundry expenses	4.355	8.381
Telephone and postage	21.107	22.751
Stationery and printing	5.299	5.553
Subscriptions and contributions	2.017	1.198
Staff training	16.660	20.290
Independent auditors' remuneration for the statutory audit of annual accounts	14.000	20.410
Independent auditors' remuneration for tax services	-	950
Independent auditors' remuneration for other non-audit services	5.000	-
Independent auditors' remuneration - prior years	3.300	750
Accounting fees	9.358	11.380
Legal fees	31.941	28.268
Other professional fees	137.429	53.100
Custody fees	3.050	1.200
Fines	185	5.560
Overseas travelling	279.554	262.987
Entertaining	17.300	9.717
Motor vehicle running costs	37.830	27.545
Depreciation property, plant and equipment	154.547	156.981
Other administration expenses	31.008	21.586

9. ADMINISTRATIVE EXPENSES *(continued)*

	1.582.673	1.212.627

10. GAIN/(LOSS) FROM INVESTING ACTIVITIES

	2017 €	2016 €
Gain from disposal of investments in associates	137.945	-
Impairment charge - investments in associates	-	(343.957)
	137.945	(343.957)

11. OPERATING PROFIT

	Note	2017 €	2016 €
Operating profit is stated after charging the following items:			
Amortisation of software	6	212.624	200.273
Depreciation of property, plant and equipment	16	166.296	174.147
Staff costs including Directors in their executive capacity	12	1.614.063	1.224.663
Independent auditors' remuneration for the statutory audit of annual accounts	9	14.000	20.410
Independent auditors' remuneration for tax advice	9	-	950
Independent auditors' remuneration for other non-audit services	9	5.000	-
Independent auditors' remuneration - prior years	9	3.300	750
Trade receivables - impairment charge for bad and doubtful debts	22	46.821	34.043

12. STAFF COSTS

	Note	2017 €	2016 €
Salaries		1.184.098	739.716
Wages		185.701	311.067
Social insurance costs and other funds		174.026	129.281
Special contribution		-	1.701
Social cohesion fund contributions		31.941	22.647
Provident fund contributions		38.297	20.251
Total staff costs	6, 9	1.614.063	1.224.663
Average number of employees (including Directors in their executive capacity)		64	54

Staff costs amounting to €370.254 have been capitalised as development of the of the main software database.

13. NET FINANCE INCOME AND EXPENSES

	2017 €	2016 €
Interest income	196	1.248
Finance income	196	1.248
Net foreign exchange transaction losses	(95.072)	(2.072)
Interest expense	(222.448)	(218.310)
Sundry finance expenses	(27.195)	(20.015)
Finance expenses	(344.715)	(240.397)
Net finance expenses	(344.519)	(239.149)

14. TAXATION

	Note	2017 €	2016 €
Corporation tax		1.132	18.871
Overseas tax		19.447	-
Special contribution to the defence fund year		759	717
Special contribution to the defence fund - prior years		-	(18.384)
Deferred tax - credit/charge	26	(2.490)	1.022
Charge for the year		18.848	2.226

The Cyprus corporation tax rate is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

15. (LOSS)/PROFIT PER SHARE

	2017	2016
Basic and fully diluted (losses)/earnings attributable to shareholders (€)	(34.613)	579.490
Weighted average number of ordinary shares in issue during the year	11.721.670	11.721.670
Basic and fully diluted (losses)/earnings per share (cent)	(0,30)	4,94

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.

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For the year ended 31 December 2017

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Computer hardware	Motor vehicles	Furniture, fixtures and office equipment	Telephone center	Total
	€	€	€	€	€	€
Cost or valuation						
Balance at 1 January 2016	3.480.000	479.331	303.117	413.915	49.421	4.725.784
Additions	-	23.640	35.562	36.892	323	96.417
Disposals	-	-	(16.000)	-	-	(16.000)
Adjustment on revaluation	(70.000)	-	-	-	-	(70.000)
Balance at 31 December 2016	3.410.000	502.971	322.679	450.807	49.744	4.736.201
Balance at 1 January 2017	3.410.000	502.971	322.679	450.807	49.744	4.736.201
Additions	54.885	21.469	14.507	28.079	1.935	120.875
Balance at 31 December 2017	3.464.885	524.440	337.186	478.886	51.679	4.857.076
Depreciation						
Balance at 1 January 2016	86.667	452.948	192.135	275.727	27.616	1.035.093
Depreciation for the year	86.667	17.165	34.538	30.809	4.968	174.147
On disposals	-	-	(6.400)	-	-	(6.400)
Balance at 31 December 2016	173.334	470.113	220.273	306.536	32.584	1.202.840
Balance at 1 January 2017	173.334	470.113	220.273	306.536	32.584	1.202.840
Depreciation for the year	86.805	11.851	32.281	30.201	5.158	166.296
Balance at 31 December 2017	260.139	481.964	252.554	336.737	37.742	1.369.136
Carrying amounts						
Balance at 31 December 2017	3.204.746	42.476	84.632	142.149	13.937	3.487.940
Balance at 31 December 2016	3.236.666	32.858	102.406	144.271	17.160	3.533.361

Fair value hierarchy

The fair value of property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The significant inputs and assumptions are developed in close consultation with the Directors. The valuation process and fair value changes are reviewed by the Board of Directors at each reporting date.

The fair value measurement for the properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

NETINFO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Valuation technique and significant unobservable inputs
The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The significant inputs and assumptions are developed in close consultation with the Directors. The valuation process and fair value changes are reviewed by the Board of Directors at each reporting date.

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 judgment, the Directors consider that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The land and buildings have been revlaued by the mangement in 2016 following a valuation by the independent valuer. The Board of Directors does not believe that there is a significant change to the fair value of land and buildings as at the reporting date.

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

	2017	2016
	€	€
Cost	2.955.003	2.929.944
Accumulated depreciation	(268.327)	(199.423)
Net book amount	2.686.676	2.730.521

The carrying amount of €3.204.746 (2016: €3.236.666) is pledged to secure bank loans of the Group.

17. INTANGIBLE ASSETS

	Computer software €
Cost	
Balance at 1 January 2016	3.635.589
Additions	416.636
Balance at 31 December 2016	4.052.225
Balance at 1 January 2017	4.052.225
Additions	900.254
Balance at 31 December 2017	4.952.479
Amortisation	
Balance at 1 January 2016	1.584.946
Amortisation for the year	200.273
Balance at 31 December 2016	1.785.219
Balance at 1 January 2017	1.785.219
Amortisation for the year	212.624
Balance at 31 December 2017	1.997.843
Carrying amounts	
Balance at 31 December 2017	2.954.636
Balance at 31 December 2016	2.267.006

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.

Additions made to computer software in 2017 comprise the following:

- software development costs of €200.254 capitalised by NETinfo Plc in relation to developments made to the main software library
- software development costs of €170.000 capitalised by NETinfo Plc in relation to the development of software to be used by NETinfo Pay Ltd
- software rights received by NETinfo Plc as part of the agreement for disposal of the investment in associate entity PlusPay LLC of €500.000
- software acquired by NETinfoPay Limited of €30.000

No amortisation was recognised on software acquired by NETinfoPay Limited during the year ended 31 December 2017 and software costs capitalised by NETinfo Plc in relation to the development of software to be used by NETinfoPay Ltd since the software is not ready for its intended use.

18. INVESTMENT PROPERTY

	2017	2016
	€	€
Balance at 1 January and 31 December	482.000	482.000

Investment property comprises of three apartments used as office spaces. The properties are located in a central location in Nicosia.

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The significant inputs and assumptions are developed in close consultation with the Directors. The valuation process and fair value changes are reviewed by the Board of Directors at each reporting date.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs
The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

The fair value is estimated using a amrket approach that reflects observed pries for recent market transactions for similar properties and incorporates adjustments for specific factors, including plot and building size, location planning zone and permits, encumbrances abd current use abd 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 judgment, the Directors consider that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

A valuation of investment properties was last carried out by the independent valuer in January 2017. The management does not believe that there was a significant change to the fair value of the investment properties as at the reporting date.

Carrying amount of €482.000 (2016: €482.000) is pledged to secure the bank loans of teh Group.

NETINFO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INVESTMENTS IN SUBSIDIARIES

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2017 Holding %	2016 Holding %
NETinfo Services Limited	Cyprus	Development of software	100	100
The P.R. People Limited	Cyprus	Dormant	-	100
NETteller Solutions S.A.	Costa Rica	Development of software	100	100
NETinfo Limited	United Kingdom	Development of software	100	100
NETinfoPay Limited	Cyprus	Electronic money institution	100	100
NETinfo CIS LLC	Russia	Development of software	100	100

During the year NETinfo Plc disposed of its 100% shareholding in The P.R. People Limited for nil consideration. This was accounted for as a transaction with the owners.

20. INVESTMENTS IN ASSOCIATES

	2017 €	2016 €
Balance at 1 January and 31 December	456.076	500.062
Additions-capital contributions	-	500.000
Acquisition of new associate/transfer from investments in joint venture	-	40.160
Impairment charge	-	(343.957)
Exchange differences	11.071	(15.297)
Unrealised profit	-	(50.100)
Share of loss from associates	(14.427)	(174.792)
Disposal of PlusPay LLC	(295.890)	-
	156.830	456.076

Investments in associates

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2017 Holding %	2016 Holding %
Allpay LLP	Kazakhstan	Mobile Financial Services	33,33	33,33
PlusPay LLC	Russia	Mobile Financial Services	-	50,1

20. INVESTMENTS IN ASSOCIATES *(continued)*

Significant aggregate amounts in respect of associated undertakings:

2017	Allpay LLP €
Percentage ownership interest	33,33%
Non-current assets	494.639
Current assets	34.559
Non-current liabilities	(2.299)
Current liabilities	(56.361)
Net assets	470.538
Group's share of net assets	156.830
Carrying amount of interest in associate	156.830
Revenue	200
Loss from continuing operations	(43.717)
Total comprehensive income	(43.717)

2016	Allpay LLP €	PlusPay LLC €	Total €
Percentage ownership interest	33,33%	50,1%	
Non-current assets	56.450	493.519	549.969
Current assets	453.151	174.482	627.633
Non-current liabilities	-	(75.007)	(75.007)
Current liabilities	(28.996)	(2.396)	(31.392)
Net assets	480.605	590.598	1.071.203
Group's share of net assets	160.186	295.890	456.076
Carrying amount of interest in associate	160.186	295.890	456.076
Revenue	492.244	-	492.244
Profit from continuing operations	(429.774)	(69.064)	(498.838)
Total comprehensive income	(429.774)	(69.064)	(498.838)

20. INVESTMENTS IN ASSOCIATES *(continued)*

The details of the investments are as follows:

In the prior year, the Group held a 50,1% interest in PlusPay LLC and accounted for the investment as an associate due to the fact the Group did not have control over the Board of Directors. With effect from 1 January 2017, the Group disposed of its entire interest in Plus Pay LLC. In exchange NETinfo Plc acquired back software contributed €500.000. This transaction has resulted in the recognition of a gain of €240.040 in profit or loss.

2017

21. WORK IN PROGRESS

	2017	2016
	€	€
Work in progress	60.421	107.201

Work in progress 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.

22. TRADE AND OTHER RECEIVABLES

	2017	2016
	€	€
Trade receivables	1.233.430	1.205.334
Less: Provision for impairment of receivables	(259.471)	(212.650)
Trade receivables - net	973.959	992.684
Directors' current accounts - debit balances (note 31 (iii))	7.131	-
Deposits and prepayments	6.635	2.198
Loans receivable	-	980
Other receivables	6.000	25.160
	993.725	1.021.022

22. TRADE AND OTHER RECEIVABLES *(continued)*

Ageing analysis of trade receivables:

	Gross amount 2017 €	Impairment 2017 €	Gross amount 2016 €	Impairment 2016 €
Neither past due nor impaired	506.471	-	656.674	-
Past due 1-30 days	164.683	-	53.988	-
Past due 31-120 days	86.099	-	12.335	-
More than 120 days	476.177	(259.471)	482.337	(212.650)
	1.233.430	(259.471)	1.205.334	(212.650)

The Group has recognized a loss of €46.821 (2016: €34.043) for the impairment of its trade receivables during the year ended 31 December 2017. The loss has been included in selling and distribution costs in profit or loss.

Movement in provision for impairment of receivables:

	2017 €	2016 €
Balance at 1 January and 31 December	212.650	178.607
Impairment losses recognised on receivables	46.821	34.043
	259.471	212.650

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 34 to the consolidated financial statements.

23. CASH AT BANK AND IN HAND

	2017 €	2016 €
Cash in hand	19.598	21.660
Bank demand deposits	433.287	120.674
Restricted bank deposits	1.785	1.766
	454.670	144.100

23. CASH AT BANK AND IN HAND *(continued)*

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

	2017 €	2016 €
Cash and cash equivalents	454.670	144.100
Less: Restricted cash	(1.785)	(1.766)
	452.885	142.334
Bank overdrafts	(963.449)	(718.157)
	(510.564)	(575.823)

The weighted average effective interest rate on bank overdrafts at the reporting date was 4,46% (2016: 4,69%).

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 34 to the consolidated financial statements.

24. SHARE CAPITAL

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €0,22 each	38.461.538	8.461.538	38.461.538	8.461.538
Issued and fully paid				
Balance at 1 January and 31 December	11.721.670	2.578.767	11.721.670	2.578.767
	11.721.670	2.578.767	11.721.670	2.578.767

25. BORROWINGS

Changes in bank loans:

	2017 €	2016 €
Balance at 1 January and 31 December	3.744.276	3.978.170
Additions	500.000	-
Repayments	(447.783)	(415.330)
Interest charged for the year	180.231	181.436
	3.976.724	3.744.276

25. BORROWINGS *(continued)*

	2017	2016
	€	€
Non-current liabilities		
Bank loans	3.637.231	3.550.257
Current liabilities		
Bank loans	339.493	194.019
Total	3.976.724	3.744.276

Maturity of borrowings:

	2017	2016
	€	€
Within one year	339.493	194.019
Between one and five years	1.412.642	977.420
After five years	2.224.589	2.572.837
	3.637.231	3.550.257
	3.976.724	3.744.276

The bank loans are secured as follows:

- By personal guarantees of €6.795.000 from Mr Vassos Aristodemou, shareholder of the Company.
- By mortgage against freehold property and investment properties of the Company.
- By assignment of life insurance of Mr Vassos Aristodemou with Eurolife (no. 195716) for €150.000.
- By floating charge on the assets of the Company with unlimited amount.
- By fixed charge on the Computer Hardware of the Company to the amount of €200.000.
- By assignment of software installation contract with Eurobank Cyprus Ltd.

The weighted average effective interest rate on bank loans at the reporting date was 4,46% (2016: 4,65%).

26. DEFERRED TAX

Deferred tax liability

	2017 €	2016 €
Balance at 1 January and 31 December	86.480	87.635
Credit to other comprehensive income	(6.015)	(2.177)
Credit in profit or loss	(2.490)	-
Debit in profit or loss	-	1.022
	77.975	86.480

Deferred taxation liability arises as follows:

	2017 €	2016 €
Accelerated tax depreciation	-	2.490
Revaluation of land and buildings	77.975	83.990
	77.975	86.480

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 14). The applicable corporation tax rate in the case of tax losses is 12,5%.

27. TRADE AND OTHER PAYABLES

	2017 €	2016 €
Trade payables	291.064	237.663
Prepayments from clients	172	-
Social insurance and other taxes	55.140	45.617
VAT	41.879	60.363
Directors' current accounts - credit balances (note 31 (iii))	47.870	7.225
Accruals	31.882	18.470
Other creditors	131.963	22.420
Special contribution to the defence fund on payable dividends	5.744	5.744
	605.714	397.502

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

28. DEFERRED INCOME

	2017 €	2016 €
Government grants	75.695	85.157
Deferred income more than one year	75.695	80.426
Deferred income within one year	-	4.731
	75.695	85.157

Government grants relate to funds received by the Human Resource Development Authority and European Bank of Reasearch & Development in relation to innovative businesses.

29. TAX LIABILITY

	2017 €	2016 €
Corporation tax	19.720	19.447
Special contribution to the defence fund	570	570
	20.290	20.017

30. OPERATING ENVIRONMENT OF THE GROUP

The Group's operations are primarily based in Cyprus, with approximetely 33,3% of the Group's revenue being generated by the provision of banking and mobile software programs and web applications to customers based in Cyprus. The remaining revenue is being generated by the Group's activities in overseas jurisdictions, mainly located in Latin America and Africa. The Group's customers are primarily banking institutions.

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a “bail in”.

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7,25 billion of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post-program visits until it repays 75% of the economic assistance received.

Although there are signs of improvement, especially in the macroeconomic environment of the country’s economy including growth in GDP and reducing unemployment rates, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

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

31. RELATED PARTY TRANSACTIONS

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

The transactions and balances with related parties are as follows:

(i) Key management compensation

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

	2017 €	2016 €
Executive directors' and their related parties' remuneration	178.787	126.585
Non-executive directors' remuneration	33.376	29.185
Other key management members' remuneration	45.500	43.650
Directors' insurance expense	9.592	7.092
	267.255	206.512

(ii) Revenue and other income

	Nature of transactions	2017 €	2016 €
Pluspay LLC	Trade	-	449.950
		-	449.950

(iii) Directors' current accounts - debit/(credit) balances

	2017 €	2016 €
Vassos Aristodemou	(47.870)	(7.225)
Polys Hadjikyriakos	2.908	-
Orlando Castellanos	4.223	-
	(40.739)	(7.225)

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

32. PARTICIPATION OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2017 and 24 April 2018 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2017 %	24 April 2018 %
Orlando Castellanos	3	3
Polys Hadjikyriacos	14	14
Vassos Aristodemou	37	37

33. SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL

The persons holding more than 5% of the share capital as at 31 December 2017 and 24 April 2018 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2017 %	24 April 2018 %
Christiana Stylianou	5	5
Dimitris Stylianou	9	9
Demetra Investment Public Ltd	6	6
Polys Hadjikyriacos	14	14
Vassos Aristodemou	35	35

34. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk factors
The Group is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Interest rate risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

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34. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(i) 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 to parties with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

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:

	2017	2016
	€	€
Loans receivable	-	980
Trade and other receivables	979.959	1.017.844
Bank demand deposits	433.287	120.674
Restricted bank deposits	1.785	1.766
Directors' current accounts	7.131	-
	1.422.162	1.141.264

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Cash at bank are deposited to bank insitutions with credit rating from CCC+ to B- based on Standard and Poor's , Fitch and Moody's respectively.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

34. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(ii) Liquidity risk (continued)

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 2017	Carrying amounts €	Contractual cash flows €	1 year or less €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Bank loans	3.976.724	5.097.270	511.725	511.724	1.497.542	2.576.279
Bank overdrafts	963.217	963.217	963.217	-	-	-
Trade and other payables	746.653	746.653	746.653	-	-	-
Directors' current accounts	47.870	47.870	47.870	-	-	-
	5.734.464	6.855.010	2.269.465	511.724	1.497.542	2.576.279

31 December 2016	Carrying amounts €	Contractual cash flows €	1 year or less €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Bank loans	3.744.276	5.082.901	368.297	393.159	1.179.477	3.141.968
Bank overdrafts	718.157	718.157	718.157	-	-	-
Trade and other payables	278.553	278.553	278.553	-	-	-
Directors' current accounts	7.225	7.225	7.225	-	-	-
	4.748.211	6.086.836	1.372.232	393.159	1.179.477	3.141.968

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

34. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(iii) Market risk *(continued)*

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 Company'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:

	2017	2016
	€	€
Variable rate instruments		
Financial assets	435.072	122.440
Financial liabilities	(4.939.941)	(4.462.433)
	(4.504.869)	(4.339.993)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2017 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Profit or loss	
	2017	2016
	€	€
Variable rate instruments	44.500	43.400
	44.500	43.400

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders through the strive to improve the debt to equity ratio. 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, and or holding hybrid instruments such as convertible bonds , re-finance existing borrowings, and adjust the amount of any distribution of dividends.

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35. FAIR VALUES

Financial assets

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

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 or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31/12/2017	Level 1 €	Level 2 €	Level 3 €	Total €
Non-financial assets				
Property, plant and equipment	-	-	3.181.413	3.181.413
Investment property	-	-	482.000	482.000
Total	-	-	3.663.413	3.663.413
Financial liabilities				
Total	-	-	4.145.413	4.145.413

31/12/2016	Level 1 €	Level 2 €	Level 3 €	Total €
Non-financial assets				
Property, plant and equipment	-	-	3.236.666	3.236.666
Investment property	-	-	482.000	482.000
Total	-	-	3.718.666	3.718.666

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36. COMMITMENTS

Operating lease commitments

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

	2017	2016
	€	€
Within one year	31.592	22.295
Between one and five years	-	16.038
	31.592	38.333

37. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements other than the below:

On 13 March 2018 the Board of DIrectors of NETinfo Plc announced the issue of convertible bonds of €600.000 acquired by GMM AIFLNP Ltd / Real Value Investment's Fund.

On 30 April 2018 the Board of Directors of NETinfo PLC approved and authorised these consolidated financial statements for issue.