

eUmbrella Corporation (International) Public Ltd

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1st of January 2018 to 30th of June 2018

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Antonis Karitzis Christakis Ierides George Rousou
Company Secretary	Karanto Secretarial Limited
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered Office	Archiepiskopou Makariou III,228 Agios Pavlos Court,Block B' 4th floor, flat/office 411-412 3030, Limassol, Cyprus
Bankers	Hellenic Bank Limited Bank of Cyprus Public Company Ltd
Registration number	HE 359049

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1st of January 2018 to 30th of June 2018

	Note	01/01/2018 – 30/06/2018		01/01/2017 – 30/06/2017	
		Unaudited		Unaudited	
		€		€	
Turnover			%		%
Universal Applications		142,533	82.4%	124,808	59.6%
Communication Services		22,941	13.3%	36,441	17.4%
Revenue Collection Fees Recovered		7,465	4.3%	48,243	23.0%
Total Turnover		172,939	100%	209,492	100.0%
			Margin		Margin
Cost of Sales					
RichReach Network, Infrastructure & Support		12,377	7.2%	17,387	8.3%
Universal Applications		26,172	15.1%	29,884	14.3%
Communication Services		16,413	9.5%	24,090	11.5%
Revenue Collection Fees		24,726	14.3%	24,372	11.6%
Total Cost of Sales		79,688	46.1%	95,733	45.7%
Gross Profit		93,251	53.9%	113,759	54.3%
Sales & Distribution Expenses	1	(58,673)	(33.9%)	(41,917)	(20.0%)
Operating and Administrative Expenses	2	(52,463)	(30.3%)	(34,608)	(16.5%)
Other Expenses		(220)	(0.1%)	(555)	(0.3%)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)		(18,105)	(10.5%)	36,679	17.5%
Financing Expenses	4	(581)	(0.3%)	(672)	(0.3%)
Depreciation	6	(5,719)	(3.3%)	(5,573)	(2.7%)
Amortisation	5	(58,456)	(33.8%)	(55,871)	(26.7%)
Profit / (Loss) before Taxation		(82,861)	(47.9%)	(25,437)	(12.1%)
Tax		--	--	--	--
Profit / (Loss) after Taxation		(82,861)	(47.9%)	(25,437)	(12.1%)
Loss per share attributable to the Shareholders of the Company (cents)	11	0.74		4.59	

The notes on pages 8 to 13 are an integral part of these unaudited consolidated financial statements.

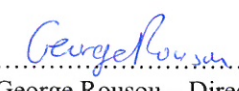
CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 30th of June 2018

	as at Note	30/06/2018 Unaudited	31/12/2017 Audited
		€	€
ASSETS			
Non-Current Assets			
RichReach Software Platform	5	395,914	439,218
Equipment that support RichReach	6	30,062	35,640
Furniture & Office Equipment	6	7,868	8,583
Office Computer Equipment	6	2,740	4,431
Goodwill on Acquisition of Subsidiary	5 & 7	159,701	159,701
Deferred Tax Assets		17,465	17,465
		<u>613,750</u>	<u>665,038</u>
Current Assets			
Trade and other Receivables	8	76,829	66,780
Cash in hand and at bank	9	5,472	3,007
		<u>82,301</u>	<u>69,787</u>
Total Assets		<u>696,051</u>	<u>734,825</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary Share Capital	10	557,500	557,500
Share Premium Reserve		91,056	91,056
Accumulated Losses		(202,360)	(119,499)
		<u>446,196</u>	<u>529,057</u>
Current Liabilities			
Trade and Other Payables	12	161,454	136,377
Payables to Related Parties	13.3	88,401	69,391
		<u>249,855</u>	<u>205,768</u>
Total Equity and Liabilities		<u>696,051</u>	<u>734,825</u>

On the 13th of September 2018, the Board of Directors of eUmbrella Corporation (International) Public Ltd authorised these unaudited consolidated financial statements for issue.


.....
Antonis Karitzis – Director


.....
Christakis Ierides – Director


.....
George Rousou – Director

The notes on pages 8 to 13 are an integral part of these unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1st of January 2018 to 30th of June 2018

	Note	Share Capital €	Share Premium €	Accumulated Losses €	Total €
Balance at 1st of January 2017		27,730	620,826	(23,520)	625,036
Total Comprehensive Loss for the Year		---	---	(95,979)	(95,979)
Issue of Share Capital		529,770	(529,770)	---	---
Balance at 31st December 2017 / 1st of January 2018		557,500	91,056	(119,499)	529,057
Total Comprehensive Loss for the Year		---	---	(82,861)	(82,861)
Balance at 30th of June 2018		557,500	91,056	(202,360)	446,196

The notes on pages 8 to 13 are an integral part of these unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1st of January 2018 to 30th of June 2018

	Note	01/01/2018 – 30/06/2018 Unaudited €	01/01/2017 – 30/06/2017 Unaudited €
Cash Flow from Operating Activities			
Net (Loss) / Profit before taxation		(82,861)	(25,437)
<u>Adjustments for:</u>			
Depreciation		5,719	5,573
Amortisation		58,456	55,871
Bank Charges & Interest Paid		581	672
Operating (Loss) / before Working Capital Changes		(18,105)	36,679
Decrease / (Increase) in Trade Debtors and other Receivables		(10,049)	114,222
(Decrease) / Increase in Trade Creditors and other Payables		25,077	124,123
(Decrease) / Increase in Payables to related parties		19,010	49,798
Net Cash from Operating Activities		15,933	324,822
Cash Flow from Investing Activities			
Investment in Intangible Fixed Assets		(12,887)	(49,517)
Investment in Tangible Fixed Assets through Business Combination			(63,174)
Goodwill created on Business Combination			(159,701)
Net Cash (used in) Investing Activities		(12,887)	(272,392)
Cash Flow from Financing Activities			
Receipts from the Issue of Share Capital		--	--
Bank Charges and Interest Paid		(581)	(672)
Net Cash from Financing Activities		(581)	(672)
Net Increase in Cash and Cash Equivalents		2,465	51,758
Cash and Cash Equivalents at the beginning of the year		3,007	--
Cash and Cash Equivalents at the end of the period		5,472	51,758

The notes on pages 8 to 13 are an integral part of these unaudited consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1st of January 2018 to 30th of June 2018

1. Sales and Distribution Expenses

	01/01/2018 – 30/06/2018	01/01/2017 – 30/06/2017
	Unaudited	Unaudited
	€	€
Advertising and Promotion	7,885	4,847
RichReach Sales and Marketing	50,788	37,070
	58,673	41,917

2. Operating and Administrative Expenses

	Note	01/01/2018 – 30/06/2018	01/01/2017 – 30/06/2017
		Unaudited	Unaudited
		€	€
Staff costs	3	6,768	--
Software platform technical support	3	20,594	885
Rent		3,000	--
Common expenses		450	281
Licenses and taxes		4,156	3,926
Municipality taxes		-	710
Annual levy		700	700
Electricity		2,390	2,745
Water supply and cleaning		1,063	1,171
Insurance		415	295
Sundry expenses		940	1,732
Telephone and postage		1,943	2,501
Stationery and printing		73	159
Subscriptions and contributions		--	360
Equipment maintenance		567	--
Computer software		--	97
Auditors' remuneration		--	--
Legal Fees		555	--
Other professional fees		--	--
Inland travelling and accommodation		3,041	11
Motor vehicle running costs		1,908	4,021
External Operations & Accounting Services		3,900	15,014
		52,463	34,608

3. Staff Costs

	01/01/2018 – 30/06/2018	01/01/2017 – 30/06/2017
	Unaudited	Unaudited
	€	€
Director Fees	5,997	--
Social Insurance Costs	712	--
Training Costs	59	--
	6,768	--

The number of employees employed by the Company during the first six months of 2018 and the first six months of 2017 were 5 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.

Staff costs relating to the technical support of the RichReach Software Platform are written off in the Operating and Administrative expense: Software platform technical support.

4. Financing Expenses

	01/01/2018 – 30/06/2018 Unaudited	01/01/2017 – 30/06/2017 Unaudited
	€	€
Interest expense	1	0
Sundry finance expenses and bank charges	580	672
	581	672

5. Intangible Fixed Assets, Depreciation & Amortisation

	RichReach Software Platform Unaudited	Goodwill (Note 7) Unaudited
	€	€
Cost		
Balance 01/01/2017	486,548	--
Additions 01/01/2017 – 30/06/2017	49,517	159,701
Balance at 30 June 2017	536,065	159,701
Additions 01/07/2017 – 31/12/2017	12,958	--
Balance at 31 December 2017	549,023	159,701
Additions 01/01/2018 – 30/06/2018	12,887	--
Balance at 30 June 2018	561,910	159,701
Amortisation		
Balance 01/01/2017	--	--
Change for 01/01/2017 – 30/06/2017	53,606	--
Balance at 30 June 2017	53,606	--
Change for 01/07/2017 – 31/12/2017	59,199	--
Balance at 31 December 2017	109,805	--
Change for 01/01/2018 – 30/06/2018	56,191	--
Balance at 30 June 2018	165,996	--
Net Book Value		
at 30 June 2017	482,459	159,701
at 31 December 2017	439,218	159,701
at 30 June 2018	395,914	159,701

6. Tangible Fixed Assets, Depreciation & Amortisation

	Equipment that supports RichReach Unaudited €	Furniture & Office Equipment Unaudited €	Office Computer Equipment Unaudited €
Cost			
Balance 01/01/2017	79,900	14,305	18,959
Additions 01/01/2017 – 30/06/2017	--	--	--
Balance at 30 June 2017	79,900	14,305	18,959
Additions 01/07/2017 – 31/12/2017	--	--	1,446
Balance at 31 December 2017	79,900	14,305	20,405
Additions 01/01/2018 – 30/06/2018	--	--	--
Balance at 30 June 2018	79,900	14,305	20,405
Amortisation			
Balance 01/01/2017	33,105	4,293	12,593
Change for 01/01/2017 – 30/06/2017	5,578	714	1,546
Balance at 30 June 2017	68,683	5,007	14,139
Change for 01/07/2017 – 31/12/2017	5,577	715	1,835
Balance at 31 December 2017	44,260	5,722	15,974
Change for 01/01/2018 – 30/06/2018	5,578	715	1,691
Balance at 30 June 2018	49,838	6,437	17,665
Net Book Value			
at 30 June 2017	41,217	9,298	4,820
at 31 December 2017	35,640	8,583	4,431
at 30 June 2018	30,062	7,868	2,740

7. Goodwill

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 (Audited) €	Fair Value as at 1 January 2017 (Audited) €
Equipment that support RichReach	46,795	46,795
Office & 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	(89,812)	(89,812)
Company's balance with eUmbrella Corporation (CY) Ltd	(39,741)	(39,741)
Total Net Asset Acquired^(*)	(48,701)	(48,701)
Consideration paid:		
Shares allotted (30,000 x €3.70)		111,000
		<u>111,000</u>

Fair Value as at
1 January 2017
(Audited)

€

Goodwill (*)

159,701

(*) The release of RichReach in Cyprus up to 01/01/2017 has been limited, therefore its financial benefits have not yet fully materialised.

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.

8. Trade and other Receivables

	01/01/2018 – 30/06/2018 Unaudited	01/01/2017 – 31/12/2017 Audited
	€	€
Deposits & Prepayments	25,163	25,268
Other Receivables	51,666	41,512
	76,829	66,780

9. Cash in hand and at bank

	01/01/2018 – 30/06/2018 Unaudited	01/01/2017 – 31/12/2017 Audited
	€	€
Cash in hand	--	17
Cash at Bank	5,472	2,990
	5,472	3,007

10. Ordinary Share Capital

	01/01/2018 – 30/06/2018		01/01/2017 – 31/12/2017	
	Number of shares	€	Number of shares	€
Authorised shares				
Ordinary Shares of €0.05 each	12,000,000	600,000	12,000,000	600,000
Issued and fully paid shares				
Ordinary Shares of €0.05 each	11,150,000	557,500	11,150,000	557,500

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.

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).

11. Loss per share attributable to the shareholders of the Company

	01/01/2018 – 30/06/2018 Unaudited	01/01/2017 – 31/12/2017 Audited
Loss attributable to the Shareholders (€)	82,861	25,437
Weighted average number of ordinary shares in issue during the year	11,150,000	554,600
Loss per share attributable to the Shareholders of the Company (€ cents)	0.74	4.59

12. Trade and other Payables

	01/01/2018 – 30/06/2018 Unaudited	01/01/2017 – 31/12/2017 Audited
	€	€
Trade Payables	59,106	41,988
Social Insurance and other Taxes	2,349	943
Value Added Tax	76,019	71,916
Accruals	23,980	13,510
Other Creditors	--	8,020
	161,454	136,377

13. 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 following transactions were carried out with related parties:

13.1 Directors' Remuneration

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

	01/01/2018 – 30/06/2018	01/01/2017 – 30/06/2017
	Unaudited	Unaudited
	€	€
Directors' Remuneration	5,997	---
	5,997	---
	5,997	---

13.2 Purchases of goods and services

	01/01/2018 – 30/06/2018	01/01/2017 – 30/06/2017
<u>Nature of transactions</u>	Unaudited	Unaudited
	€	€
Coeur DeLion Software Engineering Limited	62,076	--
Coeur DeLion (Overseas Holdings) Ltd	--	114,546
	62,076	
	62,076	

The parties above have a common shareholder with the Company.

13.3 Payables to Related Parties

	01/01/2018 – 30/06/2018	01/01/2017 – 31/12/2017
<u>Nature of transactions</u>	Unaudited	Audited
	€	€
Coeur DeLion Software Engineering Limited	88,401	69,391
	88,401	69,391
	88,401	69,391

14. Contingent liabilities

The Group had no contingent liabilities as at 30 of June 2018.

15. Commitments

The Group had no capital or other commitments as at 30 of June 2018.

16. Events after the reporting period

Annual General Meeting

On the 13th of September 2018, the Company held its Annual General Meeting.

Raising of the issued share capital

On the 10th of August 2018, the Company invited its Shareholders to take part in the raising of the issued share capital by €1,500,000.00 (one million five hundred thousand Euro). 750,000 (seven hundred fifty thousand) ordinary shares out of the authorized, but yet unissued, share capital of the Company were offered at the price of €2.00 each (nominal value of €0.05 [five cents of Euro] plus a premium of €1.95 [one Euro and ninety five cents of Euro]). The 750,000 ordinary shares were offered to each of the Company's Shareholders pro rata based on each Shareholder's percentage.