

August 2013 Report

Vircurex

Summary

Reporting Period

This report covers the 3 months from June 2013 – August 2013

The months have brought following events:

- Default by Aurumxchange to payback Euro and USD balances
- Reduced trading fees from 0.5% down to 0.2%
- Significant reduction of withdrawal fees
- FTC double spend attack causing a loss of 150,000 FTC

Business Development

The last 3 months have seen a noticeable decline in revenue. This is primarily due to the increased number of exchanges on the market place as well as the reduces trading and withdrawal fees.

In order to offset the reduces revenue figures we will be strengthening our service portfolio (API extentions, Websockets, support of further coins).

Aurumxchange's Default

Vircorex had an account balance of

61,333.84 USD

8,904.21 Euro

with Aurumxchange.

After their announcement to cease their service, they have so far transferred to us a total amount of 41,000 USD.

Hence Aurumxchange is in default of:

USD 20,333.84 USD

Euro 8,904.21 Euro

All means of trying to contact them since the first funds transfer and settle the outstanding amount have so far failed. It is assumed that a recovery of these funds will be impossible. We therefore will be writing them off

The closure has temporarily stopped all possibilities to deposit and withdraw Euro and USD funds. We are in the process of opening bank accounts to be able to continue to offer this service ourselves. We are reviewing the preconditions required to list ourselves as a MSB in the United States, a decision whether we will proceed with this will be made in the coming weeks.

Dividend Payment

Inline with the shareholder's vote #16 (from 25th April 2013), no dividends will be paid until the NAV is > 0.

Financials

	April 2013	May 2013	June 2013	July 2013	August 2013
Number of shares	28,700	28,700	28,700	28,700	28,700
Free float shares	8,612	8,612	8,612	8,612	8,612
Revenue	252.44	130.65	52.53	29.87	14.80
Paid Dividend	252.44	0	0	0	0
Cost of operations	1,541 USD	730.30 USD	678.45 USD	627.12 USD	665.00 USD
Book value	1.485.70 BTC	-124.08 BTC	-112.05 BTC	-1,196.34	-931.95 BTC
NAV	0.0518 BTC	-0.0043 BTC	-0.0039 BTC	-0.0417	-0.0324 BTC

Exchange Rates used:

Currency Pair	Rate
DGC/BTC	0.00014020
FRC/BTC	0.00006150
LTC/BTC	0.019
NMC/BTC	0.00401
TRC/BTC	0.0011
EUR/BTC	0.00900982
USD/BTC	0.00769231

Fees, Services and Special Offers

Special Discounts

Freicoins demurrage: Freicoins demurrage will not be charged to account holders until 31st December 2013.

Trading fees

The trading fees were reduced to 0.2% to align ourselves with the current typical fees on our main competitor's websites.

Withdrawal fees

The withdrawal fees had been adjusted to reflect a more market oriented fee structure. Although this has led to decline in cost coverage for the efforts for managing the wallets, but was deemed necessary to match the increased competition.

Technical Developments

Graphs: Line and OHLC graphs were redesigned

Line Update: First Beta-Version of Websocket implementation to provide live data updates to clients has been deployed, users can individually participate to use the new feature. Stable version is planned to be completed in September 2013.

Google Authenticator 2 Factor authentication implemented

Trade engine: Significant performance improvements have been implemented.

Outlook on Business and Technology Topics

Adding additional coins

Considering the substantial losses due to TRC and FTC double spend attacks, the inclusion of further coins will be very selective. The financial risks to the Exchange are too high. We are considering of establishing a second trading platform for the alt-coins that don't make it to Vircorex's main platform.

API

The first versions of websockets is implemented to drive the Live-Updates of the trading information. Once this has matured sufficiently, we will be offering a standard set of websocket based APIs allowing trading bots to get realtime data.

Any-2-Any trading

The any-2-any trading volume is still insignificant, the efforts of maintaining the functionality as well as the many workarounds that need to be made to satisfy the various screen sizes of the clients by far outweigh the benefits. We'll continue to observe the usage of the any-2-any currency pair trading and will make a final decision (with a share holder vote) on the topic in the next quarter.

The Vircorex Management

9th September 2013, Beijing