

**EUMBRELLA CORPORATION  
(INTERNATIONAL) PUBLIC LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2017



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# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

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# **EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED**

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## **BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION**

<b>Board of Directors</b>	Christakis Ierides George Rousou Antonis Karitzis
<b>Company Secretary</b>	Karanto Secretarial Limited
<b>Independent Auditors</b>	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
<b>Registered office</b>	Archiepiskopou Makariou III,228 Agios Pavlos Court,Block B' 4th floor, flat/office 411-412 3030, Limassol, Cyprus
<b>Bankers</b>	Hellenic Bank Limited Bank of Cyprus Public Company Ltd
<b>Registration number</b>	C359049

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## MANAGEMENT REPORT

The Board of Directors of eUmbrella Corporation (International) Public Limited (the "Company") presents to the members its Management Report and 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 is the development, support, licensing, operation and promotion of a software platform that offers mobile phone application services and the provision of telephony services to third parties.

### **Review of current position, future developments and performance of the Group's business**

The net loss for the year attributable to the shareholders of the Group amounted to €95.979 (2016: €23.520). On 31 December 2017 the total assets of the Group were €734.825 (2016: €652.936) and the net assets of the Group were €529.057 (2016: €625.036). The financial position, development and performance of the Group during 2017 as presented in these financial statements have improved since 2016. Additionally, during 2017 new mobile phone application services have been released and their financial returns are expected to fully materialise in 2018. Thus, the Board of Directors is making an effort to reduce the Group losses.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group are disclosed in note 4 of the consolidated financial statements.

### **Results**

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

### **Dividends**

The Company did not have any distributable profits as at 31 December 2017, thus the Board of Directors cannot recommend the payment of a dividend.

### **Share capital**

#### **Authorised capital**

Under its Memorandum the Company fixed its share capital at 554.600 ordinary shares of nominal value of €0,05 each.

#### **Issued capital**

Upon incorporation on 11 August 2016 the Company issued to the subscribers of its Memorandum of Association 554.600 ordinary shares of nominal value of €0,05 and at a total Share Premium of €620.826.

On 22 of November 2017 the Company: 1) Increased its Authorised Share Capital to 12,000,000 ordinary shares of €0.05 each (€600.000) 2) Proceeded to a bonus share issue (10,595,400 bonus shares) out of share premium that increased its Issued Share Capital to 11,150,000 ordinary shares of €0.05 each (€557.500).

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## MANAGEMENT REPORT (continued)

### **Board of Directors**

In Accordance with the Company's Articles of Association one third of the members of the Board of Directors, Mr George Rousou, resigns and being eligible, he offers himself for re-election.

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.

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**

The independent auditors, Ernst & Young Cyprus Limited, were appointed by the Board of Directors in replacement of the previous auditors Joseph Kokkinos & Co Limited and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

  
Karanto Secretarial Limited  
Secretary

Nicosia, 24 July 2018

## Independent Auditor's Report

### To the Members of eUmbrella Corporation (International) Public Limited

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of eUmbrella Corporation (International) Public Limited (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 29 and comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 (IFRSs) as adopted by the European Union and the requirements of the Cyprus 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

##### Other Information

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

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. We have nothing to report in this regard.

##### Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



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

### **Auditor's Responsibilities for the Audit of the Consolidated 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 auditor's 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 Group'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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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.

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

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



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### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 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 Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 July 2017.

Nick Nicolaou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Ernst & Young Cyprus Limited**  
Certified Public Accountants and Registered Auditors

Nicosia, 24 July 2018



# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 €	11/8/2016 to 31/12/2016 €
<b>Revenue</b>	6	<b>384.815</b>	-
Cost of sales	7	<b>(167.486)</b>	-
<b>Gross profit</b>		<b>217.329</b>	-
Selling and distribution expenses	8	<b>(101.471)</b>	-
Administration expenses	9	<b>(219.830)</b>	(23.520)
Other expenses		<b>(8.402)</b>	-
<b>Operating loss</b>		<b>(112.374)</b>	(23.520)
Finance costs	11	<b>(1.070)</b>	-
<b>Loss before tax</b>		<b>(113.444)</b>	(23.520)
Tax	12	<b>17.465</b>	-
<b>Net loss for the year/period</b>		<b>(95.979)</b>	(23.520)
<b>Other comprehensive loss</b>		-	-
<b>Total comprehensive loss for the year/period</b>		<b>(95.979)</b>	(23.520)
<b>Loss per share attributable to the shareholders of the company (cent)</b>	13	<b>(0,86)</b>	(4,24)

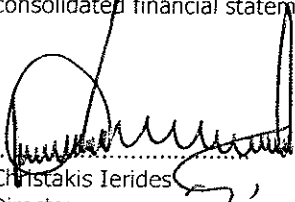
The notes on pages 11 to 29 form an integral part of these consolidated financial statements.

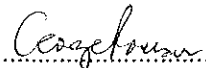
# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 December 2017

	Note	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	43.764	-
Intangible assets	13	603.809	486.548
Deferred tax assets	17	17.465	-
		<u>665.038</u>	<u>486.548</u>
<b>Current assets</b>			
Trade and other receivables	14	66.780	166.388
Cash and cash equivalents	15	3.007	-
		<u>69.787</u>	<u>166.388</u>
<b>Total assets</b>		<u>734.825</u>	<u>652.936</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	557.500	27.730
Share premium		91.056	620.826
Accumulated losses		(119.499)	(23.520)
<b>Total equity</b>		<u>529.057</u>	<u>625.036</u>
<b>Current liabilities</b>			
Trade and other payables	18	136.377	1.200
Payables to related companies	19	69.391	26.700
<b>Total liabilities</b>		<u>205.768</u>	<u>27.900</u>
<b>Total equity and liabilities</b>		<u>734.825</u>	<u>652.936</u>

On 24 July 2018 the Board of Directors of eUmbrella Corporation (International) Public Limited authorised these consolidated financial statements for issue.

  
Christakis Terides  
Director

  
George Rousou  
Director

The notes on pages 11 to 29 form an integral part of these consolidated financial statements.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance at 11 August 2016</b>		-	-	-	-
Issue of shares		27.730	620.826	-	648.556
Total comprehensive loss for the period		-	-	(23.520)	(23.520)
<b>Balance at 31 December 2016</b>		<b>27.730</b>	<b>620.826</b>	<b>(23.520)</b>	<b>625.036</b>
Total comprehensive loss for the year		-	-	(95.979)	(95.979)
Issue of share capital	18	529.770	(529.770)	-	-
<b>Balance at 31 December 2017</b>		<b>557.500</b>	<b>91.056</b>	<b>(119.499)</b>	<b>529.057</b>

(1) Share premium is not available for distribution.

(2) Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 11 to 29 form an integral part of these consolidated financial statements.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 €	11/8/2016 to 31/12/2016 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(113.444)</b>	(23.520)
Adjustments for:			
Depreciation of property, plant and equipment	14	<b>11.435</b>	-
Amortisation of intangible assets	15	<b>114.335</b>	-
Interest expenses	11	<b>3</b>	-
		<b>12.329</b>	(23.520)
<b>Changes in working capital:</b>			
Decrease/(increase) in trade and other receivables	16	<b>(126.039)</b>	(126.647)
Increase in receivable from related company		-	(39.741)
Increase in trade and other payables	19	<b>135.177</b>	1.200
Increase in payables to related company	21.3	<b>42.691</b>	26.700
<b>Cash generated from/(used in) operations</b>		<b>64.158</b>	(162.008)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	15	<b>(62.475)</b>	(486.548)
Payment for purchase of property, plant and equipment	14	<b>(1.446)</b>	-
Cash acquired through business combinations	15	<b>2.773</b>	-
<b>Net cash used in investing activities</b>		<b>(61.148)</b>	(486.548)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	537.556
Interest paid		<b>(3)</b>	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(3)</b>	537.556
<b>Net increase in cash and cash equivalents</b>		<b>3.007</b>	-
Cash and cash equivalents at beginning of the year/period		-	-
<b>Cash and cash equivalents at end of the year/period</b>	17	<b>3.007</b>	-

Details on non-cash transactions are presented in Notes 15 and 16.

The notes on pages 11 to 29 form an integral part of these consolidated financial statements.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 1. Corporate information

#### Country of incorporation

The Company eUmbrella Corporation (International) Public Limited (the "Company") was incorporated in Cyprus on 11 August 2016 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Archiepiskopou Makariou III, 228, Agios Pavlos Court, Block B', 4th floor, flat/office 411-412, 3030, Limassol, Cyprus.

#### Principal activities

The principal activity of the Group is the development, support, licencing, operation and promotion of a software platform that offers mobile phone application services and the provision of telephony services to third parties.

### 2. Basis of preparation

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

The financial statements have been prepared on a going concern basis which assumes that the group will continue to operate for the foreseeable future.

#### 2.1 Adoption of new and revised IFRSs and International Financial Reporting interpretations Committee (IFRIC)

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

#### 2.2. Standards issued but not yet effective

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

##### (i) Issued by the IASB and adopted by the European Union

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018). IFRS9 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. Management intends to adopt as of 1 January 2018.
- IFRS 15 Revenue from contracts with customers including amendments to IFRS 15: (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. Management intends to adopt as of 1 January 2018.
- IFRS 16 Leases - (effective for annual periods beginning on or after 1 January 2019). IFRS 16 introduces a single, on-balance sheet lease accounting model for leases. 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 payment. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard-i.e. lessor continue to classify leases as finance or operating leases.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Basis of preparation (continued)

#### Adoption of new and revised IFRSs and International Financial Reporting interpretations Committee (IFRIC) (continued)

##### (i) Issued by the IASB and adopted by the European Union (continued)

- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019).  
The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the prospective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU.
  - Amendments to IAS 40: Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018).  
The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These Amendments have not yet been endorsed by the EU. No investment properties are held by the Group and this amendment has no effect on the financial statements
  - Annual Improvements to IFRS Standards 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018).  
The amendments are effective for annual periods beginning on or after 1 January for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Joint Venture. These annual improvements have not yet been endorsed by the EU.
  - Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).  
The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settlement share-based payments, for share-based payment transactions with a net settlement feature of withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction for cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU.
  - Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018).
  - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
  - IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018).  
The interpretation is effective for annual period's beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-momentary asset or a non-momentary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.
- (ii) Issued by the IASB but not yet adopted by the European Union**
- IFRS 14 Regulatory Deferral Accounts - (the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard).
  - Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019).

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Basis of preparation (continued)

#### Adoption of new and revised IFRSs and International Financial Reporting interpretations Committee (IFRIC) (continued)

##### (ii) Issued by the IASB but not yet adopted by the European Union (continued)

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (the effective date is postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting).  
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 (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 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 amendments have not yet been endorsed by the EU. Management is currently evaluating the effect of these standards or interpretations on its financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).  
The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. Management is currently evaluating the effect of these standards or interpretations on its financial statements.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)  
The interpretation is effective for annual periods beginning on or after 1 January 2019 with either application permitted. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. Management is currently evaluating the effect of these standards or interpretations on its financial statements.

These standards are expected to have no significant impact on the Company's financial statements when they become effective.

### 3. Summary of significant accounting policies

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

#### 3.1 Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company eUmbrella Corporation (International) Public Limited and the financial statements of eUmbrella Corporation (CY) Ltd.

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

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### 3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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.

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.



# **EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2017

### **3. Summary of significant accounting policies (continued)**

#### **3.3 Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### **3.4 Revenue recognition**

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

- **Rendering of services**

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of Value Added Tax, rebates and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably.

- **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### **3.5 Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred income 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 financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### 3.5 Income Tax (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### 3.6 Property, plant and equipment

Property, plant and equipment are initially stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

	%
Furniture & Equipment	10
Computer Hardware	20
Machinery	10
Telephone systems	10

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

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.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### 3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### 3.7.1 Internally-generated intangible assets - research and development expenditure

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

An internally-generated intangible asset arising from the Group's e-business development is recognised only if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

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. The Software platform is amortised using the straight-line method over its useful life, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### 3.7.2 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, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

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.

#### 3.8 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### 3.9 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

##### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### 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.

##### Cash and cash equivalents

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

##### Trade payables

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

#### 3.10 Derecognition of financial assets and liabilities

##### Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; and either:
- (a) 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.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 4. Financial risk management objectives and policies (continued)

#### 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.

#### 3.11 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.

#### 3.12 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.

### 4. Financial risk management objectives and policies

The exposures to risk and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

#### Financial risk factors

The Group is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds.

#### 4.1 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.

#### *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	€	€
Trade and other receivables	41.512	-
Cash at bank	2.990	-
	<u>44.502</u>	<u>-</u>

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 4. Financial risk management objectives and policies (continued)

#### 4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted payments:

<b>31 December 2017</b>	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Payables to related companies	69.391	-	-	-	-	69.391
Trade payables	-	-	122.867	-	-	122.867
	<b>69.391</b>	<b>-</b>	<b>122.867</b>	<b>-</b>	<b>-</b>	<b>192.258</b>

31 December 2016	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Payables to related companies	-	-	26.700	-	-	26.700
	<b>-</b>	<b>-</b>	<b>26.700</b>	<b>-</b>	<b>-</b>	<b>26.700</b>

#### 4.3 Capital risk management

Capital includes equity shares and share premium.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

#### 4.4 Fair values

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

### 5. Critical accounting estimates, judgments and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### *Judgments*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the consolidated financial statements:

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 5. Critical accounting estimates, judgments and assumptions (continued)

#### • Income taxes

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

#### • Impairment of non-financial assets

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

#### • Impairment of intangible asset

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

#### • Impairment of goodwill

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

### 6. Revenue

	2017	11/8/2016 to 31/12/2016
	€	€
Sales - Monetisation Services	24.833	-
Sales - Landline Telephony	24.998	-
Sales - Audiotex Content Services	244.820	-
Sales - Other Voice Services	914	-
Sales - Mobile Telephony	26.638	-
Bulk Messaging	12.479	-
Revenue Collection Fees Recovered	48.243	-
eMarketing	1.890	-
	<u>384.815</u>	<u>-</u>

#### *Segmental Analysis*

The Group is organised into a single operating segment based on the services provided in Cyprus. The segment has similar characteristics in the nature of the process, type of end customers and distribution methods.



# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 6. Revenue (continued)

The Group's activities in Cyprus, include mainly the development, support, licensing, operation and promotion of software platform that offers mobile phone application services and the provision of telephony services to third parties. Management monitors the operating results of the business segment separately for the purposes of performance assessment and resource allocation.

### 7. Cost of sales

	2017	11/8/2016 to 31/12/2016
	€	€
Universal Applications	57,494	-
RichReach Software Platform	18,317	-
Communication Services	43,651	-
Revenue Collection Fees	48,024	-
	<u>167,486</u>	<u>-</u>

### 8. Selling and distribution expenses

	2017	11/8/2016 to 31/12/2016
	€	€
Advertising and Promotion Costs	101,465	-
Sundry expenses	6	-
	<u>101,471</u>	<u>-</u>

### 9. Administration expenses

	2017	11/8/2016 to 31/12/2016
	€	€
Staff costs	4,093	-
Rent	3,000	-
Common expenses	821	-
Licenses and taxes	3,926	-
Municipality taxes	710	-
Annual levy	820	-
Electricity	5,843	-
Water supply and cleaning	2,145	-
Insurance	295	-
Sundry expenses	2,778	-
Telephone and postage	4,822	-
Stationery and printing	240	-
Subscriptions and contributions	447	-
Equipment maintenance	767	-
Software platform technical support	25,084	22,070
Computer software	318	-
Auditors' remuneration	7,000	1,200
Other professional fees	150	-
Inland travelling and accommodation	1,594	-
Motor vehicle running costs	7,824	-
External Operations & Accounting Services	21,281	250
Amortisation	114,335	-
Depreciation	11,435	-
Sundry expenses	102	-
	<u>219,830</u>	<u>23,520</u>

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 10. Staff costs

	2017	11/8/2016 to 31/12/2016
	€	€
Director fees	3.611	-
Social security costs	482	-
	<u>4.093</u>	<u>-</u>

The number of employees employed by the Company during the year 2017 and 2016 were 4 and 0 respectively. Staff costs 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.

### 11. Finance costs

	2017	11/8/2016 to 31/12/2016
	€	€
Interest expense	3	-
Sundry finance expenses	1.067	-
	<u>1.070</u>	<u>-</u>

### 12. Tax

	2017	11/8/2016 to 31/12/2016
	€	€
Deferred tax - credit (Note 17)	(17.465)	-
<b>Charge for the year/period</b>	<u>(17.465)</u>	<u>-</u>

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

	2017	2016
	€	€
Loss before tax	<u>(113.444)</u>	<u>(23.520)</u>
Tax calculated at the applicable tax rates	(14.181)	(2.940)
Tax effect of allowances and income not subject to tax	3.035	2.940
Tax effect of tax loss for the year/period	11.146	-
Deferred tax	(17.465)	-
<b>Tax charge</b>	<u>(17.465)</u>	<u>-</u>

The corporation tax rate is 12,5%.

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%.

Due to tax losses sustained in the period, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 13. Loss per share attributable to the shareholders of the company

	2017	11/8/2016 to 31/12/2016
Loss attributable to shareholders (€)	<u>(95.979)</u>	<u>(23.520)</u>
Weighted average number of ordinary shares in issue during the year	<u>11.150.000</u>	<u>554.600</u>
Loss per share attributable to shareholders of the company (cent)	<u>(0,86)</u>	<u>(4,24)</u>

### 14. Property, plant and equipment

	Furniture & Equipment €	Computer Hardware €	Machinery €	Telephone Systems €	Total €
<b>Cost</b>					
Acquisitions through business combinations	14.305	24.459	5.750	42.500	87.014
Additions	-	1.446	-	-	1.446
<b>Balance at 31 December 2017</b>	<b>14.305</b>	<b>25.905</b>	<b>5.750</b>	<b>42.500</b>	<b>88.460</b>
<b>Depreciation</b>					
Acquisitions through business combinations	4.293	14.493	1.725	12.750	33.261
Charge for the year	1.429	5.181	575	4.250	11.435
<b>Balance at 31 December 2017</b>	<b>5.722</b>	<b>19.674</b>	<b>2.300</b>	<b>17.000</b>	<b>44.696</b>
<b>Net book amount</b>					
<b>Balance at 31 December 2017</b>	<b>8.583</b>	<b>6.231</b>	<b>3.450</b>	<b>25.500</b>	<b>43.764</b>
<b>Balance at 31 December 2016</b>	-	-	-	-	-

### 15. Intangible assets

	Goodwill €	Software Platform €	Computer Software €	Total €
<b>Cost</b>				
Additions	-	486.548	-	486.548
<b>Balance at 31 December 2016</b>	-	<b>486.548</b>	-	<b>486.548</b>
Additions	159.701	62.475	-	222.176
Acquisitions through business combinations	-	22.650	3.500	26.150
<b>Balance at 31 December 2017</b>	<b>159.701</b>	<b>571.673</b>	<b>3.500</b>	<b>734.874</b>
<b>Amortisation</b>				
Acquisitions through business combinations	-	13.230	3.500	16.730
Charge for the year	-	114.335	-	114.335
<b>Balance at 31 December 2017</b>	-	<b>127.565</b>	<b>3.500</b>	<b>131.065</b>
<b>Net book amount</b>				
<b>Balance at 31 December 2017</b>	<b>159.701</b>	<b>444.108</b>	-	<b>603.809</b>
<b>Balance at 31 December 2016</b>	-	<b>486.548</b>	-	<b>486.548</b>

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 15. Intangible assets (continued)

On 1 January 2017 the Company acquired 100% of the shares in eUmbrella Corporation (CY) Ltd. This has resulted in the business being wholly consolidated within the Company's results from this date.

The cost of the purchase was in exchange of shares of the Company for the amount of €111.000. The net assets acquired were as follows:

	Net Book Value as at 1 January 2017	Fair Value as at 1 January 2017
	€	€
Equipment supporting software platform	46.795	46.795
Office and computer equipment	16.378	16.378
Trade and other receivables	14.906	14.906
Cash in hand and at bank	2.773	2.773
Trade and other payables	(89.811)	(89.812)
Related party balance with the Company	<u>(39.741)</u>	<u>(39.741)</u>
<b>Total Net Assets acquired</b>	<b><u>(48.700)</u></b>	<b><u>(48.701)</u></b>
<b>Consideration paid:</b>		
Shares allotted		<b><u>111.000</u></b>
<b>Goodwill</b>		<b><u>159.701</u></b>

Goodwill represents the premium paid to acquire the business of eUmbrella Corporation (CY) Ltd and is measured at cost less any accumulated impairment losses.

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

The recoverable amount has been determined based on the value in use calculation using cash flow projections based on financial plans approved by the board. The review has been based on the results and forecasts of the Group.

The main assumptions used in the valuation are:

*Discount rate:* The discount rate determines management's assessment of risks. This is a benchmark used by management to assess the operating performance and evaluate the business risks, financial risks and risk free rates of return. The pre-tax discount rate applied to the cash flow projections is 25%.

*Price/Earnings ratio:* The ratio used determines management's assessment of the market in which the Company currently operates, taking into consideration other markets and companies in similar industries. The ratio applied to the cash flow projections calculations is 5.

*Cash flows:* The cash flow projections from 2018 to 2021 were prepared by the Company.

The Goodwill recognised for the eUmbrella Corporation (CY) Ltd is for the amount of €159.701. For there to be an indication of impairment the discount rate would have to increase significantly in order for the carrying value to equal to the recoverable amount.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 16. Trade and other receivables

	2017	2016
	€	€
Deposits and prepayments	25.268	166.388
Other receivables	41.512	-
	<u>66.780</u>	<u>166.388</u>

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

As at 31 December 2016, included in deposits and prepayments is the amount of €111.000 which represents the consideration paid for the share acquisition (Note 15).

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

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### 17. Cash and cash equivalents

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

	2017	2016
	€	€
Cash in hand	17	-
Cash at bank	2.990	-
	<u>3.007</u>	<u>-</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in the consolidated financial statements.

### 18. Share capital

	2017	2017	2016	2016
	Number of shares	€	Number of shares	€
<b>Authorised shares</b>				
Ordinary shares of €0,05 each	<u>12.000.000</u>	<u>600.000</u>	554.600	27.730
	<u>12.000.000</u>	<u>600.000</u>	<u>554.600</u>	<u>27.730</u>
<b>Issued and fully paid shares</b>		€		€
Balance at 1 January/11 August	554.600	27.730	554.600	27.730
Issue of shares	<u>10.595.400</u>	<u>529.770</u>	-	-
<b>Balance at 31 December</b>	<u>11.150.000</u>	<u>557.500</u>	<u>554.600</u>	<u>27.730</u>

#### Authorised capital

Under its Memorandum the Company fixed its share capital at 554.600 ordinary shares of nominal value of €0,05 each.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2017

### 18. Share capital (continued)

#### Issued capital

Upon incorporation on 11 August 2016 the Company issued to the subscribers of its Memorandum of Association 554.600 ordinary shares of nominal value of €0,05 and at a total Share Premium of €620.826.

Share Premium is not available for distribution.

On 22/11/2017 the Company: 1) Increased its Authorised Share Capital to 12,000,000 ordinary shares of €0.05 each (€600.000) 2) Proceeded to a bonus share issue (10,595,400 bonus shares) out of share premium that increased its Issued Share Capital to 11,150,000 ordinary shares of €0.05 each (€557.500).

### 19. Deferred tax

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%.

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 the deferred taxes relate to the same fiscal authority.

#### Deferred tax assets

	Tax losses €
Balance at 11 August 2016	-
<b>Balance at 31 December 2016/ 1 January 2017</b>	-
Charged/(credited) to:	
Statement of comprehensive income (Note 10)	17,465
<b>Balance at 31 December 2017</b>	<b>17,465</b>

### 20. Trade and other payables

	2017 €	2016 €
Trade payables	41.988	-
Social insurance and other taxes	943	-
Value added tax	71.916	-
Accruals	13.510	1.200
Other creditors	8.020	-
	<b>136.377</b>	<b>1.200</b>

Trade payables are non-interest bearing and are normally settled on 60-day terms. The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

# EUMBRELLA CORPORATION (INTERNATIONAL) PUBLIC LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

### 21. Related party transactions

The Company is controlled by 3L Transcedent Investements Limited, incorporated in Cyprus, which owns 73,93% of the Company's shares. The ultimate controlling party is Mr Antonis Karitzis.

The following transactions were carried out with related parties:

#### 21.1 Directors' remuneration

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

	2017	2016
	€	€
Directors' fees	3.611	-
	<u>3.611</u>	<u>-</u>

#### 21.2 Purchases of goods and services

	Nature of transactions	2017	2016
		€	€
Coeur DeLion Software Engineering Limited	Software development and support	67.318	-
Coeur DeLion (Overseas Holdings) Ltd	Software development and support	70.527	59.750
		<u>137.845</u>	<u>59.750</u>

The companies above have a common shareholder with the Company.

#### 21.3 Payables to related companies

Name	2017	2016
	€	€
Coeur DeLion Software Engineering Limited	69.391	-
Coeur DeLion (Overseas Holdings) Ltd	-	26.700
	<u>69.391</u>	<u>26.700</u>

The companies above have a common shareholder with the Company.

### 22. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2017.

### 23. Commitments

The Group had no capital or other commitments as at 31 December 2017.

### 24. Events after the reporting period

During 2018, Eumbrella Corporation (International) Public Ltd has made an application for admission of its shares to the non-regulated market of the Cyprus Stock Exchange (CSE) -Emerging Companies Market (ECM).

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

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