ASPIRE GLOBAL LIMITED

(FORMERLY NEOPOINT TECHNOLOGIES LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

As of 31 December 2015

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(FORMERLY NEOPOINT TECHNOLOGIES LIMITED)
FINANCIAL STATEMENTS

As of 31 December 2015

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ASPIRE GLOBAL LIMITED

DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS
Finsbury Corporate Services Ltd
Barak Matalon
Pinhas Zahavi
Izhaq Mimon (appointed on 26 May 2015)
Ilan Rosen (resigned on 26 May 2015)
Olga Finkel

SECRETARY
Finsbury Secretaries Ltd

AUDITORS
BDO Limited
Regal House
Queensway
PO Box 1200
Gibraltar

REGISTERED OFFICE
Suites 7B & 8B
50 Town Range
Gibraltar

COMPANY NUMBER
90116

DIRECTORS' REPORT

The directors submit their report and the financial statements of Aspire Global Limited (the "Company") and subsidiaries (the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES
The principal activities of the Company during the year were advertising and marketing the Company's trading brands and together with its wholly owned subsidiaries, managing the Group's scratch card and instant win online gaming operations.

REVIEW OF THE BUSINESS

Following the sale to the Neogames group during the year 2014 of certain assets and rights required to operate the B2G business line ("iLottery"), the Group's efforts are focused on the iGaming business.

The Group has managed to significantly increase its income from Business to Business ("B2B") and Business to Consumer ("B2C") lines. This was primarily as a result of continued high degree of efforts accompanied with significant increase in acquisition investments, increasing its market share and presence in regulated markets, namely Denmark and UK.

REGULATORY RISKS
The Company and Group, face certain regulatory challenges caused by the volatile regulated environment in some territories the Company is operating in.

FUTURE DEVELOPMENTS
The Group will continue to focus on increasing its' online gaming operations volume and on enhancing its profitability

DIVIDENDS AND RESULTS
The results for the years 2015 and 2014 are shown in the consolidated statements of comprehensive income on page 7. Dividends declared for the years 2015 and 2014 are shown in the consolidation statement of changes in equity on page 8.

CHANGE IN CORPORATE IDENTITY
The Company has changed its name from Neo Point Technologies Limited to Aspire Global Limited on 10 February 2016.

DIRECTORS
The directors of the Company during the year and to the date of signing these accounts were as stated on the previous page.
During May 2015, the board of directors has resolved that Mr. Ilan Rosen the CEO of the Lottery group will step down from his position as director being replaced by Mr. Izhaq Mimon.

ASPIRE GLOBAL LIMITED

Directors' statement of responsibilities

The Directors are responsible for preparing the consolidated financial statements in accordance with the Gibraltar Companies Act 2014, and International Financial Reporting Standards as adopted by the European Union ('IFRS').

The directors are also responsible for preparing the Company's financial statements in accordance with the Gibraltar Companies Act 2014.
The directors have also chosen to prepare the Company's financial statements in accordance with IFRS.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the Gibraltar Companies Act 2014.

International Accounting Standard 1 (revised) requires that financial statements present fairly for each financial year the financial position, financial performance and cash flows of the Group and the Company. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the directors to:

- select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware to any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the board

Izhaq Mimon, Director

Date: 19 September 2016

BDO

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Regal House
Queensway
PO Box 1200
Gibraltar

Independent auditors' report to the shareholders of Neo Point Technologies Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements ("the financial statements") of Neo Point Technologies Limited and its subsidiaries ("the Group") for the year ended 31 December 2015 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group and Company statements of cashflows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with Section 257 of the Gibraltar Companies Act 2014 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities for the financial statements

The directors' are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report to the shareholders of Neo Point Technologies Limited *(continued)*

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2015 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted for use in the European Union; and
- have been properly prepared in accordance with the Gibraltar Companies Act 2014.

Opinion on other matter prescribed by the Companies Act 2014

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 2014 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit.

Christian Summerfield (Statutory Auditor)
for and on behalf of
BDO Limited

Regal House
Queensway
Gibraltar

19 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2015	As restated 2014
		€000	€000
Revenues	2	63,470	49,613*
Income from related group	18a	2,147	8,097
Distribution costs		(37,519)	(27,705)*
Administrative expenses	4	(11,566)	(17,683)
Other expenses	18c	(1,160)	-
Total operating costs		(50,245)	(45,388)
Operating profit		15,372	12,322
Financing income	5a	2,422	1,361
Financing expense	5b	(194)	(357)
Profit before taxation		17,600	13,326
Income taxes	6	(1,092)	(1,380)
Total comprehensive income		16,508	11,946
Profit for the year and comprehensive income attributable to:			
Owners of the parent		16,519	12,583
Non-controlling interests		(11)	(637)
Profit for the year and comprehensive income		16,508	11,946

* Restated, see note 2.V

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Share based payments reserve	Total attributable to equity holders of parent	Non-controlling interests	Total equity
			€000			
Balance as of 1 January 2014	27	4,664	1,236	5,927	(488)	5,439
Changes in equity for the year:						
Total comprehensive income (loss) for the year		12,583		12,583	(637)	11,946
Investment by non-controlling interests		77		77	43	120
Dividend		(3,500)		(3,500)		(3,500)
Employee stock option scheme			14	14		14
Balance as of 31 December 2014	27	13,824	1,250	15,101	(1,082)	14,019
For the year ended 31 December 2014	27	13,824	1,250	15,101	(1,082)	14,019
Changes in equity for the year:						
Total comprehensive income (loss) for the year		16,519		16,519	(11)	16,508
Dividend		(6,500)		(6,500)		(6,500)
Exercise of stock options	35			35		35
Loss of control in a subsidiary					880	880
Employee stock option scheme			2	2		2
Balance as of 31 December 2015	62	23,843	1,252	25,157	(213)	24,944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 31 December 2015	2014
		€000	
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,287	1,419
Intangible assets	9	1,046	325
Capital note and accrued interest due from related group	18b	7,910	7,006
Loan and accrued interest due from related group	18b	12,343	3,968
Investment in equity-accounted associate	18c	-	-
Deferred tax		33	61
		22,619	12,779
CURRENT ASSETS			
Trade and other receivables	11	5,460	5,853
Corporation tax receivable		6,764	6,853
Cash and cash equivalents	12	13,692	5,334
Restricted cash		999	1,296
		26,915	19,336
TOTAL ASSETS		49,534	32,115
EQUITY			
Share capital	13	62	27
Share based payment reserve		1,252	1,250
Retained earnings		23,843	13,824
Equity attributable to equity holders of the parent		25,157	15,101
Non-controlling interests		(213)	(1,082)
TOTAL EQUITY		24,944	14,019
NON-CURRENT LIABILITIES			
Employee benefits	14	64	343
Loans with respect to leasehold improvements		642	662
		706	1,005
CURRENT LIABILITIES			
Client liabilities	16	2,974	2,419
Trade and other payables	15	6,214	7,012
Corporation tax payable		7,986	7,660
Dividend payable		6,500	-
Other payable with related group	18b	210	-
		23,884	17,091
TOTAL EQUITY AND LIABILITIES		49,534	32,115

The financial statements were approved by the Board and authorised for issue on 19 September 2016

Itzhaq Mimon,
Chief Executive
Officer and Director

Pinhas Zahavi,
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2015	2014
	€000	
Cash flows from operating activities:		
Profit before taxation	17,600	13,326
Tax	(1,092)	(1,380)
Adjustments to reconcile net income to net cash generated from operating activities (a)	(1,771)	(6,962)
Net cash generated from operating activities	14,737	4,984
Cash flows from investing activities:		
Purchase of property and equipment, net	(189)	(196)
Investment in intangible assets, net	(960)	(97)
Loans granted to a related group	(5,019)	(1,700)
Loss of control in a subsidiary (b)	(159)	-
Net cash used in investing activities	(6,327)	(1,993)
Cash flows from financing activities:		
Repayment of loans with respect to leasehold improvements	(87)	(70)
Investment by non-controlling interests	-	120
Loan from non-controlling interests	-	100
Exercise of stock options	35	-
Dividends payments to shareholders	-	(3,500)
Net cash used in financing activities	(52)	(3,350)
Increase (Decrease) in cash and cash equivalents	8,358	(359)
Cash and cash equivalents at beginning of year	5,334	5,693
Cash and cash equivalents at end of year	13,692	5,334

CONSOLIDATED STATEMENT OF CASH FLOWS (cont)

	For the year ended 31 December	
	2015	2014
	€000	
Appendix a- Adjustment to reconcile net income to net cash generated from operating activities		
Income and expenses not affecting operating cash flows:		
Depreciation	283	299
Amortization	239	108
Employee stock option plan expenses	2	14
Loss from impairment of investment in equity-accounted associate	1,160	-
Currency exchange differences and accrued interest on capital note	(962)	(876)
Income and reimbursement from related group	(3,298)	(8,097)
Changes in operating assets and liabilities:		
Increase in processors and trade receivables	(38)	(1,181)
Decrease (Increase) in restricted cash	297	(81)
Decrease in other receivables	28	106
Decrease (Increase) in corporation tax receivable	89	(1,233)
Decrease (Increase) in derivative instruments	277	(216)
Increase (Decrease) in trade payables	(727)	6
Increase in other payables	67	846
Increase (Decrease) in related Group	210	(301)
Increase in client liabilities	555	718
Increase in corporation tax payable	326	3,008
Decrease in employee benefits	(279)	(82)
	(1,771)	(6,962)

Appendix b – Loss of control in a subsidiary (See Note 18c)

Working capital (excluding cash and cash equivalents)	83	-
Property, plant and equipment	38	-
Non-controlling interests	880	-
Loss with respect to loss of control on a subsidiary	(1,160)	-
	(159)	-

Appendix c - Significant non-cash transactions:

Dividend payable	6,500	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 – GENERAL

Aspire Global Limited (the "Company") was incorporated in Gibraltar on 17 December 2003. On 10 February 2016 the company changed its name from NEOPOINT TECHNOLOGIES LIMITED to ASPIRE GLOBAL LIMITED.
The Company together with its subsidiaries (the "Group") is a top platform provider which offers a total "all-in-one" solution for online gaming operators. The Group provides an advanced solution combining a robust platform, interactive games, and a set of comprehensive operational services. Gaming operators, affiliates and media companies benefit from flexible cross-platform solutions that include fully managed operations and customized integrations of scratch and instant win games offering.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the financial statements, on a consistent basis, are:

A. Accounting principles

These financial statements have been prepared in accordance with International Financial Reporting Standards including, International Accounting Standards and interpretations (collectively "IFRS") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). These consolidated and Company financial statements comply with the Gibraltar Companies Act 2014. Statutory accounts for the year ended 31 December 2015 will be filed with Companies House Gibraltar following the Company's Annual General meeting.

The consolidated and Company financial statements have been prepared under the historical cost convention.

The Company's operating cycle is less than a year.

B. Foreign currency

The financial statements of the Company and its subsidiaries are prepared in Euro (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group's transactions. Balances in foreign currencies are converted into Euro in accordance with the principles set forth by International Accounting standard (IAS) 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted as follows:

Monetary assets and liabilities - at the rate of exchange applicable at the end of the reporting year; Income and expense items - at exchange rates applicable as of the date of recognition of those items. Non-monetary items- at the rate of exchange used to convert the related items within the Statement of Financial Position i.e. at the time of the transaction.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

C. Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Under section 288(2) of the Gibraltar Companies Act 2014, the Company is exempt from the requirement to present its own Statement of Comprehensive Income.

D. Non-controlling interests

Total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

E. Revenue recognition

Revenue generated from online gaming through the Company's various self-owned brands is recognized in the accounting periods in which the transactions occur and is measured at the fair value of the consideration received or receivable, net of certain promotional bonuses.

In instances of revenue split arrangements where the Company is a principal in the transaction, revenue is recorded on a gross basis and the third party revenues portion related to the sale is recorded within distribution costs as royalties, while in cases where the Company acts as an agent between the customer and the vendor, revenue is recorded net of costs. See also note 2.V.

Revenue in respect of network service arrangements where a third-party uses the Group's gaming platform is recognized in the accounting period in which the gaming transactions occur and is measured at the fair value of the consideration received or receivable.

Interest income is recognized on an accruals basis.

F. Distribution costs

Distribution costs represent royalties, advertising and customer related acquisition costs.

G. Share-based payments

Certain employees participate in the Group's share option plan which commenced with effect from 2008. The fair value of the options granted is charged to profit and loss on a straight line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black Scholes valuation model. The share options plan does not have any performance conditions other than continued service.

Under the Group's share option plan, certain employees were granted options which will become exercisable only upon consummation of M&A or IPO transactions. The Company accounted for those options under the non-market vesting condition guidelines according to IFRS 2 which sets a requirement to determine the probability of non-market vesting terms to be met when estimating the number of options expected to vest at each balance date.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

H. Income taxes and deferred taxation

Provision for income taxes is calculated in accordance with the tax legislation and applicable tax rates in force at the end of the reporting year in the countries in which the Group companies have been incorporated.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated Statement of Financial Position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

I. Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's Board of Directors.

J. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The Group's investment in its associate is accounted for using the equity method.
Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'other expenses' in the Statement of Comprehensive Income.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

K. Intangible assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Comprehensive Income in the expense category that is consistent with the function of the intangible assets.

1. Intangible assets comprise costs incurred in relation to gaming license applications. Gaming application expenditures incurred are capitalized only where the expenditure will lead to new or substantially improved products or processes, the Group has intention, ability and sufficient resources to complete the intangible asset and use it, the intangible assets will generate probable future economic benefits and the Group has the ability to measure reliably the expenditure attributable to the intangible asset. Gaming license applications are amortized over the license term.

2. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate that:

   - It is technically feasible to develop the product for it to be sold
   - Adequate resources are available to complete the development
   - There is an intention to complete and sell the product
   - The Group is able to sell the product
   - Sale of the product will generate future economic benefits, and
   - Expenditure on the project can be measured reliably.

   Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.
   Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the Statement of Comprehensive Income as incurred.

   During 2015, the Group first met the above criteria prescribed in International Accounting Standard 38, and therefore capitalized development cost of €815 thousand. The useful life of the Intangible Assets is between 4-8 years (mainly 8 years).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

L. Property, plant and equipment

Property, plant and equipment comprise computers, leasehold improvements, office furniture and equipment, and motor vehicles and are stated at cost less accumulated depreciation. Carrying amounts are reviewed at the end of each reporting year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Computers	33
Office furniture and equipment	7
Leasehold improvements	Over the shorter of the term of the lease or useful lives
Motor vehicles	17

Subsequent expenditures are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit and loss.

M. Financial assets

The Group classifies its financial assets as receivables and derivatives as discussed below. The Group has not classified any of its financial assets as held to maturity or available for sale.

The Group's financial assets comprise trade and other receivables, capital note due from related group, cash and cash equivalents, restricted cash and some advances to suppliers on account of marketing campaigns following the end of the reporting year.

Trade receivables principally represent amounts due from payment processors that remit funds on behalf of customers and other types of contractual monetary asset and cash. Carried amounts are netted from an estimate made for bad and doubtful debts based on a review of all outstanding amounts at the year-end. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Bad debts are written off when identified.

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

Restricted cash mainly include pledges for the Group's leased premises, security deposits for hedging positions and funds held on behalf of gaming players by the Italian Gaming Regulator.

Capital note issued to the Group as consideration for assets related to the iLotteries operations that transferred to related group.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

N. Derivative financial instruments

The Group uses derivative financial instruments to hedge certain currency cash flow exposures nominated in NIS. The derivative instruments used by the Group consist mainly of call and put options as well as forward foreign exchange contracts.

Derivative financial instruments are recognized in the Statement of Financial Position at fair value. Changes in the fair value of derivative financial instruments are recognized as financing income (expense) in the Statement of Comprehensive Income.

The Group does not comply with hedge accounting requirements in accordance with IAS 39.

O. Leases

All of the Group's leases are classified as operating leases. Rentals payable under operating leases are charged directly to profit and loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. In September 2011, the Israeli subsidiary entered into a lease agreement for its current premises. Accordingly, it has the right for funding by the lessor of the leasehold improvements to be repaid through the monthly lease payments. The funding repayment elements on the lease payments reduce the loans outstanding balances while the remainder is recorded as rental expenses in the Statement of Comprehensive Income.

P. Share capital

Ordinary shares are classified as equity and are stated at the value of the proceeds received.

Q. Financial liabilities

The Group's financial liabilities are all categorized as financial liabilities measured at amortized cost. Financial liabilities include the following items:

> Client liabilities due to players for deposits not yet utilized in gaming activity;

> Trade payables and other short-term monetary liabilities which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

R. Fair value measurement hierarchy

IFRS 7 requires certain disclosure which requires the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. – derived from prices) (Level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. The Group financial assets and financial liabilities are classified in their entirety into Level 1 of the three levels except for the derivatives that are classifies into Level 2.

S. Long term liabilities

Long term liabilities are those liabilities that are due for repayment in more than twelve months from the end of the reporting year.

T. Provisions and contingent liabilities

Provisions, which are liabilities of uncertain timing or amount, are recognized when the Group has a legal or constructive obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Where the Group has a possible obligation as a result of a past event that may, but probably will not, result in an outflow of economic benefits, no provision is made. Disclosures are made of the contingent liability including, where practicable, an estimate of the financial effect, uncertainties relating to the amount or timing of outflow of resources, and the possibility of any reimbursement.

Where time value is material, the amount of the related provision is calculated by discounting the cash flows at a pre-tax rate that reflects market assessments of the time value of money and any risks specific to the liability.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

U. Employee benefits

According to the Israeli Severance Pay Law the Group's liability for severance pay for its Israeli employees should be calculated pursuant to the most recent monthly salary of the employees multiplied by the number of years of employment as of the end of the reporting year.

Employees are entitled to one month salary for each year of employment.
The Group's legal commitment for severance payment to its Israeli location employees is fulfilled by monthly deposits with insurance policies and severance pay funds institutions.
Contributions to pension schemes that were not fully covered by the Group's deposits to insurance policies and severance plans are charged to profit and loss in the year to which they relate.

Defined benefit scheme surpluses and deficits are measured at the fair value of the plan assets at the reporting date less severance liabilities calculated using the projected unit credit method discounted to its present value using yields available on Israeli government bonds that have maturity dates approximating to the terms of the severance liabilities.

V. Restatement of prior year balances

The Consolidated Statement of Comprehensive Income for the year ended 31 December 2014, was restated in order to appropriately present certain revenue transactions at gross (the Company acts as a principal) rather than net (the Company acts as an agent), as required according to International Accounting Standard 18, revenue. The effect of the restatement is an increase of €19,399 thousand in revenues and in distribution costs, as presented in the table below:

	For the year ended 31 December 2014		
	Previously reported	Adjustments	Restated
		€000	
Revenues	30,214	19,399	49,613
Distribution costs	(8,306)	(19,399)	(27,705)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont)

W. New standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments issued by the IASB have not been adopted by the Group as they were not effective for the year. The Group is currently assessing the impact these standards and amendments will have on the presentation of, and recognition in, its consolidated results in future periods:

- Amendments to IAS 1 - Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 27 - Equity Method in Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 14 - Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- Annual Improvements 2012-2014 Cycle (effective for accounting periods beginning on or after 1 January 2016), including minor amendments to IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 - Financial Instruments: Disclosures, IAS 19 - Employee Benefits and IAS 34 - Interim Financial Reporting.
- IFRS 9 - Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 15 - Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 - Leases (effective for accounting periods beginning on or after 1 January 2019).
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (in December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting).

NOTE 3 – ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

With respect to the impairment of investment in Neolotto LTD (an investment in associate), management does not anticipate positive cash flows from Neolotto, and therefore the investment was impaired (see also Note 18c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 4 – ADMINISTRATIVE EXPENSES

Group	For the year ended 31 December	
	2015	2014
	€000	
Staff costs	8,282	13,013
Rent and maintenance	609	867
Legal and accounting	530	942
Amortization and depreciation	522	407
Professional services	338	401
Other operating costs	1,285	2,053
	11,566	17,683

NOTE 5 – FINANCING INCOME AND COSTS

Group	For the year ended 31 December	
	2015	2014
	€000	
A. Finance income		
Accrued interest and currency exchange rate differences on the capital note	962	876
Financing income on the derivative financial assets	1,355	456
Bank interest received and other	105	29
	2,422	1,361
B. Finance cost		
Currency exchange rate differences	117	200
Bank charges	33	88
Other finance cost	44	69
	194	357
Net financing income	2,228	1,004

NOTE 6 – TAXATION

Group	For the year ended 31 December	
	2015	2014
	€000	
Income taxes		
Current income tax	1,084	816
Previous years	-	526
Deferred tax	8	38
Total tax expenses	1,092	1,380

NOTE 6 – TAXATION (Cont)

Factors affecting the tax charge for the year

The total charge for the year can be reconciled to accounting profit as follows:

	For the year ended 31 December	
	2015	2014
	€000	
Profit before tax	17,600	13,326
Tax at effective tax rate in Gibraltar (0%)	-	-
Different tax rates applied in overseas jurisdictions	1,092	1,380
	1,092	1,380

The Company is tax registered in Gibraltar. In Gibraltar, the Group benefited from the exempt company regime. From 1 January 2011 onward, the Group is subject to the Gibraltar corporation tax at 10% on profits derived from activities carried out in Gibraltar. The Group's subsidiaries are located in different tax jurisdictions and are taxed on their operating profit for local taxation purposes.
The corporate tax liabilities in various tax jurisdictions are recorded in the Corporation Tax Payable balance on the Consolidated Statement of Financial Position. Certain portion of the tax payable amounts is refundable according to Maltese tax regime upon qualification of certain criteria defined under the Maltese tax ordinance. Receivable tax amounts are recorded in the Corporation Tax receivable balance on the Consolidated Statement of Financial Position.

NOTE 7 – STAFF COSTS AND BENEFITS

Total staff costs comprise the following:

	For the year ended 31 December	
Group	2015	2014
	€000	
Salaries and wages	6,855	10,345
Employer social contributions	1,425	2,654
Share based compensation	2	14
	8,282	13,013

	2015	2014
Average number of employees	Number	
Acquisition, sales and marketing	51	62
Operations Malta	78	77
Research and development	41	83
Management and general	16	20
	186	242

NOTE 7 – STAFF COSTS AND BENEFITS (Cont)

The Group has an employee share option plan ("ESOP") for granting to certain employees of non-transferable options to be exercised to the Company's shares, upon satisfaction of their vesting and exercise terms.

The following tables present the required information with respect to the ESOP:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	463,700	€2.00	332,700	€2.00
Granted during the year	201,000	€2.00	150,000	€2.00
Forfeited	28,000	€2.00	19,000	€2.00
Exercised	17,500	€2.00	-	€2.00
Outstanding at the end of the year	619,200	€2.00	463,700	€2.00
Exercisable	68,100	€2.00	93,600	€2.00

Share options outstanding at the end of the year have the following exercise prices and periods:

Grant date	Expiry date	Exercise price	31 December 2015	31 December 2014
			Number	
3 April 2008	3 April 2018	€2.00	36,300	36,300
17 August 2008	17 August 2018	€2.00	1,000	1,000
1 April 2009	1 April 2019	€2.00	6,000	26,000
1 October 2009	1 October 2019	€2.00	-	1,000
1 April 2010	1 April 2020	€2.00	1,800	2,300
23August 2010	23August 2020	€2.00	15,000	15,000
28 January 2011	28 January 2021	€2.00	6,000	7,500
8 August 2011	8 August 2021	€2.00	2,000	4,500
3 November 2011	3 November 2021	€2.00	189,100	197,100
19 December 2012	19 December 2022	€2.00	21,000	23,000
7 February 2014	7 February 2024	€2.00	75,000	75,000
7 July 2014	7 July 2024	€2.00	13,000	13,000
8 August 2014	8 August 2024	€2.00	14,000	14,000
30 October 2014	30 October 2024	€2.00	38,000	48,000
19 November 2015	19 November 2025	€2.00	201,000	-
			619,200	463,700

* All of the options granted since 3 November 2011 have exercisability terms which are pending either a Merger & Acquisition transaction or IPO (regardless of whether vesting periods have been met). As of 31 December 2015, the Group has not met the non-market vesting conditions; therefore the Group has not recorded any share based compensation expenses with respect to these grants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 8 –PROPERTY, PLANT AND EQUIPMENT

Group

	Computers	Office furniture and equipment	Motor vehicles	Leasehold improvements	Total
			€000		
Cost -					
As of 1 January 2015	1,150	437	27	1,306	2,920
Additions	148	23	-	18	189
Deconsolidation of a subsidiary	(45)	-	-	-	(45)
As of 31 December 2015	1,253	460	27	1,324	3,064
Accumulated depreciation-					
As of 1 January 2015	979	116	14	392	1,501
Depreciation	127	31	-	125	283
Deconsolidation of a subsidiary	(7)	-	-	-	(7)
As of 31 December 2015	1,099	147	14	517	1,777
Net Book Value -					
As of 31 December 2015	154	313	13	807	1,287

	Computers	Office furniture and equipment	Motor vehicles	Leasehold improvements	Total
			€000		
Cost -					
As of 1 January 2014	1,007	430	7	1,280	2,724
Additions	143	7	20	26	196
As of 31 December 2014	1,150	437	27	1,306	2,920
Accumulated depreciation-					
As of 1 January 2014	841	88	6	267	1,202
Depreciation	138	28	8	125	299
As of 31 December 2014	979	116	14	392	1,501
Net Book Value -					
As of 31 December 2014	171	321	13	914	1,419

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 9 – INTANGIBLE ASSETS

Group	31 December 2014	Additions	Amortization	31 December 2015
	€000			
Gaming licenses	325	145	(186)	284
Capitalized development costs	-	815	(53)	762
	325	960	(239)	1,046

Company	31 December 2014	Additions	Amortization	31 December 2015
	€000			
Capitalized development costs	-	815	(53)	762

NOTE 10 – INVESTMENTS

Company investment in subsidiaries:

	€000
As of 1 January 2015	1,661
Impairment of Investment in subsidiary's capital	(30)
Share based compensation with respect to employees of subsidiaries	2
As of 31 December 2015	1,633

The investments in the subsidiaries have been stated at the recoverable amount which is cost less impairment.

NOTE 11 – TRADE AND OTHER RECEIVABLES

	Group 31 December		Company 31 December	
	2015	2014	2015	2014
	€000			
Payment processors receivables	4,247	3,840	60	66
Derivative financial assets	5	282	-	-
Trade receivables	550	625	66	-
Other receivables	658	1,106	230	253
	5,460	5,853	356	319

The directors consider that the carrying amount of trade and other receivables approximates to their fair values, which is based on estimation of amounts recoverable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 12 – CASH AND CASH EQUIVALENTS

	Group 31 December		Company 31 December	
	2015	2014	2015	2014
	€000			
Cash at bank	11,851	3,669	222	60
Funds attributed to players deposits reserves	1,841	1,665	-	-
	13,692	5,334	222	60

The Group's cash and cash equivalents are invested in short term daily deposits denominated mainly in Euros with major international banks.

Funds attributed to players represent cash balances used mainly as security deposits to cover future players payment commitments.

NOTE 13 – SHAREHOLDERS' EQUITY

	31 December	
	2015	2014
Share Capital	Number of Shares	
Share capital is comprised of shares at £0.01 par value as follows:		
Authorized	1,000,000,000	1,000,000,000
Issued	10,498,580	10,481,080
Fully paid	598,580	581,080

On December 28, 2015 the Company's Board of Directors declared a dividend in the amount of €6.5 million to the Company's shareholders. The dividend has been paid during January 2016.

After the reporting date, on April 6, 2016, the Company's Board of Directors declared a dividend in the amount of €5 million to the Company's shareholders. This amount was not recognized as distribution to the owners in the period. The dividends were paid in April and May, 2016.

Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Retained earnings:	Cumulative net gains and losses recognized in the consolidated Statement of Comprehensive Income.
Share-based payments:	Share based payments reserve represents the accumulated expenses recognized with respect to the outstanding share options at the end of the year.

Non-controlling interests: Interests of other shareholders in certain subsidiaries.

NOTE 14 – EMPLOYEE BENEFITS

Employee benefits represent the Group's net liability for severance pay to some of the Group's employees calculated on actuarial basis.

NOTE 15 – TRADE AND OTHER PAYABLES

	Group 31 December		Company 31 December	
	2015	2014	2015	2014
	€000			
Trade payable	800	595	625	367
Accrued expenses	2,089	2,775	780	957
Royalty payables	1,688	1,597	-	-
Employees payable	716	1,365	-	-
Other payables	921	680	-	-
	6,214	7,012	1,405	1,324

The carrying amount of trade and other payables approximates their fair value which is based on the net present value of expected future cash flows.

NOTE 16 – CLIENT LIABILITIES

Client liabilities represent amounts due to customers including net deposits received, undrawn winnings and certain promotional bonuses. The carrying amount of the client liabilities approximate to their fair value which is based on the net present value of expected future cash flows.

NOTE 17 – OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating lease agreements are analyzed below:

	31 December	
	2015	2014
	€000	
Within one year	1,061	1,072
Later than one year but not later than five years	338	1,207
	1,399	2,279

All operating lease commitments relate to buildings and operating car lease arrangements.
In September 2011, the Israeli subsidiary entered into a lease agreement for office space. The agreement commenced in January 2012 for a term of sixty months. The annual lease payment is approximately €625 thousand and is linked to the Israeli consumer price index ("ICPI"). Commencing April 2015, all costs related to the above lease agreement are charged to a related group which is the user of this office space. In February 2015 the Israeli subsidiary entered into a new lease agreement for office space for a term of thirty four months with annual lease payment of approximately €275 thousand linked to the ICPI.

NOTE 18 – RELATED PARTIES AND SHAREHOLDERS

Transactions between the Group companies have been eliminated on consolidation and are not disclosed in this note.

A. Transactions:

	For the year ended 31 December	
	2015	2014
	€000	
Salary and fringe (1)	-	282
Consulting (1)	143	115
Finance income (2)	962	876
Reimbursement of certain administrative expenses (3)	1,878	768
Research and development services (3)	1,420	1,967

1. Barak Matalon, Pinhas Zahavi, Eli Azur and Aharon Aran are the Principal Shareholders of the Group. During the periods, the Principal Shareholders, and corporate entities controlled by the Principal Shareholders, did not receive any remuneration in the form of salary, bonuses or consulting fees except for salary and fringe of one of them who is also an executive employee who resigned during 2014 and has been engaged as a consultant since then.

2. On 30 April 2014, (the "Effective Date") the Group transferred to a related group all the assets related to the iLottery business, in consideration for issuance of a 5 year €6,130 thousand capital note, linked to the exchange rate of the U.S. dollar and bearing an annual interest of 1% to be paid quarterly, commencing as of the second anniversary of the Effective Date. The income from these transactions was included within income form related group in the Statement of Comprehensive Income. Such assets primarily include intellectual properties, licenses and certain rights, workforce as well as assignment of its employment rights. The consideration was determined based on a valuation performed by a reputable appraiser. Such capital note shall be early repaid in certain events as defined in the capital note agreement, such as the related group's insolvency or suspension of operations. Additionally, during 2015 and 2014, the Group granted the related group loans aggregated to €5 million and €1.7 million respectively. Upon an equity and funding transaction contemplated in August 2015 by the related group, it was agreed that such loans and outstanding amounts due to the services provided and the reimbursements, will be repaid back to the Group as follows: amounts granted or incurred prior to August 2015, by 2018 for the earliest and the most current amounts in due course (in 2016).

3. During 2015 and 2014, the Group provided research and development services to the related group aggregated to €1,420 thousand and €1,967 thousand, respectively, which were recorded within income from related group. In addition the Group was entitled for a reimbursement of certain administrative expenses aggregated to €727 thousand and €467 thousand (for years 2015 and 2014, respectively) which reduced the other operating costs within administrative expenses, in the Statement of Comprehensive Income.
   Furthermore, following the sale, certain resources such as leased premises in Tel-Aviv have been shared. During 2015 and 2014, the Group has charged the related group an aggregate of €1,151 thousand and €301 thousand, respectively. These charges reduced the other operating costs within administrative expenses, in the Statement of Comprehensive Income.

NOTE 18 – RELATED PARTIES AND SHAREHOLDERS (Cont)

B. Balances:

	31 December	
	2015	2014
	€000	
Capital notes and accrued interest due from related group (see A.2 above)	7,910	7,006
Loans and accrued interest and other receivables due from related group	12,343	3,968
Due to a related group	(210)	-

C. Investments in equity-accounted associates:

On 2 April 2015, Neolotto Limited ("Neolotto") issued shares to a third party in consideration for €5 million. As a result, the Company's interest in Neolotto has decreased from 57.6% to 43.2%. Following management's analysis of its control over Neolotto, it was concluded that the Company has effectively ceased control over Neolotto. Hence, on 2 April 2015, the Company ceased the consolidation of Neolotto and the investment has been accounted for under the equity method and presented in the Statement of Financial Position under "Investment in equity- accounted associate".

On 4 September 2015, Neolotto issued shares to the third party in consideration of €3 million out of which €10,735 was paid in cash and the remainder in future media services to be provided to the Neolotto group by the investor. As a result, the Company's interest in Neolotto has decreased to 37.4%.

Management does not anticipate positive cash flows from Neolotto, and therefore the investment and the loan granted to Neolotto were fully impaired in amount of €1.2 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE 19 – SUBSIDIARIES

Details of the Group's subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Aragon International Limited (formerly NG International Ltd)	Malta	100%	Maltese-licensed B2C trading company
AG Software Ltd (formerly NeoGames Network Ltd)	Malta	100%	Maltese-licensed B2B trading company
Aspire Global Marketing Solutions Ltd (formerly Neogames Technologies Ltd)	Israel	100%	Provides certain marketing and customer support service to Aspire Global Limited
AG Communications limited (Formerly NeoGames Communications Ltd)	Malta	100%	B2C trading company holding licenses in Italy and Denmark
Aragon Technologies Limited (Liquidated June 9, 2014)	Alderney	100%	Alderney-licensed B2B trading company
Utopia Management Group Ltd	BVI	100%	Provides certain marketing and acquisition services
ASG Technologies Ltd.	BVI	100%	Acts as a nominee with respect to the registration of certain domains owned by the Group
Novogoma Ltd	Malta	83%	Social online gaming trading company
Novogoma Technologies Ltd	Israel	83%	Designs and develops social online gaming software platform
Neolotto Ltd (1)	Malta	37.4%	Online lottery tickets reseller focused on the German market
Neolotto Technologies Ltd (1)	Israel	37.4%	Designs and develops online software platform

(1) See note 18C above.

NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to a variety of financial risks, which result from its financing, operating and investing activities. The objective of financial risk management is to minimize exposures in these financial risks and to mitigate a negative impact on the Group's financial performance and position. The Group's financial instruments are its cash, trade and other receivables, loans and capital notes to related group, processors, derivatives, client liabilities, trade payables and accrued expenses. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are mainly credit risks and currency risk. The risk management policies employed by the Group to manage these risks are discussed below.

a. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting year.

The Group closely monitors the activities of its counterparties enabling it to ensure the prompt collection of processor and customer balances. Furthermore the Company engages only with reputable payment service providers. These are third party companies that facilitate deposits and withdrawals of funds to and from customers. These are mainly intermediaries that transact on behalf of the main credit card companies. The company also has transparency to the performance and the results of the related group.

b. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk also arises when Group operations are entered into in currencies denominated in a currency other than the functional currency.

Transaction exposures: The Group's policy is that all material transaction currency exposures are economically and fully hedged using foreign exchange contracts and/or by holding cash in the relevant currency. Additionally, the Group has discretion to hedge some or all of its forecast operational costs in Israel up to 12 months. Currency exposures are monitored by the Group on a monthly basis.

Sensitivity analysis to currency and interest rate risk

The Company has not presented a sensitivity analysis for the impact on its statement of comprehensive income of potential movements in currencies or interest rates, as in the opinion of the directors, the change in the fair value of its financial instruments would be negligible.

NOTE 21 - CONTINGENT LIABILITIES AND SUBSEQUENT EVENT

The Group is a gaming operator and provides gaming services to players. As part of management's ongoing regulatory compliance process, management continues to monitor legal and regulatory developments and their potential impact on the Group's operations. Given the changing nature of the legal and regulatory landscape of the online gaming industry, the Group from time to time has been challenged by certain regulatory authorities in respect of its activities in certain jurisdictions.

During 2013, Aragon International Limited (formerly named NG International Limited), a subsidiary, was issued a fine in the amount of €300 thousand by the Paris Court for the 11 Section due to alleged violation of Act 2010-476. The subsidiary appealed the ruling, and a hearing of its appeal has recently been held before the appellate court. Based on the parties' arguments as presented before the court, the court notified that it intends to publish its ruling on 5 October 2016. Pending resolution of the appeal, the company is not at this time required to pay the fine.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	As of 31 December 2015	2014
		€000	
NON-CURRENT ASSETS			
Capital note and accrued interest due from related group	18b	2,783	2,464
Loan to related group	18b	2,637	1,984
Intangible Assets	9	762	-
Investment in subsidiaries equity	10	1,633	1,661
		7,815	6,109
CURRENT ASSETS			
Trade and other receivables	11	356	319
Intercompany receivables		24,413	8,892
Corporation tax receivables		6,653	6,708
Cash and cash equivalents	12	222	60
Restricted cash		53	59
		31,697	16,038
TOTAL ASSETS		39,512	22,147
EQUITY			
Share capital	13	62	27
Share based payment reserve		1,252	1,250
Retained earnings		29,639	19,546
		30,953	20,823
CURRENT LIABILITIES			
Trade and other payables	15	1,405	1,324
Dividend payable		6,500	-
Related group		654	-
		8,559	1,324
TOTAL EQUITY AND LIABILITIES		39,512	22,147

The financial statements were approved by the Board and authorized for issue on 19 September 2016

Itzhaq Mimon, Chief Executive Officer and Director

Pinhas Zahavi, Director

COMPANY STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2015	2014
	€000	
Cash flows from operating activities		
Net income	16,593	15,934
Adjustments to reconcile net income to net cash provided by operating activities (a)	(15,056)	(11,772)
Net cash generated from operating activities	1,537	4,162
Cash flows from investing activities		
Loans granted to related group	(595)	(484)
Investment in intangible assets, net	(815)	-
Investment in subsidiary's capital	-	(140)
Net cash used in financing activities	(1,410)	(624)
Cash flows from financing activities		
Exercise of stock options	35	-
Dividend payments to shareholders	-	(3,500)
Net cash generated from (used in) financing activities	35	(3,500)
Increase in cash and cash equivalents	162	38
Cash and cash equivalents at beginning of year	60	22
Cash and cash equivalents at end of year	222	60

COMPANY STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2015	2014
	€000	
Appendix a - Adjustment to reconcile net income to net cash provided by operating activities		
Income and expenses not affecting operating cash flows:		
Currency exchange differences and accrued interest on capital note	(377)	(307)
Amortization	53	-
Impairment of investment in subsidiary's equity	30	-
Changes in operating assets and liabilities:		
Changes in related group, net	654	(3,657)
Decrease (increase) in processors and trade receivables	(37)	2
Decrease (increase) in restricted cash	6	(2)
Decrease (increase) in corporation tax receivable	55	(1,160)
Increase in intergroup receivables	(15,521)	(6,757)
Increase in trade payables and other payables	81	109
	(15,056)	(11,772)

Appendix b - Significant non-cash transactions:

Dividend payable	6,500	-

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Share based payments reserve	Total
	€000			
Changes in equity for the year ended 31 December 2014:				
Balance at 1 January 2014	27	7,112	1,236	8,375
Total comprehensive income for the year		15,934		15,934
Dividend		(3,500)		(3,500)
Employee stock option scheme			14	14
Balance at 31 December 2014	27	19,546	1,250	20,823
Changes in equity for the year ended 31 December 2015:				
Total comprehensive income for the year		16,593		16,593
Exercise of stock options	35			35
Dividend		(6,500)		(6,500)
Employee stock option scheme			2	2
Balance at 31 December 2015	62	29,639	1,252	30,953