

Half year financial statements

Financial statements 30 June 2019

Attachment:

1. **Financial Statements 30 June 2019**

Non Regulated

Publication Date: 29/08/2019

NETINFO PLC

**UNAUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the period from 1 January 2019 to 30 June 2019

NETINFO PLC

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

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NETINFO PLC

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	<u>Executive Directors</u> Vassos Aristodemou Polykarpos Hadjikyriakos Orlando Castellanos Andreas Petrides (appointed 31 May 2019) Zoe Zafeiropoulou (appointed 31 May 2019) <u>Non-Executive Directors</u> Michael Kammas (appointed 30 May 2018) Ioannis Ninios (appointed 24 October 2018) Constantinos Constantinou (appointed 31 May 2019) Epaminondas Metaxas (appointed 31 May 2019) Kevin Ashby (resigned 31 May 2019) Iakovos Koumi (resigned 31 May 2019)
Secretary	Polykarpos Hadjikyriakos
Independent Auditors	KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus
Legal Advisors	D.Hadjinestoros & Co LLC Kyriakou Matsi 16, Eagle House, 8th Floor Agioi Omologites 1082, Nicosia, Cyprus
Bankers	Bank of Cyprus Public Company Ltd Hellenic Bank Public Company Ltd Alpha Bank Cyprus Ltd National Bank of Greece (Cyprus) Ltd Eurobank Cyprus Ltd Cynergy Bank Limited Astrobank Ltd
Registered Office	23 Aglantzias Avenue Netinfo Building 2108, Nicosia Cyprus
Registration number	HE110368

NETINFO PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30/06/2019 €	Audited 31/12/2018 €
Assets			
Non-current assets			
Property, plant and equipment	12	3.337.617	3.373.339
Intangible assets	13	3.362.395	3.268.416
Investment properties	14	304.000	304.000
Investments in associates	16	90.533	92.462
Contract assets		<u>165.845</u>	<u>339.459</u>
Total non-current assets		<u>7.260.390</u>	<u>7.377.676</u>
Current assets			
Inventories	17	80.292	79.670
Contract assets		259.333	265.023
Trade and other receivables	18	1.176.188	646.238
Cash and cash equivalents	19	<u>423.144</u>	<u>834.573</u>
Total current assets		<u>1.938.957</u>	<u>1.825.504</u>
Total assets		<u>9.199.347</u>	<u>9.203.180</u>
Equity			
Share capital	20	2.820.547	2.820.547
Share premium		1.282.911	1.282.911
Other reserves		452.625	327.264
Accumulated losses		<u>(871.297)</u>	<u>(896.577)</u>
Total equity		<u>3.684.786</u>	<u>3.534.145</u>
Liabilities			
Loans and borrowings	21	3.615.278	3.630.358
Deferred tax liabilities	22	77.792	77.792
Deferred income	24	<u>68.599</u>	<u>70.964</u>
Total non-current liabilities		<u>3.761.669</u>	<u>3.779.114</u>
Current liabilities			
Bank overdrafts		921.487	875.807
Short term portion of long-term loans	21	321.384	449.388
Trade and other payables	23	503.592	539.426
Deferred income	24	4.731	4.731
Tax liability	25	<u>1.698</u>	<u>20.569</u>
Total current liabilities		<u>1.752.892</u>	<u>1.889.921</u>
Total liabilities		<u>5.514.561</u>	<u>5.669.035</u>
Total equity and liabilities		<u>9.199.347</u>	<u>9.203.180</u>

The notes on pages 7 to 22 are an integral part of these consolidated financial statements.

NETINFO PLC

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the period from 1 January 2019 to 30 June 2019

	Note	30/06/2019 €	Audited 31/12/2018 €
Revenue	1	2.071.049	3.725.761
Cost of sales	2	<u>(789.719)</u>	<u>(1.193.139)</u>
Gross profit		1.281.330	2.532.622
Other operating income	3	10.558	144.654
Selling and distribution expenses	4	(160.420)	(230.779)
Administrative expenses	5	(968.793)	(1.939.233)
Impairment loss on trade receivables and contract assets	18	-	(284.676)
Other operating expenses	6	<u>-</u>	<u>(4.316)</u>
Operating profit	7	<u>162.675</u>	<u>218.272</u>
Finance income - total	9	11.478	19.687
Finance costs - total	9	<u>(105.399)</u>	<u>(273.548)</u>
Net finance expenses		<u>(93.921)</u>	<u>(253.861)</u>
Operating profit/(loss) after net finance expenses		68.754	(35.589)
Share of loss from equity-accounted investees, net of tax	16	<u>(6.356)</u>	<u>(51.477)</u>
Profit/(loss) before tax		62.398	(87.066)
Tax	10	<u>(37.118)</u>	<u>(93.034)</u>
Profit/(loss) for the period/year		<u>25.280</u>	<u>(180.100)</u>
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment		<u>-</u>	<u>182</u>
		<u>-</u>	<u>182</u>
<i>Items that are or may be reclassified to profit or loss:</i>			
Share of exchange difference arising on the translation and consolidation of foreign associates		<u>125.361</u>	<u>(66.610)</u>
Other comprehensive income/(expense) for the period/year		<u>125.361</u>	<u>(66.428)</u>
Total comprehensive income/(expense) for the period/year		<u>150.641</u>	<u>(246.528)</u>
Basic and fully diluted earnings/(losses) per share (cent)	11	<u>0,20</u>	<u>(1,40)</u>

The notes on pages 7 to 22 are an integral part of these consolidated financial statements.

NETINFO PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2019 to 30 June 2019

	Note	Share capital €	Share premium €	Revaluation reserve €	Translation reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2018		2.578.767	524.601	819.515	(425.823)	(716.477)	2.780.583
Loss for the year		-	-	-	-	(180.100)	(180.100)
Other comprehensive income for the year		-	-	182	(66.610)	-	-
Issue of share capital	20	<u>241.780</u>	<u>758.310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.000.090</u>
Balance at 31 December 2018		<u>2.820.547</u>	<u>1.282.911</u>	<u>819.697</u>	<u>(492.433)</u>	<u>(896.577)</u>	<u>3.534.145</u>
Balance at 1 January 2019		2.820.547	1.282.911	819.697	(492.433)	(896.577)	3.534.145
Profit for the period		-	-	-	-	25.280	25.280
Other comprehensive income for the period		-	-	-	125.361	-	-
Balance at 30 June 2019		<u>2.820.547</u>	<u>1.282.911</u>	<u>819.697</u>	<u>(367.072)</u>	<u>(871.297)</u>	<u>3.684.786</u>

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 owners 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 owners.

The notes on pages 7 to 22 are an integral part of these consolidated financial statements.

NETINFO PLC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2019 to 30 June 2019

	30/06/2019	Audited 31/12/2018
	€	€
Cash flows from operating activities		
Profit/(loss) for the period/year	25.280	(180.100)
Adjustments for:		
Depreciation of property, plant and equipment	90.670	174.441
Exchange difference arising on the translation of non-current assets in foreign currencies	-	12.891
Exchange difference arising on the translation and consolidation of foreign companies' financial statements	-	68.757
Unrealised exchange profit	(8.663)	(5.654)
Amortisation of intangible assets	131.760	242.609
Share of results of associates	6.356	51.477
Profit from the sale of investment properties	-	(2.000)
Interest income	(2.815)	(3.569)
Interest expense	89.789	219.874
Income tax expense	37.118	93.034
Cash generated from operations before working capital changes	369.495	671.760
Increase in inventories	(622)	(79.670)
(Increase)/decrease in trade and other receivables	(317.156)	199.404
Decrease/(increase) in contract assets	179.304	(581.455)
Increase in bank deposits	(22.500)	(37.511)
Decrease in trade and other payables	(35.834)	(157.043)
Decrease in deferred income	(2.365)	-
Cash generated from operations	170.322	15.485
Tax paid	(55.989)	(92.755)
Net cash generated from/(used in) operating activities	114.333	(77.270)
Cash flows from investing activities		
Payment for acquisition of intangible assets	(225.739)	(556.389)
Payment for acquisition of property, plant and equipment	(54.944)	(80.267)
Proceeds from sale of investment properties	-	180.000
Interest received	2.815	3.569
Net cash used in investing activities	(277.868)	(453.087)
Cash flows from financing activities		
Proceeds from issue of share capital	-	1.000.090
Repayment of borrowings	(226.285)	(668.806)
Proceeds from borrowings	-	600.000
Interest paid	(89.789)	22.647
Net cash (used in)/generated from financing activities	(316.074)	953.931
Impairment charge - cash and cash equivalents	-	19.351

The notes on pages 7 to 22 are an integral part of these consolidated financial statements.

NETINFO PLC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the period from 1 January 2019 to 30 June 2019

	30/06/2019	Audited 31/12/2018
	€	€
Net (decrease)/increase in cash and cash equivalents	(479.609)	442.925
Cash and cash equivalents at beginning of the period/year	<u>(80.530)</u>	<u>(523.455)</u>
Cash and cash equivalents at end of the period/year	<u><u>(560.139)</u></u>	<u><u>(80.530)</u></u>

The notes on pages 7 to 22 are an integral part of these consolidated financial statements.

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

1. Revenue

	30/06/2019	Audited 31/12/2018
	€	€
Outsourcing services	233.347	393.809
Software development and implementation	991.463	1.989.789
Web design services	81.389	174.609
Sales of computer accesories	-	7.100
Maintenance services	764.850	1.160.454
	<u>2.071.049</u>	<u>3.725.761</u>

2. Cost of sales

	30/06/2019	Audited 31/12/2018
	€	€
Staff costs (note 8)	450.851	763.425
Subcontracted work	-	250
Software and domain registration	42.377	173.183
Amortisation of software	131.760	242.609
Software procurement for projects	154.026	-
Depreciation on computer hardware	10.705	13.672
	<u>789.719</u>	<u>1.193.139</u>

3. Other operating income

	30/06/2019	Audited 31/12/2018
	€	€
Reimbursements	-	19.418
Profit from sales of investment properties	-	2.000
Government grants	10.558	47.933
Bad debts recovered	-	74.325
Sundry operating income	-	978
	<u>10.558</u>	<u>144.654</u>

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

4. Selling and distribution expenses

	30/06/2019	Audited 31/12/2018
	€	€
Overseas travelling	192	37.986
Advertising	45.491	39.319
Decoration	14.597	13.440
Commissions	4.427	55.037
Entertaining	-	5.982
Inland travelling	-	3.317
Bad debts written off	-	3.325
Discounts allowed	365	1.076
Other selling and distribution expenses	<u>95.348</u>	<u>71.297</u>
	<u>160.420</u>	<u>230.779</u>

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

5. Administrative expenses

	30/06/2019	Audited 31/12/2018
	€	€
Staff costs (note 8)	491.414	959.706
Rent	1.370	33.320
Common expenses	2.868	6.699
Licenses and taxes	3.412	5.399
Registrar annual fee	1.050	1.050
Electricity	14.917	30.060
Water supply and cleaning	4.393	11.609
Insurance	23.454	15.860
Repairs and maintenance	8.062	16.943
Sundry expenses	1.113	2.596
Telephone and postage	9.408	20.879
Courier expenses	6	306
Stationery and printing	9.722	9.241
Subscriptions and contributions	11.606	9.047
Non charitable donations	3.040	14.009
Staff training	13.220	26.188
Sundry staff costs	788	-
Computer supplies and maintenance	5.989	9.130
Independent auditors' remuneration for the statutory audit of annual accounts	8.500	17.000
Accounting fees	-	10.537
Legal fees	14.705	42.815
Other professional fees	98.163	250.635
Custody fees	-	1.000
Fines	2.882	142
Overseas travelling	126.867	219.839
Inland travelling and accommodation	686	996
Entertaining	17.793	26.118
Motor vehicle running costs	13.400	36.576
Translation fees	-	764
Depreciation	79.965	160.769
	<u>968.793</u>	<u>1.939.233</u>

6. Other operating expenses

	30/06/2019	Audited 31/12/2018
	€	€
Impairment charge on cash and cash equivalents	<u>-</u>	<u>4.316</u>

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

7. Operating profit

	Note	30/06/2019 €	Audited 31/12/2018 €
Operating profit is stated after charging the following items:			
Amortisation of computer software	13	131.760	242.609
Depreciation of property, plant and equipment	12	90.670	174.441
Staff costs	8	942.265	1.723.131
Independent auditors' remuneration for the statutory audit of annual accounts		8.500	17.000
Trade receivables - impairment charge for bad and doubtful debts		<u>-</u>	<u>284.676</u>

8. Staff costs

	Note	30/06/2019 €	Audited 31/12/2018 €
Salaries (including Directors in their executive capacity)		773.719	1.431.469
Social insurance contributions		123.740	206.436
Social cohesion fund contributions		19.021	37.625
Pensions cost		<u>25.785</u>	<u>47.601</u>
Total staff costs	7	<u>942.265</u>	<u>1.723.131</u>
Average number of employees		<u>75</u>	<u>68</u>

The Group has a defined contribution scheme, the NET'info PLC Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

9. Finance income and costs

	30/06/2019 €	Audited 31/12/2018 €
Finance income		
Bank interest	2.815	3.516
Other interest income	-	53
Unrealised foreign exchange profit	<u>8.663</u>	<u>16.118</u>
	<u>11.478</u>	<u>19.687</u>
Finance costs		
Loan interest	83.280	207.028
Bank overdraft interest	9	5
Interest on bond	6.500	12.654
Interest on taxes	-	187
Bank charges	11.479	22.595
Realised foreign exchange loss	4.131	20.615
Unrealised foreign exchange loss	<u>-</u>	<u>10.464</u>
	<u>105.399</u>	<u>273.548</u>

Interest income is analysed as follows:

	30/06/2019 €	Audited 31/12/2018 €
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10. Taxation

	30/06/2019 €	Audited 31/12/2018 €
Overseas tax	36.273	71.839
Special contribution to the defence fund period/year	845	1.071
Capital gains tax	<u>-</u>	<u>20.124</u>
Charge for the period/year	<u>37.118</u>	<u>93.034</u>

11. Earnings per share

	30/06/2019	Audited 31/12/2018
Basic and fully diluted earnings/(losses) attributable to owners (€)	<u>25.280</u>	<u>(180.100)</u>
Weighted average number of ordinary shares in issue during the period	<u>12.820.670</u>	<u>12.820.670</u>
Basic and fully diluted earnings/(losses) per share (cent)	<u>0,20</u>	<u>(1,40)</u>

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

12. Property, plant and equipment

30/06/2019	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Telephone center	Total
	€	€	€	€	€	€
Cost or valuation						
Balance at 1 January	3.484.485	539.216	337.186	507.824	68.632	4.937.343
Additions	-	33.794	-	20.442	708	54.944
Balance at 30 June	<u>3.484.485</u>	<u>573.010</u>	<u>337.186</u>	<u>528.266</u>	<u>69.340</u>	<u>4.992.287</u>
Depreciation						
Balance at 1 January	346.944	497.506	295.152	373.710	50.691	1.564.003
Depreciation for the period/year	<u>43.402</u>	<u>11.677</u>	<u>14.559</u>	<u>18.039</u>	<u>2.990</u>	<u>90.667</u>
Balance at 30 June	<u>390.346</u>	<u>509.183</u>	<u>309.711</u>	<u>391.749</u>	<u>53.681</u>	<u>1.654.670</u>
Carrying amounts						
Balance at 30 June	<u>3.094.139</u>	<u>63.827</u>	<u>27.475</u>	<u>136.517</u>	<u>15.659</u>	<u>3.337.617</u>
Audited 31/12/2018	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Telephone center	Total
	€	€	€	€	€	€
Cost or valuation						
Balance at 1 January	3.464.885	524.440	337.186	478.886	51.679	4.857.076
Additions	<u>19.600</u>	<u>14.776</u>	-	<u>28.938</u>	<u>16.953</u>	<u>80.267</u>
Balance at 31 December	<u>3.484.485</u>	<u>539.216</u>	<u>337.186</u>	<u>507.824</u>	<u>68.632</u>	<u>4.937.343</u>
Depreciation						
Balance at 1 January	260.139	481.964	257.712	336.737	32.584	1.369.136
Depreciation for the period/year	<u>86.805</u>	<u>15.543</u>	<u>37.440</u>	<u>36.973</u>	<u>18.107</u>	<u>194.868</u>
Balance at 31 December	<u>346.944</u>	<u>497.507</u>	<u>295.152</u>	<u>373.710</u>	<u>50.691</u>	<u>1.564.004</u>
Carrying amounts						
Balance at 31 December	<u>3.137.541</u>	<u>41.709</u>	<u>42.034</u>	<u>134.114</u>	<u>17.941</u>	<u>3.373.339</u>

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

12. Property, plant and equipment *(continued)**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 independent valuers provide the fair value of the Group's property portfolio every ... months.

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.

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

	30/06/2019	Audited 31/12/2018
	€	€
Cost	2.623.750	2.623.750
Accumulated depreciation	<u>(390.346)</u>	<u>(346.993)</u>
Net book amount	<u><u>2.233.404</u></u>	<u><u>2.276.757</u></u>

The carrying amount of €3.094.139 (2018: €3.137.541) is pledged to secure bank loans of the Group.

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

13. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2018	4.952.479
Additions	<u>556.389</u>
Balance at 31 December 2018	<u>5.508.868</u>
Balance at 1 January 2019	5.508.868
Additions	<u>225.739</u>
Balance at 30 June 2019	<u>5.734.607</u>
Amortisation	
Balance at 1 January 2018	1.997.843
Amortisation for the year	<u>242.609</u>
Balance at 31 December 2018	<u>2.240.452</u>
Balance at 1 January 2019	2.240.452
Amortisation for the period	<u>131.760</u>
Balance at 30 June 2019	<u>2.372.212</u>
Carrying amounts	
Balance at 30 June 2019	<u><u>3.362.395</u></u>
Balance at 31 December 2018	<u><u>3.268.416</u></u>

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 mainly comprise the software development costs capitalised in relation to the main software library and the software to be used by NETinfoPay Limited. Costs capitalised comprise payroll cost incurred on staff working on the development of software, the cost of outsourced services attributable to the software development, cost of directly attributable overheads and borrowing costs incurred on the bond issued attributable to the development of the software. No amortisation was recognised on acquired software held by NETInfoPay Limited as the platform is not ready for its intended use. At the end of the reporting period, there was no indication for an impairment on the Group's computer software.

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

14. Investment property

	2019 €	2018 €
Balance at 1 January	304.000	482.000
Disposals	<u>-</u>	<u>(178.000)</u>
Balance at 30 June/31 December	<u>304.000</u>	<u>304.000</u>

Investment property comprise of two apartments used as office spaces. The properties are located in a central location in Nicosia. During 2018 the Group disposed of one apartment with a carrying value of €178.000 at a gain of €2.000.

Fair value hierarchy

15. Investments in subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30/06/2019 Holding %	Audited 31/12/2018 Holding %
NETinfo Services Limited	Cyprus	Development of software	100	100
NETinfo CIS LLC	Russia	Development of software	100	100
NETteller Solutions S.A.	Costa Rica	Development of software	100	100
NETinfoPay Limited	Cyprus	Electronic money institution	100	100

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

NETINFO PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

16. Investments in associates

	2019 €	2018 €
Balance at 1 January	92.462	156.830
Exchange differences	4.427	(12.891)
Share of loss from associate	(6.356)	(51.477)
Balance at 30 June/31 December	<u>90.533</u>	<u>92.462</u>

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

Investments in associates

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30/06/2019 Holding %	Audited 31/12/2018 Holding %
Allpay LLP	Kazakhstan	Mobile Financial Services	33,33	33,33

Substantial progress has been made towards resolving the reporting issues of Allpay LLP, the company's Kazakhstan associate that gave rise to the qualified audit report in the 2018 financial statements. The management of Allpay LLP have agreed to provide and are providing, all the necessary reports and information necessary to satisfy disclosure requirements. For the purpose of these financial statements signed six months financial statements were received and included in the group's consolidated results.

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For the period from 1 January 2019 to 30 June 2019

17. Inventories

	30/06/2019	Audited 31/12/2018
	€	€
Finished products	67.986	67.364
Spare parts and other consumables	<u>12.306</u>	<u>12.306</u>
	<u>80.292</u>	<u>79.670</u>

The cost of inventories recognised relates to software components for the development of NETinfoPay Ltd platform.

The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognised in the profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

18. Trade and other receivables

	30/06/2019	Audited 31/12/2018
	€	€
Trade receivables	1.383.384	839.788
Less: Provision for impairment of trade receivables	<u>(333.260)</u>	<u>(333.260)</u>
Trade receivables - net	1.050.124	506.528
Directors' current accounts - debit balances (Note 26 (i))	51.010	33.028
Owners' current accounts - debit balances (Note 26(ii))	5.721	5.721
Deposits and prepayments	19.897	19.298
Amounts due from Cyprus government	35.123	67.623
Other receivables	<u>14.313</u>	<u>14.040</u>
	<u>1.176.188</u>	<u>646.238</u>

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18. Trade and other receivables (continued)

Ageing analysis of trade and other receivables:

	Gross amount 30/06/2019 €	Impairment 30/06/2019 €	Gross amount Audited 31/12/2018 €	Impairment Audited 31/12/2018 €
Not past due	527.746	-	343.783	-
Past due 1-30 days	104.703	(410)	54.646	(410)
Past due 31-120 days	311.228	(58.907)	124.434	(58.907)
More than 120 days	440.207	(273.943)	316.925	(273.943)
	<u>1.383.884</u>	<u>(333.260)</u>	<u>839.788</u>	<u>(333.260)</u>

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

19. Cash and cash equivalents

Cash balances are analysed as follows:

	30/06/2019 €	Audited 31/12/2018 €
Cash at bank and in hand	380.699	814.628
Bank deposits	61.796	39.296
Accumulated impairment losses on cash and cash equivalents	(19.351)	(19.351)
	<u>423.144</u>	<u>834.573</u>

20. Share capital

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
Authorised				
Ordinary shares of €0,22 each	<u>38.461.538</u>	<u>8.461.538</u>	<u>38.461.538</u>	<u>8.461.538</u>
Issued and fully paid				
Balance at 1 January	2.820.547	2.820.547	2.578.767	2.578.767
Issue of shares	-	-	241.780	241.780
Balance at 30 June/31 December	<u>2.820.547</u>	<u>2.820.547</u>	<u>2.820.547</u>	<u>2.820.547</u>

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For the period from 1 January 2019 to 30 June 2019

21. Loans and borrowings

	2019 €	Audited 2018 €
Balance at 1 January	4.079.746	3.976.724
Additions	-	608.456
Repayments	(226.285)	(668.808)
Interest charge for the year	<u>83.201</u>	<u>163.374</u>
Balance at 30 June/31 December	<u><u>3.936.662</u></u>	<u><u>4.079.746</u></u>
	30/06/2019 €	Audited 31/12/2018 €
Non-current liabilities		
Bank loans	3.019.824	3.021.904
Convertible bond	<u>595.454</u>	<u>608.454</u>
	<u><u>3.615.278</u></u>	<u><u>3.630.358</u></u>
Current liabilities		
Bank loans	<u>321.384</u>	<u>449.388</u>
Total	<u><u>3.936.662</u></u>	<u><u>4.079.746</u></u>
Maturity of borrowings:		
	30/06/2019 €	Audited 31/12/2018 €
Within one year	<u>321.384</u>	<u>449.388</u>
Between one and five years	1.816.370	2.093.510
After five years	<u>1.798.908</u>	<u>1.536.848</u>
	<u><u>3.615.278</u></u>	<u><u>3.630.358</u></u>
	<u><u>3.936.662</u></u>	<u><u>4.079.746</u></u>

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For the period from 1 January 2019 to 30 June 2019

21. Loans and borrowings (continued)

The bank loans are secured as follows:

- By floating charge on the assets of the NETInfo Plc for an unlimited amount.
- By fixed charge on the Computer Hardware of the Group to the amount of €200.000.
- By assignment of life assurance of Mr. Vassos Aristodemou with Eurolife (no.195716) for €150.000.
- By personal guarantees of €6.795.000 from Mr. Vassos Aristodemou, shareholder of the Company.
- By mortgage against freehold property and investment properties of NETinfo Plc.

On 1 February 2018 NETinfo Plc issued a convertible bond of nominal value of €600.000. The bond bears interest at the rate of 6,50% per annum calculated by reference to the principal amount thereof and payable on a semi-annually basis on 1 August and 1 February. The bond is convertible to ordinary shares at a price discounted price equal to the 80% of the average market price of the Company's share price in January 2022.

22. Deferred tax**Deferred tax liability**

	2019 €	2018 €
Balance at 1 January	77.792	77.975
Revaluation of land and buildings	<u>-</u>	<u>(183)</u>
Balance at 30 June/31 December	<u><u>77.792</u></u>	<u><u>77.792</u></u>

Deferred taxation liability arises as follows:

	30/06/2019 €	Audited 31/12/2018 €
Revaluation of land and buildings	<u><u>77.792</u></u>	<u><u>77.792</u></u>

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). The applicable corporation tax rate in the case of tax losses is 12,5%.

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For the period from 1 January 2019 to 30 June 2019

23. Trade and other payables

	30/06/2019	Audited 31/12/2018
	€	€
Trade payables	227.883	202.025
Prepayments from clients	172	172
Social insurance and other taxes	100.693	68.532
VAT	2.288	20.610
Directors' current accounts - credit balances (Note 26(i))	-	21.361
Accruals	138.861	66.870
Other creditors	28.651	154.812
Special contribution to the defence fund on payable dividends	5.044	5.044
	<u>503.592</u>	<u>539.426</u>

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

24. Deferred income

	30/06/2019	Audited 31/12/2018
	€	€
Government grants	<u>73.330</u>	<u>75.695</u>
	<u>73.330</u>	<u>75.695</u>
Deferred income more than one year	68.599	70.964
Deferred income within one year	<u>4.731</u>	<u>4.731</u>
	<u>73.330</u>	<u>75.695</u>

25. Tax liability

	30/06/2019	Audited 31/12/2018
	€	€
Corporation tax	849	19.720
Special contribution to the defence fund	<u>849</u>	<u>849</u>
	<u>1.698</u>	<u>20.569</u>

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

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For the period from 1 January 2019 to 30 June 2019

26. Related party transactions

The transactions and balances with related parties are as follows:

(i) Directors current accounts - debit/(credit) balances (Note 18)

	30/06/2019	Audited 31/12/2018
	€	€
Vassos Aristodemou	13.097	(21.361)
Polys Hadjikyriakos	15.059	9.840
Orlando Castellanos	<u>22.854</u>	<u>23.188</u>
	<u><u>51.010</u></u>	<u><u>11.667</u></u>

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

(ii) Owners' current accounts - credit balances

	30/06/2019	Audited 31/12/2018
	€	€
Polys Hadjikyriakos	4.698	4.698
Orlando Castellanos	<u>1.023</u>	<u>1.023</u>
	<u><u>5.721</u></u>	<u><u>5.721</u></u>

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

27. Fair values

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