

March 2014 Report

Vircurex

Summary

Reporting Period

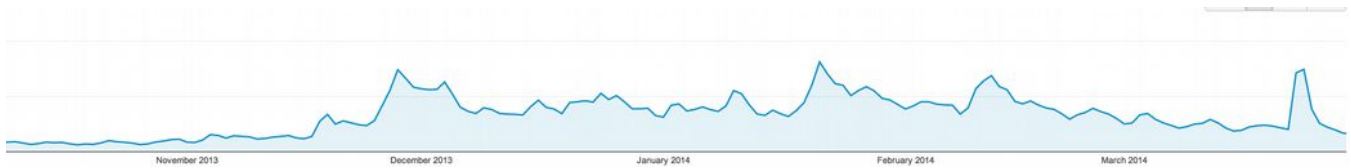
This report covers the 4 months from December 2013 to March 2014. We have made this a 4 month reporting in order to align our quarter reporting to March, June, September and December.

The months have brought following events:

- Deactivation of the any-to-any trading.
- Slow trading volume in the months of September and October but with a stronger finishing in November.
- Additional coins QRK, DOGE, NXT and VTC

Business Development

The site activity in the months December to February had been constantly good, with a considerable drop towards second half of March 2014. The page view statistics provided by Google Analytics:



The spike at the end of March was primarily due to the time when the announcement of the freezing of accounts was made, many user's used the opportunity to dissolve their holdings and withdraw them. The unfortunate need to freeze some of the account balances has – not surprisingly – led to a drastic decline in our business volume.

Aurumxchange's Default

Further tries to contact Aurumxchange's owner have failed, we now assume those funds lost.

Dividend Payment

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

New listed currencies

We had listed 4 new currencies during this reporting period. QRK, DOGE, NXT and VTC. Although we

had received quite some sceptic comments when initially listing DOGE but looking at the trading volume of this quarter is shows to have been the right decision. DOGE remains volume wise one of the strongest coins. The coming weeks will show a number of new coins going to be added to the Exchange.

Deactivation of Any-2-Any trading

We have finally deactivated the any-2-any trading, i.e. trading coin pairs that do not include BTC. This change had been announced several times but in light of the lack of trading volume, the exponential system load increase when adding new coins, it was finally implemented.

The restriction as of today is purely that users cannot enter online trade orders for pairs that do not include BTC, API calls do technically still allow this but we have informed the API user mailing list about this. The next application update will then also remove the possibility to create such orders via API calls.

LTC Market

A LTC market in addition to the BTC market will be added once the new application update is put in.

Announcement of frozen accounts

The negative cashflow of LTC in the past weeks has fully depleted the LTC wallet balances and has led us to no other option to take drastic measures. The options were to either close Vircorex with a loss of all account balances or to find another way of continuing operations and gradually paying back those account balances, obviously the later was done.

On 25th March 2014 we had frozen all BTC, LTC, TRC and FTC account balances and then distributed all available funds to the frozen accounts based on a distribution key that allocates 50% bottom up (fills smallest accounts to biggest) and 50% top-down (fills largest accounts to smallest accounts).

Every month end (or bi-weekly if sufficient fees have been earned) the complete earned gross income in BTC, LTC, TRC and FRC will be allocated using the same distribution key.

As of 31st March 2014 we have the following statistics:

		<i>March 2014</i>
BTC:		
Number accounts with frozen balances		352
Total frozen amount		1,748.50 BTC
FTC		
Number accounts with frozen balances		42
Total frozen amount		152,106.24 FTC
LTC		
Number accounts with frozen balances		2625
Total frozen amount		125,883.05 LTC
TRC		
Number accounts with frozen balances		77
Total frozen amount		127,835.98 TRC

Losses from Aurumxchange closure: 20,054 USD and 8,761 Euro.

Note: The balances of the frozen accounts do not match the NAV of the shares. The reason for this is that

the frozen balance amounts cover all losses due to security incidents in the past. The NAV only considers losses that occurred during the lifetime of the shares. The losses from before the security was listed are being paid out from the owner's profits once the NAV is > 0 .

Financials

	Jul. 2013	Aug. 2013	Sep. – Nov. 2013	Dec. 2013 – Mar. 2014
Number of shares	28,700	28,700	28,700	28,700
Free float shares	8,612	8,612	8,612	8612
Revenue	29.87	14.80	64.68	99.12
Paid Dividend	0	0	0	0
Cost of operations	627.12 USD	665.00 USD	2,138.35 USD	3,518.31 USD
Book value	-1,196.34	-931.95 BTC	-1,219.81BTC	-870.12 BTC
NAV	-0.0417	-0.0324 BTC	-0.0425BTC	-0.0303 BTC

Note: Large variations in the book value is due to the fluctuation prices of LTC, FTC and BTC.

Outlook on Business and Technology Topics

Adding additional coins

We will evaluate in the coming weeks which other coins to add,

Any-2-Any trading

The upgrade of the platform that will remove all legacy code of the any-2-any trading is planned for end of April 2014.

New features planned

The upgrade will also bring three major new features along (assuming all testing is successful):

- dark orders, these orders will not show up in the orderbook. The intention is to offer large buyers or sellers a way of doing so without being visible to the traders.
- Auto trade upon deposit. If after a deposit the account balance exceeds a defined threshold then the balance is automatically traded for BTC
- Auto withdrawal upon threshold, auto withdraw the account balance once a pre-defined threshold is reached

The Vircorex Management

10th April 2014, Beijing