

Running costs

Accounting fees – Telescan has appointed Grant Thornton Rimess as its accountants and has been paying a monthly fee for their services. Based on invoices issued on the last day of each month, Telescan has concluded the following transactions in 2014: 342 Eur (16.02), 207 Eur (11.03), 348 (16.04), 380 Eur (20.05). In addition to the monthly invoicing, Telescan paid 855 Eur (13.05) for a report prepared by Grant Thornton that analysed intangible assets in service agreements of Telescan AS.

Car related costs – Telescan has been paying a monthly parking fee for keeping its vehicle near company office at Europark (invoices of 208 Eur total issued on the 4th day of each month and paid out on the following dates in 2014: 13.01, 7.02, 11.3.

Fuel payments for the car have been made on January 19th in the amount of 80 Eur, on February 15th for 24 Eur, for 7 Eur on 25th of February, for 85 Eur on 6th of March, and for 26 Euros on the 24th of March.

Car wash on 11th of January paid for in the cost of 8 Euros.

On February 2nd, Telescan paid 346,56 Eur for traffic insurance to its agent Optimal Kindlustusmaakler OÜ.

On 6th of March Telescan paid 308 Eur to HiTeh car service for general checkup and fix.

Since April 2014, Telescan has rented its vehicle to Geosphere AS for a monthly fee of 700 Euros, 500 of which has been paid to Telescan account on the 9th of April. All car related costs have since been transferred to the attendance of the lessee, and will continue to be paid by the lessee in the next accounting period.

Salary payment costs - In 2014, Telescan has made monthly salary payments for local administration of 500 Eur on the last day of each month, on which employment taxes of 383,45 have been withheld on the 10th day of each month.

Notary and state fees – On 14th February, total 170 Eur of notary fees were paid to notary services. A state fee of 18 Euros was paid on the 31st of March.

Stock Exchange fees – On January 30th Telescan paid 3600, and on February 28th 600 Eur to NASDAX OMX Tallinn.

Central Register of Securities fees – Payments of 40 and 36 Eur have been made to the Estonian CSD on 5.02, 11.03, and 22.04, respectively.

IT costs – On the 23rd of April; Telescan paid 14 Eur to Zone Media OÜ for registering the domain name genescan.ee for its group company Genescan.

All the above-mentioned costs have had a minimally negative influence on Telescan AS economic indicators (except for the renting out of the car, which has had a slightly positive influence).

VAT returns – In 2014, tax returns to Telescan have been collected on on the following dates and amounts: 28.01 – 2193 Eur, 10.2 – 2742 Eur, 5.03 – 3373 Eur, 3.04 – 4279 Eur, and 9.05 – 459 Eur. The VAT refunds have had a positive impact on the Company's economic indicators.

Business development costs

Telescan has been supporting its business plan and future activities through buying services from its group company Flexi-care OÜ. Flexi-Care is developing a franchise system for Telescan. These R&D costs are likely to continue and be capitalised as intangible and tangible property of the Company at a later stage of the development work. In the coming accounting periods, provided Telescan is successful in capitalizing the development phase of this arrangement, future costs should have a positive impact on its economic indicators. At this point, the costs have had a negative influence on the equity.

Telescan has paid a service fee to its first local franchisee Flexi-Care OÜ for determining legal and technical requirements necessary for launching the franchise operation, preparing grounds for offering Telescan's diagnostic service in Tallinn and the whole of Estonia. In 2014, Telescan has reimbursed these expenses to Flexi-Care covering 2 invoices issued in November and December of 2013 (total 12000), and has also covered the invoices issued on the 13th of January and February 2014 (6000, and 10000, respectively).

Consultation costs

First North adviser retainer – Telescan entered into Certified Adviser Agreement with AS Cresco Väärtpaperid on the 25th of July 2013, pursuant to which a retainer fee invoice of 3000 is received on the 23rd day of each month. Telescan has paid for Cresco's services on the following dates in 2014: 03.2, 14.02, 11.03, and 30.4. The adviser payment structure will be different and the retainer fee reduced in the coming accounting periods, as Cresco's mandate ends on the 27th of June, and Telescan has made arrangements to appoint a new First North adviser.

Management fee - Telescan paid a one-time management fee to its group company Geosphere AS, which has offered Telescan consultations and co-ordination in development of supportive business activities. The transaction was completed in the 1st quarter of 2014, based on invoice issued on the 6th of January in the sum of 3500, which Telescan covered in 3 part payments within the month of January.

Legal fees – On 12th of February, Telescan made a prepayment of 5000 Euro to law firm **Sorainen** for starting convertible bond issue documentation preparation. A further payment will be made to Sorainen in the amount determined upon finalization of the documentation.

All these costs have had a negative impact on the Company's equity.

Share capital down payments

Telescan has increased its share capital twice in 2014. Payment for the first increase was made on 9th of January to Telescan by Flexi-Care OÜ in the amount of 11000 Euros. Payments total of 30000 for the second increase, were transferred to Telescan account from Geosphere AS in tranches of 5000, 4000, 1000, and 20000 Euros on 30th January, 3rd, 7th and 12th of February respectively. These transfers have had a positive influence on Telescan's economic indicators.

Other important transactions/agreements

The total of 16000 Euros has been paid into the account from Geosphere for future share capital increase (date, amount): 3.03 5000Eur, 4.03 5000Eur, 13.03 6000 Euro.

Payments for attendance in 2 international conferences in 2014:

- 3rd of March (60 Euro)
- 18th of March (74 Euro)