

EU SUPPLY PLC

**Annual Report and Consolidated Financial Statements
For the Year Ended 31 December 2013**

Company Registration Number: 08513444

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Information page

Directors	David Richard Cutler, <i>Non-Executive Chairman</i> Thomas Bo Beergrehn, <i>Chief Executive Officer</i> Mark Westcombe Elliott FCA, <i>Chief Financial Officer</i> Steffen Patrik Karlsson, <i>Non-Executive Director</i> all of 26 Red Lion Square, London WC1R 4AG
Company Secretary	Mark Westcombe Elliott FCA
Registered Office of the Company	26 Red Lion Square London WC1R 4AG
Company Registration Number	08513444
Nominated Adviser and Broker	Westhouse Securities Limited 20th Floor Heron Tower 110 Bishopsgate London EC2N 4AY
Solicitors to the Company	asb law LLP Innovis House 108 High Street Crawley West Sussex RH10 1AS
Auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG
Financial Public Relations	Newgate Threadneedle 5th Floor 33 King William Street London EC4R 9AS
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

Chairman's Statement

Overview

Following its successful flotation onto AIM on 13 November 2013, I am pleased to provide EU Supply's maiden annual report to our shareholders. EU Supply is the UK holding company of the EU Supply Group, a Sweden-based e-commerce business that has an established, market-leading, multilingual e-procurement platform for e-sourcing, e-tendering and contract management, tailored for the highly regulated European public sector market.

With over US\$30 million invested in developing the Group's Complete Tender Management ("CTM™") platform, the Directors believe the platform is one of the easiest to use and functionally advanced solutions available in the market. The platform is provided under a SaaS contract model, and is developed and maintained as a single product. The platform has been designed to be configurable online and can be quickly, easily and cheaply configured to a customer's specific needs, delivering a bespoke solution for each customer without any additional programming. The Directors believe that this combination provides the Group with a significant advantage over its competitors.

While its customers include both private and public organisations, the Group has identified the European public sector market as the most attractive short-term target.

In January 2014, the European Parliament ratified the proposed EU directives requiring all public bodies or authorities that are governed by public law to ensure all tender notifications and tender documents are made available online and that tender responses are managed electronically. They also govern the introduction of e-CERTIS, a mandatory electronic clearing-house which lists exhaustively the certificates and other proofs which Contracting Authorities may request from suppliers.

IPO

The Company's successful listing on AIM in November 2013 raising £5m has enabled the Group to strengthen its balance sheet and accelerate investment in technology and people mainly in sales to take advantage of the growing European market for e-procurement referred to above.

Outlook

As EU Member States seek means to reduce costs and seek better control and transparency of procurement processes, the market opportunity thus provided gives us confidence as we look forward to life as a public company.

With a team of dedicated and professional staff with clear and strong leadership, the Board anticipates strong recurring revenue growth in the current year which will provide the foundation for sustained revenue growth and profitability in the future.

David Cutler

Chairman

Date: 23 April 2014

Strategic Report

Introduction

2013 has been transformative for the Group.

The Group's successful IPO onto AIM in November has given us the financial strength and market exposure to enable the business to significantly address the market opportunity offered by the implementation of the EU directives for e-procurement over the next few years.

Since the IPO, in addition to continuing the software development of the platform, we have moved rapidly to recruit an international sales team to address the European market. By the end of the first quarter 2014 this team was in place.

Earlier in 2013, the Group was awarded the Doffin contract, which has an initial term of seven years (with options for extensions for up to five more years) and is expected to contribute £0.4 million of revenue per annum, starting in H1 2014. Doffin is the Norwegian government's platform for the mandatory publication of notices of public contracts, and for economic operators to search and view contract notices of interest. The Group delivered the enhancements required, including services for receipt of contract notices from external platforms, instant "as you type" full-text search, notice templates and other enhancements, all of which are expected to strengthen the Group's competitive position in the EU. The Group has also built these enhancements in a modular manner to allow Contracting Authorities, subject to applicable legislation, to procure and simply turn "on" additional modules when required to comply with the pending EU directives.

Growth of e-Procurement

Electronic tender management and pre-award procurement processes were first implemented in a material way during the late 1990's. However it was not until the early 2000's that adoption became more widespread. Initial solutions typically targeted only parts of the tender management process, for example, the Group started with e-auctions only.

Many governments have made public procurement more easily available to their respective authorities via national framework agreements (for example, the UK, Norway and Portugal) and/or national platforms (for example, Lithuania and Ireland). Some Member States have chosen to fully mandate e-tendering through their national legislation, for example, France mandated e-tendering in some procurement categories in 2005 and Portugal mandated it for all public procurement in 2009. Other Member States currently allow authorities to choose when and how to implement solutions, for example, Sweden and Denmark.

The Directors believe demand for e-procurement solutions in the EU public sector will grow as authorities seek to comply with the expected legislation, reduce costs and seek better control and transparency of their procurement processes. The Directors believe that private sector growth will be driven by companies recognising that cost savings can be achieved relatively easily through better procurement and efficient selection of outsourcing partners on a project-by-project basis. In particular, the Directors believe that the construction industry would benefit from this approach, as sub-contracted services and the supply of goods and materials typically account for in excess of 75 per cent of the total cost of a project and margins are low.

EU SUPPLY PLC

Year Ended 31 December 2013

The Group's own forecasts of the market opportunity indicate that the European public sector market for e-tendering solution licences and support alone could grow from €75 million in 2013 to €350 million in 2017. In addition to licences and support, the Directors estimate that the value of associated implementation services (training, configuration, paid-for enhancements and integrations) could add approximately €100 million per annum by 2017.

The Directors also consider there are significant opportunities to capture revenue from associated services such as the provision of credit rating reports (as required for many tender submissions) and providing an alert service for upcoming or new tenders advertised on the platform. The Group expects the European market for these associated services to reach €350 million by 2017.

Evolving marketplace

Many governments have been working towards making public procurement available via online platforms and, from 2016, most public bodies in the European Union's member states should have implemented this type of solution in support of public procurement.

By implementing eProcurement initiatives in the public sector, The European Commission aims to substantially reduce cost, as well as helping to improve the transparency and efficiency of public sector organisations. At the same time, given the need for public sector organisations to reduce their expenditure, the adoption of eProcurement solutions will allow them to more effectively analyse their existing spending.

At present, there are a number of rival providers in each of the Group's key markets. The European market is very fragmented, with an average of between five and eight different competitors in each of the largest Member States.

However, the Directors believe that consolidation will occur as customers seek more advanced functionality and stricter information security. This is being driven both by the customers becoming more sophisticated in their requirements and by central government bodies seeking to establish minimum standards and security accreditations (for example IL2/IL3 certification mandated by the HMG Security Policy Framework in the UK and ISO 27001 based certification which is expected to be required in other Member States soon, as recommended by the Commission's expert group on eTendering, eTEG).

The Group is one of the few suppliers to have built a more advanced platform that has the flexibility to operate in all European markets (plus many more) without the need to develop and maintain multiple versions of the software.

The Group has won business following tests with competitors, and sees its key strengths as CTM™'s:

- Range and depth of functionality;
- Ease of use;
- Ability to meet customers' specific requirements at low cost by online configuration; and
- High level of security.

Financial Performance

In the year ended 31 December 2013, the Group made a loss of £3,479,993 (2012: loss of £1,045,744) on turnover of £1,779,406 (2012: £1,607,206) reflecting the significant investment in its software and operations through the increase in staff and administrative expenses. The IPO facilitated the removal of all debt through a combination of repayment and conversion to equity and has provided additional working capital to expand our sales force and fund current operations.

EU SUPPLY PLC

Year Ended 31 December 2013

People

We continue to invest in hiring talented people in the UK and the rest of Europe to take advantage of the market growth opportunity and the new EU Directives.

In Q1 2014, the Group recruited a team of sales people in the UK and in Denmark including bid management support personnel in Sweden.

The Board was strengthened ahead of the IPO through the appointment of David Cutler and Steffen Karlsson as Non-executive Directors and of Mark Elliott as Chief Financial Officer.

Dividend

As was stated at the time of the IPO, the Board is not recommending the payment of a dividend.

Outlook

2013 was important in the transformation of the Company. All the work done in 2013 has made EU-Supply stronger and better prepared for the future. We have strengthened our organisation. We have also won, implemented and supported projects of all varieties, including more involved projects such as Doffin. All teams have gone above and beyond expectations while senior management was also heavily involved in the IPO process. This has been possible only thanks to the tremendous support of our employees.

2014 has started in line with the Board's expectations. As the new sales team becomes effective, it is expected that they will contribute to strong revenue growth especially in the second half of the year. We are pleased to continue to service the needs of our existing customers into 2014 and beyond. We are happy to continue our dialogue with a wide range of additional customers during 2014, understanding and serving their most important needs.

The Group has already entered into a number of smaller license and services agreements that will contribute to the revenue growth in 2014, for example a contract for the delivery of the "Blue Lights" platform as a service to police forces and fire and rescue services across the UK with planned implementation before the end of Q2 2014. Other examples of agreements won are the delivery of additional enhancements and training sessions to Irish customers, licenses to the Danish tax authority, Copenhagen Airport and the adoption of contract management as an extra module by local authorities.

Both CTM Solution BV in Holland and Global eSourcing have also entered into new piloting agreements with significant size organisations in the private sector. Publicure Advokatfirma P/S ("AlmenIndkøb") have also completed their first set of framework agreements allowing end-customers to make call-offs. This should generate additional revenue growth toward the end of 2014.

With Doffin now being live in Norway and generating additional revenues from Q2 2014, we are confident that we will see a substantial revenue growth during 2014.

Thomas Beergrehn
Chief Executive Officer
Date: 23 April 2014

Board of Directors

<p>David Richard Cutler Non-Executive Chairman age 70</p>	<p>David Cutler joined the Group in 2013 as Non-Executive Chairman. David began his career with Deloitte in London, followed by senior financial posts at NFC, British Leyland and CompAir. David was then finance director of London listed UKO International PLC, until it was sold following a public takeover. For twelve years he was the group finance director of Emess PLC, listed in London and Frankfurt. In addition, for seven years until 1999, he was a member of the supervisory board (Aufsichtsrat) of Frankfurt listed Brilliant AG. From 1998 to 2000, David was a director of ImagoQA Ltd, the leading independent software testing consultancy, guiding the company to a successful private financial sale. David was the Finance Director of Alterian PLC from its London Stock Exchange flotation in 2000, until his retirement in March 2011. During this time the company grew thirty fold, from a small office in Bristol to a successful international marketing software business on four continents. He is currently a non-executive Chairman of Qwasi Inc., a private software company based in New York, and non-executive director of Inshowjumpers plc.</p>
<p>Thomas Bo Beergrehn, Chief Executive Officer, age 49</p>	<p>Thomas Beergrehn founded the Group and its precursor, having previously spent five years with McKinsey & Company. His expertise was in strategy under uncertainty and time to market process change, particularly in the communication/software sector. Projects included strategy and large scale change of time to market processes based on best practices from leading global companies like Microsoft, Oracle and Trilogy. Prior to working at McKinsey, Thomas was Commander of a naval patrol craft, following graduation at the top of his class at the Swedish Navy Academy. Thomas holds a PhD and an MSc in Systems Engineering from Case Western Reserve University, Cleveland USA, as well as an MSc in Engineering Physics from the University of Uppsala, Sweden (all with perfect GPAs). Thomas has been elected a member of the European Commission's eTendering Expert Group.</p>
<p>Mark Westcombe Elliott, Financial Director, age 55</p>	<p>Mark Elliott has worked with the Group on a consulting basis since 2012, and joined it as Financial Director in 2013. Mark is a Chartered Accountant and has spent the last 10 years as Managing Director of private equity group, ICE Partners Limited, having previously worked as an equity partner specialising in audit and corporate finance with Baker Tilly. He is also a director of 21st Century Technology plc and Enables IT Group plc.</p>

<p>Steffen Karlsson, Non-Executive Chairman, age 44</p>	<p>Steffen joined the Group in 2013 as a Non-Executive Director. Steffen started his career at Enskilda Investment Bank in 1993, before joining McKinsey & Company in 1994. He worked as a strategic and operational consultant at McKinsey & Company for 13 years, during which time he specialised in industrials, basic materials and private equity. In 2007, he joined EastOne Llc, a leading industrial conglomerate and investment firm in Ukraine, as Director of Strategy and Head of M&A. In 2009 he then joined Papyrus AB, the leading paper merchant in Europe as Senior Vice-President, Business Development (including M&A). In February 2013 he established his own consultancy company and is currently working as an independent consultant to private equity firms. He holds a degree in Corporate Finance and Marketing from Stockholm School of Economics. He speaks Swedish, English, French and Russian.</p>
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Senior Management

<p>Henrik Dige Christensen, Country Manager Denmark, age 47</p>	<p>Henrik joined the Group in 2007 as Country Manager for Denmark. He is responsible for sales, marketing, implementation and training for the Group's Danish clients. His key relationships are with the public sector organisations in Denmark. Henrik has over 20 years' experience in sales management and has worked as both a strategic and operational consultant and executive within international companies including American Express Corporate Travel, Next Step Multimedia ApS and Det Forenede Dampskibs-Selskab A/S (DFDS).</p>
<p>Tore Bråteng, Country Manager Norway, age 50</p>	<p>Tore joined the Company in 2012 as Country Manager for Norway. He works for the Company part-time and is responsible for sales, marketing, implementation and training for the Company's Norwegian clients. His key relationships are with public sector organisations in Norway. Tore has over 13 years' experience in sales management within software companies focusing on purchase and pay processes and has acted as EU-Supply's sales partner in Norway since 2007. Tore has worked as both a strategic and operational manager within international companies including Visma Software and Kuehne & Nagel (Logistics).</p>
<p>Matti Olofsson, Chief Operating Officer, age 39</p>	<p>Matti joined the Group in February 2013 as Project Management Director. He has initially focused on overseeing the integration of CTM™ with other systems used by the Group's customers. Matti was appointed Chief Operating Officer on 22 August 2013, with responsibility for development, testing, support and infrastructure management. Matti has more than 15 years' experience in project management and has worked on both strategic and operational large-scale IT projects and within development departments. He previously worked for Logica plc (as head of development in Sweden), CGI and Pipistrello, amongst others.</p>

Directors' Report

The directors present their report and the audited financial statements for the period ended 31 December 2013.

EU Supply Plc was incorporated on 2 May 2013. The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Due to the addition of EU Supply Plc as a new UK holding Company of the Group, which constituted a combination of entities under common control, merger relief has been taken and merger accounting has been applied to the consolidated financial statements.

Principal activities

EU Supply Plc is a public limited company domiciled in the United Kingdom. The EU Supply Plc group owns and operates e-procurement platform for e-sourcing, e-tendering and contract management, tailored for the highly regulated European public sector market.

Business review

A comprehensive analysis of the Group's development and performance is contained in the Chairman's Statement and Operational and Strategic Report. This analysis includes comments on the position of the Group at the end of the financial period and the key performance indicators which are monitored in relation to the achievement of the strategy of the business.

Financial risk management objectives and policies

The Group's activities expose it to some financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably.

Credit risk

Credit risk arises from exposure to outstanding receivables. Potential new customers are assessed for credit risk before credit is given, to minimize credit exposure. See note 3 for further information.

Currency risk

Sales denominated in a foreign currency are largely offset by costs in the same currency and hence exposure to currency risk and impact on margin is considered relatively small. See note 3 for further information. The Group manages its foreign exchange exposure on a net basis. No forward exchange or other such financial instruments have been used in the period.

Further information on the financial risk management strategy of the Group and of the exposure of the Group to currency risk, interest rate risk, credit risk and liquidity risk is set out in note 3 to the financial statements.

Charitable and political donations

During the year, and in the previous year, the Company did not make any charitable or political contributions.

Principal risks and uncertainties

The key business risks affecting the Group are set out below:

Financial

See financial risk management and policies section above.

Technology

The Group's performance is dependent on its technology keeping pace with developments in e-Procurement market. The Group manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood.

Retention of staff

The Group's performance depends largely on its ability to recruit and retain key individuals with the right experience and skills. To ensure that the Group retains the highest calibre staff, the Group has implemented a share option scheme.

Dividend

The Group's current policy is not to pay dividends. There can be no assurance as to the level of future dividends (if any) that may be paid by the Group.

The Board intends to adopt a dividend policy appropriate to the Company's financial performance. This will take into account its ability to operate and grow and the need to retain a prudent level of cash resources. Any profits are likely to be retained and used towards the development of the Group's activities and business for the foreseeable future.

Employees

The Group's policy of providing employees with information about the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas. The Group continues to consider ways to encourage the involvement of employees in the Group's performance.

The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

EU SUPPLY PLC
Year Ended 31 December 2013

Directors and directors' interests

The directors who held office during the financial year are set out below, together with their interests in the ordinary shares of the Company according to the register of directors' interests:

Name	No. of shares	% of total issued share capital
David Cutler	442,478	0.8
Thomas Beergrehn*	7,204,178	12.5
Mark Elliott	-	-
Steffen Karlsson	737,463	1.3

* Shares held in own name and by Internet Startups Holding BV, an investment company controlled by Thomas Beergrehn.

The schedule below sets out payments made to directors related interests:

	Year ended 31 December 2013 (£)	Year ended 31 December 2012 (£)
Consultancy fees*		
Steffen Karlsson	28,794	-
Ice Strategies LLP	77,231	16,339
Thomas Beergrehn	15,952	25,000
Total Consultancy fees	121,977	41,339

EU SUPPLY PLC
Year Ended 31 December 2013

Directors and directors' interests		
Service fees	Year ended 31 December 2013 (£)	Year ended 31 December 2012 (£)
David Cutler	4,667	-
Thomas Beergrehn	-	-
Mark Elliott	2,667	-
Steffen Karlsson	3,329	-
Total	10,663	-

* The consultancy fees were paid to Trillibo AB and Internet Startups Holdings BV, companies in which Mr S Karlsson and T Beergrehn respectively have an interest in relation to their services as a director. Mark Elliott is a partner in Ice Strategies LLP.

Internet Startups Holding BV has been granted warrants to subscribe for up to five per cent. of the issued share capital at the IPO placing price at any time during the period starting on 13 November 2013 and ending on the fifth anniversary of that date.

Information regarding the highest paid director is as follows:

	Year ended 31 December 2013	<i>Year ended 31 December 2012</i>
	£	<i>£</i>
Thomas Beergrehn		
Directors remuneration		
Salaries	131,716	90,704
IPO bonus	100,000	-
Share based payments	8,783	-
	240,499	<i>90,704</i>

EU SUPPLY PLC

Year Ended 31 December 2013

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at the date of this report.

Name	No. of shares	% of total issued share capital
Thomas Beergrehn*	7,204,178	12.5
JM Finn	6,672,565	11.6
Thrice Capital Management Limited	5,402,463	9.4
Adrian Friend	4,886,238	8.5
River & Mercantile Asset Management	3,585,000	6.2
Amati Global Investors Limited	3,485,000	6.0
Fastighets AB Granen	2,876,462	5.0
Hargreave Hale Limited	2,655,000	4.6
Miton Capital Partners Limited	1,990,000	3.5

* Shares held in own name and by Internet Startups Holding BV, an investment company controlled by Thomas Beergrehn.

Policy and practice on payment of creditors

Whilst the Company does not follow any specified code or standard of payment practice it does endeavour to ensure all payments are made within mutually agreed credit terms. Creditor days averaged 40-60 days at 31 December 2013.

Research and development

The Group undertakes development activities which involve a planned investment in the building and enhancement of the CTM™ platform. Expenditure during the year included internal staff time and cost spent directly on developing the CTM™ platform. All expenditure was expensed during the year.

Key performance indicators

The Group considers its principle KPIs that are used as indicators for business performance to be the amount of recurring income achieved and net revenue increase per year divided by sales costs of the previous year.

Going concern

The directors believe that the Group has demonstrated further progress in achieving its objective of positioning itself as market-leading, multilingual e-procurement platform for e-sourcing, e-tendering and contract management, tailored for the highly regulated European public sector market. The Group raised £5 million during the year through the issue of equity at the IPO in November 2013. The directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements. After taking account of anticipated overhead costs and revenue, the directors are confident that sufficient funds are in place to support the going concern status of the Group.

Therefore the directors consider that it is appropriate to prepare the Group's financial statements on a going concern basis, which assumes that the Group is to continue in operational existence for the foreseeable future. When assessing the foreseeable future, the directors have looked at a period of at least 12 months from the date of approval of the financial statements.

Board governance

The Company is listed on AIM and not required to comply with the provisions of the 2010 FRC UK Corporate Governance Code (the Code) and therefore, this is not a statement of compliance as required by the Code. Nevertheless, the Board follows, as far as practicable, the recommendations on corporate governance of the Quoted Companies Alliance for Companies with shares traded on AIM and it is intended that the Board's performance will be reviewed regularly. The Board currently meets at least 8 times a year. The Board is responsible, among other things, for strategy, budget, performance, approval of major capital expenditure and the framework of internal controls.

Board committees

The Board has established an audit committee and remuneration committee, with formally delegated duties and responsibilities and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare Group and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for the period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Auditors

The Company's auditors for the year to 31 December 2013 were haysmacintyre.

On behalf of the Board

Thomas Beergrehn
Chief Executive Officer
EU Supply Plc
26 Red Lion Square
London
WC1R 4AG

Date: 23 April 2014

Independent Auditor's Report to the Members of EU Supply Plc

We have audited the financial statements of EU Supply Plc for the period ended 31 December 2013 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cashflows, the company statement of financial position, the company statement of changes in equity, the company statement of cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2013 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Statement, Strategic Report and Group Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of EU Supply Plc (cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Cliffe (senior statutory auditor)

For and on behalf of haysmacintyre, statutory auditor
26 Red Lion Square
London WC1R 4AG
United Kingdom

Date: 23 April 2014

Consolidated Financial Statements EU Supply Plc

Consolidated Statement of Total Comprehensive Income

	Note	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Revenue	4	1,779,406	1,607,206
Administrative expenses excluding exceptional expense	5	(4,368,675)	(2,858,662)
Exceptional expense	5	(607,623)	-
Total administrative expenses		(4,976,298)	(2,858,662)
Loss from operations		<u>(3,196,892)</u>	<u>(1,251,456)</u>
Finance Income	7	-	11,465
Finance expense	7	(225,614)	247,187
Loss before tax		<u>(3,422,506)</u>	<u>(992,804)</u>
Tax	8	<u>(41,178)</u>	<u>(38,940)</u>
Loss for the year attributable to equity holders of the parent company		<u>(3,463,684)</u>	<u>(1,031,744)</u>
Exchange (losses)/gains arising on the translation of foreign subsidiaries		<u>(16,309)</u>	<u>(14,000)</u>
Total comprehensive losses attributable to equity holders of the parent company		<u>(3,479,993)</u>	<u>(1,045,744)</u>
Basic loss per share for losses attributable to the owners of the parent during the year	9	<u>(0.060)</u>	<u>(0.018)</u>

The results reflected above relate to continuing activities.

The notes on pages 23 to 43 form part of these financial statements.

Consolidated Statement of Financial Position

Company Registration Number: 08513444

		31 December 2013 £	31 December 2012 £
Non-current assets			
Property, plant and equipment	10	45,350	54,616
Intangible assets	11	49,500	198,000
Other long term receivables		12,464	37,884
		<u>107,314</u>	<u>290,500</u>
Current assets			
Trade and other receivables	13	406,143	379,864
Cash and cash equivalents	14	1,771,088	26,745
		<u>2,177,231</u>	<u>406,609</u>
Total assets		<u>2,284,545</u>	<u>697,109</u>
Current liabilities			
Trade and other payables	15	1,374,205	1,446,348
Loans and other borrowings	15a	1,000	1,332,633
Obligations under finance leases		16,184	8,244
		<u>1,391,389</u>	<u>2,787,225</u>
Non-current liabilities			
Trade and other payables		8,705	8,705
Redeemable preference share capital		-	8,927
Redeemable preference share premium		-	585,123
		<u>8,705</u>	<u>602,755</u>
Total liabilities		<u>1,400,094</u>	<u>3,389,980</u>
Net assets/(liabilities)		<u>884,451</u>	<u>(2,692,871)</u>
EQUITY			
Shareholders' equity			
Called up share capital	16	57,665	11,052
Share premium		4,689,383	-
Merger reserve		2,676,055	255,720
Other reserve		43,120	142,136
Foreign exchange reserve		(30,959)	(14,650)
Retained earnings		(6,550,813)	(3,087,129)
Total equity attributable to the equity holders of the parent		<u>884,451</u>	<u>(2,692,871)</u>

The financial statements were approved by the Board and authorised for issue on 23 April 2014 and signed on its behalf by:

Thomas Beergrehn

Chief Executive Officer

The notes on pages 23 to 43 form part of these financial statements.

Statement of Financial Position – Company

Company Registration Number: 08513444

		31 December 2013 £
Non-current assets	Note	
Investments in subsidiary company	12	-
		-
Current assets		
Trade and other receivables	13	3,432,444
Cash and cash equivalents	14	1,201,000
		4,633,444
Total assets		4,633,444
Current liabilities		
Trade and other payables	15	35,500
		35,500
Net assets		4,597,944
EQUITY		
Shareholders' equity		
Called up share capital	16	57,665
Share premium		4,689,383
Merger reserve		(35,541)
Other reserve		43,120
Retained earnings		(156,683)
Net assets		4,597,944

The financial statements were approved by the Board and authorised for issue on 23 April 2014 and signed on its behalf by:

Thomas Beergrehn

Chief Executive Officer

The notes on pages 23 to 43 form part of these financial statements.

EU SUPPLY PLC

Year ended 31 December 2013

Consolidated Statement of Changes in Equity

Group	Share capital £	Share premium account £	Retained earnings £	Foreign exchange reserve £	Other reserve £	Merger reserve £	Total £
As at 1 January 2012	10,764	310,199	(2,055,385)	(136,491)	11,465	-	(1,859,448)
Merger adjustment		(310,199)	-	136,491	(11,465)	185,173	-
As at 1 January 2012 as restated	10,764	-	(2,055,385)	-	-	185,173	(1,859,448)
Loss for the year	-	-	(1,031,744)	(14,650)	-	-	(1,046,394)
Shares issued	288	-	-	-	142,136	70,547	212,971
As at 31 December 2012	11,052	-	(3,087,129)	(14,650)	142,136	255,720	(2,692,871)
As at 1 January 2013 as restated	-	-	(3,087,129)	(14,650)	142,136	255,720	(2,703,923)
Issue of new equity shares – share for share exchange	35,541	-	-	-	(142,136)	2,420,335	2,313,740
As at 1 January 2013	35,541	-	(3,087,129)	(14,650)	-	2,676,055	(390,183)
Loss for the year	-	-	(3,463,684)	(16,309)	-	-	(3,479,993)
Issue of ordinary shares on IPO	22,124	4,977,876	-	-	-	-	5,000,000
IPO costs recognised in equity	-	(288,493)	-	-	-	-	(288,493)
Share based payment	-	-	-	-	43,120	-	43,120
As at 31 December 2013	57,665	4,689,383	(6,550,813)	(30,959)	43,120	2,676,055	884,451

Company	Share capital £	Share premium account £	Retained earnings £	Foreign exchange reserve £	Other reserve £	Merger reserve £	Total £
As at 2 May 2013	-	-	-	-	-	-	-
Loss for the year			(156,683)				(156,683)
Total comprehensive loss	-	-	(156,683)	-	-	-	(156,683)
Issue of new equity shares – share for share exchange	35,541	-	-	-	-	(35,541)	-
Issue of ordinary shares on IPO	22,124	4,977,876	-	-	-	-	5,000,000
IPO costs recognised in equity	-	(288,493)	-	-	-	-	(288,493)
Share based payment	-	-	-	-	43,120	-	23,275
As at 31 December 2013	57,665	4,689,383	(156,683)	-	43,120	(35,541)	4,597,944

Consolidated Cashflow Statement

	31 December 2013 £	31 December 2012 £
Cash flows from operating activities		
Loss after taxation	(3,463,684)	(1,031,744)
Adjustments for:		
Interest expense (net)	225,614	(258,662)
Income tax	(82,334)	23,010
Amortisation of intangible assets	148,500	151,000
Depreciation	38,598	9,774
Share option charge	19,845	-
Operating cash flows before movements in working capital	<u>(3,113,461)</u>	<u>(1,106,622)</u>
Decrease in trade and other receivables	(859)	(176,802)
Increase in trade and other payables	630,041	58,072
Cash used in operations	<u>(2,484,279)</u>	<u>(1,225,352)</u>
Net Interest paid	(225,614)	258,662
Net cash used in operating activities	<u>(2,709,893)</u>	<u>(966,690)</u>
Investing activities		
Investment in intangible assets	-	-
Purchases of property, plant and equipment	(29,332)	(24,087)
Net cash used in investing activities	<u>(29,332)</u>	<u>(24,087)</u>
Financing activities		
Proceeds from issue of share capital	5,000,000	82,300
Issue costs of shares	(896,116)	-
Proceeds from issue of share options	23,275	-
Increase in borrowings	375,678	901,000
Net cash generated from financing activities	<u>4,502,837</u>	<u>983,300</u>
Net increase/(decrease) in cash and cash equivalents	1,763,612	(7,477)
Cash and cash equivalents at beginning of year	26,745	50,538
Effect of foreign exchange translation on cash equivalents	(19,269)	(16,316)
Cash and cash equivalents at end of year	<u>1,771,088</u>	<u>26,745</u>

Company Cashflow Statement

	31 December 2013 £
Cash flows from operating activities	
Loss after taxation	(156,683)
Adjustments for:	
Share based payments	19,845
Currency exchange adjustment	(124)
Operating cash flows before movements in working capital	<u>(136,962)</u>
Decrease in trade and other receivables	(3,432,444)
Increase in trade and other payables	35,500
Cash generated from operations	<u>(3,533,906)</u>
Interest paid	-
Net cash used in operating activities	<u><u>(3,533,906)</u></u>
Financing activities	
Proceeds from issue of share capital (IPO)	5,000,000
Issue costs of shares	(288,493)
Share option premiums received	23,275
Net cash generated from financing activities	<u><u>4,734,782</u></u>
Net increase in cash and cash equivalents	1,200,876
Cash and cash equivalents at beginning of year	-
Effect of foreign exchange translation on cash equivalents	124
Cash and cash equivalents at end of year	<u><u>1,201,000</u></u>

Notes to the consolidated financial information

1. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ('adopted IFRSs').

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The Group financial statements consolidate the financial statements of the Company and its subsidiaries (together referred to as 'the Group'). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Basis of consolidation

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, it is classified as a subsidiary.

Merger accounting

The accounting treatment in relation to the addition of EU Supply PLC as a new UK holding Company of the Group falls outside the scope of the IFRS3 'Business Combinations'. The share scheme arrangement constituted a combination of entities under common control as EU Supply PLC was not a business as defined by IFRS 3 at the time that the Share Scheme became effective. The relative rights of the shareholders remain unaltered post transaction.

Paragraph 10 of IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors' requires management to use its judgement in developing and applying a policy that is relevant, reliable, represents faithfully the transaction, reflects the economic substance of the transaction, is neutral, is prudent, and is complete in all material respects when selecting the appropriate methodology for consolidation accounting.

Paragraph 13 of the Financial Reporting Standard 6 ("FRS") Acquisitions and Mergers (UK) permits merger accounting as a result of a Group reconstruction when an addition of a new parent Company does not alter the relative rights of the shareholders and is facilitated entirely by a share for share exchange.

Management believes that it has met the criteria as defined by paragraph 13 of FRS6 and has treated the insertion of EU Supply PLC as the ultimate parent entity as a Group reconstruction and have applied the FRS6 merger accounting principles to prepare the consolidated financial statements and treated the reconstructed Group as if it had always been in existence. The difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained is recognised in a merger reserve. Comparative information is provided on the basis that the new group has always been in existence.

EU SUPPLY PLC

Year ended 31 December 2013

The Group has taken advantage of merger relief available under Companies Act 2006 in respect of the share for share exchange as the issuing company has secured more than 90% equity in the other entity. The carrying value of the investment is carried at the nominal value of the shares issued.

Going concern

The directors have prepared and reviewed a business plan and cash flow forecast. The forecast contains certain assumptions about the level of future sales and gross margin achievable. These assumptions are the directors' best estimate of the future development of the business.

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the financial statements.

Revenue Recognition

Revenue represents the gross amounts billed to clients in respect of revenue earned and other client recharges, net of discounts, sales taxes, accrued, and deferred amounts.

Each type of revenue is recognised on the following basis:

- a) Licence fees are recognised over the period of the relevant contracts or agreements, in line with the terms of the contract;
- b) Ongoing support and maintenance fees are spread over the period of the contract on a straight line basis.

Gross revenue is recognised as the Group acts as principal and not agent in its dealings with customers. The Group is also responsible for the quality of the service delivery.

Foreign currency

The functional currency of EU Supply PLC and EUS Holdings Ltd. is Pound Sterling, whereas of EU Supply Holdings AB is Swedish Krona. The presentational currency is Pound Sterling (£). Transactions entered into by a group company in a currency other than the functional currency of that entity are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates at the reporting date.

Exchange differences arising on the translation of the financial statements into the presentational currency are recognised in other comprehensive income.

Financial assets

The Group classifies its financial assets into one of the categories disclosed below, depending on the purpose for which the asset was acquired.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and – for the purpose of the statement of cash flows - bank overdrafts or outstanding credit card balances. Bank overdrafts and credit card advances are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each period end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial liabilities

The Group classifies its financial liabilities into 1 of 2 categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

- Liability components of convertible loan notes are measured as described further below. On the issue of convertible loan notes the Group accounts for the fair value of the liability and equity portions separately. The disclosure in note 15a, Short term borrowings, provides more detail.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially recognised and attributed to the debt component equals the discounted redemption value of the financial instrument, discounted at a deemed market rate of interest (the effective interest rate) and not the financial instrument's coupon rate. The deemed rate of interest utilised in the estimation was compared to the rate of interest that was payable on a similar debt instruments that do not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the convertible loan. The remainder of the proceeds are allocated to the equity reserve within shareholders' equity, net of income tax effects.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or they expire.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group only has one class of ordinary shares, denominated as £0.001 (2012: £1) ordinary shares, as set out in note 16. The Company's ordinary shares are classified as equity instruments.

Leases

Rent paid on operating leases is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Office equipment – 20% per annum straight line

Intangible Assets

The development of the CTM platform is capitalised as an intangible asset. Development activities involve a planned investment in the building and enhancement of the trading platform. Development expenditure is only capitalised if the development costs can be measured reliably and the platform being built will be completed and will generate future economic benefits in the form of cash flows to the Group. Expenditure being capitalised includes internal staff time and cost spent directly on developing the CTM platform.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment costs. The amortisation period is over 5 years.

Provisions

The group currently only provides for potential unrecoverable trade receivables on the basis set out below and does not have recognised provisions for liabilities and legal disputes.

A provision shall be recognised only in the event that certain criteria are met, these being:

- an obligation has arisen as a result of EUS Group's past activities
- a cash outflow will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Investments in subsidiaries

The Company's investments in its subsidiaries is carried at cost less provision for any impairment.

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date. During the year, the current tax charge is £41,178 which arises from Sweden. No UK tax liability arises as there are tax losses for the year. R&D credits are recognised as and when confirmed.

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Share-based payment

In accordance with IFRS 2 'Share-based payments', the Group reflects the economic cost of awarding shares and share options to employees and directors by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognised in the statement of comprehensive income over the vesting period of the award.

Fair value is measured by the use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Judgements and accounting estimates and assumptions

(a) Revenue recognition

Revenue from the services provided is measured at the fair value of the consideration received or to be received, net of returns, trade discounts and volume rebates.

Revenue is either recognised in the statement of comprehensive income or deferred based on a review of all live contracts at the period end. Based on the judgement of management and with reference to the stage of completion the licence fees and maintenance contracts, a determination of the appropriate revenue to recognise is made. Following this assessment, an appropriate adjustment to deferred income is made. In the current year the value of the deferred revenue is £316,669 (2012 - £214,900).

(b) Property, plant and equipment

Property, plant and equipment are depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change; therefore this could have an adverse effect on the future results of the Group.

c) Intangible Assets

Intangible assets include the capitalised development costs of the CTM platform. These costs are assessed based on management's view of the technology team's time spent on projects that enhance the CTM platform, supported by internal time recording and considering the requirements of IAS 38 'Intangible assets'. The development cost of the platform is amortised over the useful life of the asset. The useful life is based on the management's estimate of the period that the asset will generate revenue, which is reviewed annually for continued appropriateness. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change; therefore this could have an adverse effect on the future results of the Group.

d) Share based payments

Share options are measured at their fair value utilising the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

e) Deferred tax asset

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Management has elected not to recognise the deferred tax asset due the lack of certainty of future profitability as the Group is still in its early stage of maturity.

3. Financial instruments – Risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group reports in Pound Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of directors. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

EU SUPPLY PLC

Year ended 31 December 2013

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables;
- Cash and cash equivalents;
- Trade and other payables; and
- Borrowings and convertible loan notes.

Trade and other receivables are initially measured at face value and subsequently at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value. A summary of the financial instruments held by category is provided below:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Cash and cash equivalents	1,771,088	26,745
Trade receivables - due at reporting date	18,131	22,457
Trade receivables - not due at reporting date	172,465	213,622
Gross trade receivables	190,596	236,079
Less: Provision for impairment	-	-
Net trade receivables	190,596	236,079
Other receivables	215,547	143,785
	406,143	379,864

Trade receivables principally comprise amounts outstanding for sales to customers and are payable within 3 months. The average debtor days to settle invoices are 30-60 days (2012: 30-60 days). An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for. The Group invoices the total value of licence fees once a binding contract is established between the customer and the Group and defers any revenue according to the revenue recognition policy stated earlier.

Financial Liabilities

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Trade payables	323,857	317,414
Accruals	984,198	1,084,536
Taxation	66,150	44,398
	1,374,205	1,446,348

EU SUPPLY PLC

Year ended 31 December 2013

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 3 months. The average credit period taken for trade purchases is 30-60 days (2012: 30-60 days).

Cash and cash equivalents

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance charges are accounted for on an accruals basis and charged to the statement of comprehensive income when payable.

Cash and cash equivalents are held in sterling and US\$ and placed on deposit in UK banks and US banks.

The Group is exposed to the following financial risks:

- Credit risk;
- Foreign exchange risk;
- Other market price risk; and
- Liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2013 the Group has net trade receivables of £190,596. (2012: £236,079).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms. The Group holds a Swedish Krona bank account at Ned Bank. The analysis below shows the ageing of trade and other receivables and the movement in bad debt provision in the year;

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Ageing of trade & other receivables		
Up to 3 months	187,716	231,819
3 to 6 months	559	1,156
Above 6 months	2,321	-
Gross receivables	190,596	236,079
Less: allowance for receivables	-	-
Net receivables	190,596	236,079

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The table below analyses the Group's financial liabilities by contractual maturities. All amounts disclosed in the table are the contractual undiscounted cash flows.

EU SUPPLY PLC

Year ended 31 December 2013

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Ageing of trade & other payables		
Up to 3 months	297,370	152,555
3 to 6 months	19,312	10,392
Above 6 months	7,175	154,467
	<u>323,857</u>	<u>317,414</u>

Capital management

The Group's capital is made up of share capital, share premium, merger reserve, foreign currency reserve, share based payment reserve and retained losses totalling at 31 December 2013 £884,451; 2012: £(2,692,871).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

Market risk

The Group's activities expose it to the financial risk of changes in foreign currency exchange rates as it undertakes certain transactions denominated in foreign currencies. There has been no change to the Group's exposure to market risks. The Group and the Company had no material foreign exchange transactional exposure at 31 December 2013.

Foreign exchange risk

Foreign exchange risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow customers to settle liabilities denominated in the customer's functional currency, being primarily Swedish Krona or Pound Sterling.

The Group is predominantly exposed to currency risk on sales and purchases made from customers and suppliers based in the Eurozone. Sales and purchases from customers and suppliers are made on a central basis and the risk is monitored centrally, but not hedged utilising any forward exchange contracts. Apart from these particular cash flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. As at 31 December 2013, the Group's net exposure to foreign exchange risk was as follows for those entities with Pound Sterling functional currencies.

EU SUPPLY PLC

Year ended 31 December 2013

	Swedish Krona £	Euro £	Norwegian Krone £	Danish Krone £	Total £
As at 31 December 2013					
Trade and other receivables	16,432	14,471	95,128	51,306	177,337
Cash and cash equivalents	-	318,342	-	10,114	328,456
Trade and other payables	(6,307)	(147,921)	(7,044)	(8,030)	(169,302)
Net assets	10,125	184,892	88,084	53,390	336,491
As at 31 December 2012					
Trade and other receivables	22,352	73,376	9,785	57,276	162,789
Cash and cash equivalents	24,095	726	-	210	25,031
Trade and other payables	(48,215)	(34,890)	(4,831)	(9,957)	(97,893)
Net assets	(1,768)	39,212	4,954	47,529	89,927

The impact of 10% movement in foreign exchange rate of £ will result in increase/decrease of net assets by £37,388 and £30,590 respectively for 2013.

4. Segmental analysis

The Group currently has one reportable segment, provision of services and categorises all revenue from operations to this segment.

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Revenue arises from:		
Provision of services	1,779,406	1,607,206
Other Income	-	11,465
Administration expenses	(4,368,675)	(2,858,662)
Exceptional expenses	(607,623)	-
Operating Loss	(3,196,892)	(1,239,991)
Finance charges (Net)	(225,614)	247,187
Loss before tax	(3,422,506)	(992,804)

The above 2013 revenue includes £204,928 relating to one customer. This compares to £240,713 of revenue generated from the largest customer in 2012.

The Group operates in three main geographic areas: UK, European Union and Rest of the World. Revenue and non-current assets by origin of geographical segment for all entities in the group is as follows:

EU SUPPLY PLC

Year ended 31 December 2013

	Revenue		Non- current assets	
	Year ended 31 December 2013 £	Year ended 31 December 2012 £	Year ended 31 December 2013 £	Year ended 31 December 2012 £
UK	598,135	587,000	49,500	198,000
European Union	928,018	767,206	57,814	92,500
Rest of World	253,253	253,000	-	-
Total	1,779,406	1,607,206	107,314	290,500

5. Loss from operations

The operating loss as at 31 December 2013 is stated after charging:

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Amortisation of intangibles	148,500	151,000
Auditors' remuneration:		
Audit fees – Subsidiaries	10,050	3,412
Company	13,500	5,750
Depreciation of fixed assets	38,598	9,774
Equity settled share-based charge (see note 17)	19,845	-
Staff costs (excluding share based payments)	2,780,311	1,648,043
Administrative expenses *	1,965,494	632,139
Total administrative and other expenses	4,976,298	2,450,118

£92,088 non-audit professional fees were paid relating to the IPO.

* Included in administrative expenses are £607,623 in respect of IPO related costs.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own income statement in the financial statements. The loss for the period ended 31 December 2013 amounted to £156,683.

EU Supply PLC is a public limited company domiciled in the United Kingdom. The Company is incorporated to act as parent company for the group. The principal activity of the company is to control the subsidiaries in the group. The Company was incorporated on 2 May 2013 and as such there are no comparative figures on the Company's Statement of Financial Position.

EU SUPPLY PLC

Year ended 31 December 2013

6. Staff Costs

Staff costs (including directors' emoluments) incurred in the year were as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Wages and salaries	2,254,444	1,341,797
Social Security costs	525,867	306,246
Share based payments	19,845	-
Net staff costs	2,800,156	1,648,043

The average monthly number of permanent employees during the period was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Directors	4	3
Administration, sales and support	27	21
	31	24

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Directors remuneration		
Salaries	364,355	90,704
Share based payments	8,783	-
	373,138	90,704

Information regarding the highest paid director is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Directors remuneration		
Salaries	131,716	90,704
IPO bonus	100,000	-
Share based payments	8,783	-
	240,499	90,704

7. Finance income and expenses

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Finance income		
Interest from Bank	-	11,465
Finance expense		
Interest payable on loans	(149,547)	(148,813)
Preference shares interest waived	-	421,000
Convertible loan note interest	(76,067)	(25,000)
	(225,614)	247,187

8. Income tax

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012. The tax charge for both 2013 and 2012 arose in respect of operations in Sweden.

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Tax charge	41,178	38,940

Factors affecting the tax charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Accounting loss	(3,422,506)	(992,804)
Tax charge at 20%	(684,502)	(198,561)
Non-deductible expenses	116,906	(62,284)
Depreciation and amortisation	(5,921)	(37,333)
Tax payable by foreign subsidiaries	41,178	38,940
Differences in tax rates	(14,414)	5,308
Losses carried forward	587,931	292,870
	41,178	38,940

EU SUPPLY PLC

Year ended 31 December 2013

Deferred tax

The Group has carried forward losses amounting to £6,282,669, as of 31 December 2013 (2012: £2,935,346). As the timing and extent of taxable profits are uncertain, the deferred tax asset £1,256,534 arising on these losses has not been recognised in the financial statements.

9. Loss per share

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The basis for calculating the basic loss per share is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Weighted average number of shares for the purpose of earnings per share	57,665,496	57,665,496
Loss after tax	<u>(3,463,684)</u>	<u>(1,031,744)</u>
Loss per share	<u>(0.060)</u>	<u>(0.018)</u>

Due to the loss in the period, the effect of the share options were considered anti-dilutive and hence no diluted loss per share information has been provided.

10. Property, plant and equipment

	Office equipment £
Cost	
At 1 January 2013	220,370
Additions	<u>29,332</u>
At 31 December 2013	<u>249,702</u>
Accumulated depreciation	
At 1 January 2013	165,754
Charge for the year	<u>38,598</u>
At 31 December 2013	<u>204,352</u>
As at 31 December 2013	<u>45,350</u>
<i>As at 31 December 2012</i>	<u>54,616</u>

EU SUPPLY PLC

Year ended 31 December 2013

11. Intangible assets

	CTM Platform
	£
Cost	
At 1 January 2013	765,485
Additions	-
	<hr/>
At 31 December 2013	<u>765,485</u>
Accumulated depreciation	
At 1 January 2013	567,485
Charge for the year	148,500
	<hr/>
At 31 December 2013	<u>715,985</u>
As at 31 December 2013	<u>49,500</u>
<i>As at 31 December 2012</i>	<u>198,000</u>

12. Investments in subsidiary

The investment in subsidiaries is recognised at the carrying amount of EU Supply PLC's share of equity items shown in the separate financial statements of EUS Holdings Limited and EU-Supply Holding AB at the date of the investment. However, no investment has been recognised as the subsidiaries are in a net liability position.

The Company owns 100% of the issued share capital of the following subsidiary undertakings, which have been included in the consolidated financial statements:

Subsidiary undertaking	Country of registration	Principal activity
EUS Holdings Limited	England & Wales	Development & licensing of software
EU-Supply Holding AB*	Sweden	Development & licensing of software

* is owned 100% via EUS Holdings Limited

EU SUPPLY PLC

Year ended 31 December 2013

13. Trade and other receivables

	Group		Company
	Year ended 31 December 2013 £	Year ended 31 December 2012 £	Year ended 31 December 2013 £
Gross trade receivables	190,596	236,079	-
Provision for impairment	-	-	-
Intercompany receivables	-	-	3,399,661
Net trade receivables	190,596	236,079	3,399,661
Prepayments and accrued income	215,547	143,785	32,783
Total	406,143	379,864	3,432,444

As at 31 December 2013 trade receivables of £2,880 (2012: £1,156) were past due but not impaired.

All amounts shown under receivables are due within 1 year.

14. Cash and cash equivalents

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance charges are accounted for on an accruals basis and charged to the statement of comprehensive income when payable.

Cash and cash equivalents are held in sterling, Euro and Swedish Krona and placed on deposit in UK & Swedish banks.

15. Trade and other payables

	Group		Company
	Year ended 31 December 2013 £	Year ended 31 December 2012 £	Year ended 31 December 2013 £
Current			
Trade payables	323,857	317,414	5,117
Intercompany payables	-	-	8,753
Other payables	146,155	180,379	21,630
Taxation	66,150	44,398	-
Deferred revenue	316,669	214,900	-
Social security and other taxes	77,242	21,899	-
Accruals	444,132	667,358	-
	1,374,205	1,446,348	35,500

EU SUPPLY PLC

Year ended 31 December 2013

15a. Short term borrowings

	Group		Company
	31 December 2013 £	31 December 2012 £	31 December 2013 £
Other loans	-	693,320	-
Convertible notes	-	467,864	-
Unpaid interest	1,000	171,449	-
	1,000	1,332,633	-

Book values approximate to fair values for the unsecured loan. The convertible debt is stated at fair value at initial recognition and at amortised cost subsequently.

Principal terms and the debt repayment schedule of the Group's loan and borrowings are as follows:

	Nominal rate	Maturity
Other loans	20%	On IPO
Convertible notes	8%	On IPO

EUS Holdings Ltd, the company's subsidiary ("EUS Holdings") created a convertible loan note instrument dated 6 November 2012 which created 510,000 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 December in each year. The Loan Notes convert automatically upon a fundraising and were converted immediately prior to Admission. The Loan Noteholders passed a resolution dated 10 October 2013 in which they agreed that the Loan Notes would convert into in aggregate 3,761,060 Ordinary Shares. The Loan Notes were converted at a price per Ordinary Share which was 60 per cent. of the Placing Price.

EUS Holdings created a convertible loan note instrument dated 6 November 2012 which created 100,000 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 June and 1 December in each year. The Loan Notes convert automatically upon a fundraising and were converted immediately prior to Admission. The Loan Noteholders passed a resolution dated 26 September 2013 in which they agreed that the Loan Notes would convert into in aggregate 737,463 Ordinary Shares. The Loan Notes were converted at a price per Ordinary Share which was 60 per cent. of the Placing Price.

EUS Holdings created a convertible loan note instrument dated 1 May 2013 which created 300,000 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 December in each year. The Loan Notes convert automatically upon a fundraising and will convert immediately prior to Admission. The Loan Noteholders passed a resolution dated 10 October 2013 in which they agreed that the Loan Notes would convert into 2,212,387 Ordinary Shares. The Loan Notes were converted at a price per Ordinary Share which was 60 per cent. of the Placing Price.

EUS Holdings created a convertible loan note instrument dated 12 July 2013 which created 310,000 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 December in each year. The Loan Notes were converted automatically upon a fundraising and will convert immediately prior to Admission. The terms of the instrument provide that the Loan Notes will convert into in aggregate 2,286,132 Ordinary Shares. The Loan Notes were converted at a price per Ordinary Share which was 60 per cent. of the Placing Price.

EU SUPPLY PLC

Year ended 31 December 2013

EUS Holdings created a convertible loan note instrument dated 22 July 2013 which created 209,400 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 December in each year. The Notes will convert automatically upon a fundraising and were converted immediately prior to Admission. The terms of the instrument provide that the Loan Notes will convert into in aggregate 1,544,246 Ordinary Shares. The Loan Notes were converted at a price per Ordinary Share which was 60 per cent. of the Placing Price.

EUS Holdings created a convertible loan note instrument dated 12 August 2013 which created 135,000 unsecured convertible loan notes of £1 each. Interest is payable at 8 per cent. per annum on 1 December in each year. The Loan Notes will convert automatically upon a fundraising and was converted automatically prior to Admission. The terms of the instrument provide that the Loan Notes will convert into in aggregate 995,574 Ordinary Shares. The Loan Notes was converted at a price per share which was 60 per cent. of the Placing Price.

EUS Holdings created a secured loan note instrument dated 15 May 2013 which created 100,000 loan notes of £1 each secured pursuant to a debenture created by EUS on 2 September 2013. Interest is payable at 20 per cent. per annum on the redemption date of 31 December 2013.

The table below shows the conversion of the convertible loan notes in EUS Holdings Ltd before the share for share exchange took place:

Loan series	Amount (£)	Premium per share (pence)	No. of ordinary shares issued
2012 issue (6 Nov 12)	510,000	13.46	3,761,062
2012 No. 1 (6 Nov 12)	100,000	13.46	737,463
2013 issue (1 May 13)	300,000	13.46	2,212,389
2013:2 (12 July 13)	310,000	13.46	2,286,136
2013 (22 July 13)	209,400	13.46	1,544,248
2013:3 (12 Aug 13)	135,000	13.46	995,575
Secured loan note	250,000	17.98	1,382,743
Total	1,814,400		12,919,617

16. Share capital

Share capital allotted and fully paid up

Ordinary shares of £0.001 carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling.

On 31 October 2013, EUS Holdings Limited successfully implemented the share for share exchange whereby EU Supply PLC became the holding Company of the Group. Under the Scheme of Arrangement, EUS Holdings Limited's shares on issue as at 31 October 2013 were exchanged on a one for one basis to EU Supply PLC shares. All disclosures of shares in the report reflect this change as though the one for one exchange had always been in place.

The table below shows the movements in share capital for the year:

EU SUPPLY PLC

Year ended 31 December 2013

Movement in ordinary share capital	Number of shares		Share Capital (£)		Share Premium (£)	
	2013	2012	2013	2012	2013	2012
Balance at the beginning of the year	-	11,052,000	-	11,052	-	-
Issue of new equity shares – share for share exchange	35,541,602	-	35,541	-	-	-
Issue of new shares on IPO November 2013	22,123,894	-	22,124	-	4,689,383	-
Balance at the end of the year	57,665,496	11,052,000	57,665	11,052	4,689,383	

On the IPO 22,123,894 new ordinary shares of £0.001 each at par were allotted.

The Company has not issued any partly paid shares nor any convertible securities, exchangeable securities or securities with warrants. The Company does not hold any treasury shares.

17. Equity settled share based payments

The Company has a share option scheme for selected employees and Directors of the Group. Options are generally exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The vesting period for each grant is variable and typically between two and five years.

A total of 3,083,275 options and warrants were granted to a Director, 1,043,895 options to other employees and 1,386,665 warrants to advisers and previous loan note holders during the year. The total number of options in issue is shown below:

	Number of options and warrants	Weighted Average Exercise price
At the beginning of the year	-	-
Issued/granted during the year	5,513,824	36.8p
Exercised in the year	-	-
Lapsed/forfeited during the year	-	-
At the end of the year	5,513,824	36.8p

The fair values were calculated using the Black Scholes pricing model. The inputs into the model in respect of options granted during the year were as follows:

EU SUPPLY PLC

Year ended 31 December 2013

	31 December 2013
Expected life of options - years	2.5 years
Weighted average exercise price - pence	36.8p
Weighted average share price at grant date - pence	23p
Expected volatility - %	60%
Risk free rate - %	1.5%

The Group uses historical data to estimate option exercise and employee retention within the valuation model. Expected volatilities are based upon implied volatilities as determined by a simple average of a sample of listed companies based in similar sectors. The risk free rate for the period within the contractual life of the option is based on the UK gilt yield curve at the time of the grant.

The group has recognised a charge of £19,845 related to equity-settled share-based payment transactions during the year. Of this total, £11,109 relate to employees including directors and the remaining relates to advisers warrants.

Adviser warrants

In part settlement of advisers' fees in the year the following warrants were granted:

- (a) a warrant to subscribe for up to 0.25 per cent. of the issued share capital at a price of 13.56p. Such right may be exercised at any time during the period starting on 13 November 2013 and ending on the fifth anniversary of that date.
- (b) a warrant to subscribe for up to 0.75 per cent. of the issued share capital at 22.6p. Such right may be exercised at any time during the period starting on 13 November 2013 and ending on the fifth anniversary of that date.

Other warrants

A warrant has been granted for the right to subscribe at 20.31p for 810,000 Ordinary Shares to Fastighets AB Granen, Bo Beergrehn, Adrian Friend and Jonas Ljungstrom. Such right may be exercised at any time during the period starting on 13 November 2013 and ending on 30 September 2014.

Internet Startups Holding BV has been granted a warrant to subscribe for up to 5 per cent. of the issued share capital at 22.6p at any time during the period starting on 13 November 2013 and ending on the fifth anniversary of that date.

18. Related party transactions

Ice Partners GmbH was a director of EUS Holdings Limited resigning on 7 November 2013. During the year to that date consultancy fees of £35,655 (2012: £42,700) were paid.

Compensation or other related payments to key management personnel (including directors):

	Year ended 31 December 2013	<i>Year ended 31 December 2012</i>
	£	£
Consultancy fees *	121,977	41,339
	121,977	41,339

* The consultancy fees were paid to Trillibo AB, Internet Startups Holdings BV and Ice Strategies LLP, entities in which Steffen Karlsson, Thomas Beergrehn and Mark Elliott respectively has an interest.

Remuneration paid directly to all directors has been disclosed in note 6.

19. Control

The board consider that there is no ultimate controlling party.