2014
ANNUAL REPORT AND ACCOUNTS

TECH FINANCIALS GROUP

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TECH FINANCIALS GROUP

2014 ANNUAL REPORT

OVERVIEW

HIGHLIGHTS

- **Revenue increased by 85% to US$15.5 million**
  (2013: US$8.4 million)

- **Operating profit before exceptional items of US$2.1 million**
  (2013: operating loss of US$0.3 million)

- **Adjusted EBITDA of US$2.3 million**
  (2013: EBITDA loss of US$0.3 million)

- **Net cash generated from operating activities was US$2.1 million**
  compared with cash outflow of US$0.47 million in 2013

- **Number of active brands using the Company's platform increased to 48**
  (2013: 36)

- **US market entry through collaboration with Cantor Exchange**

- **Increased market position in Asia**

- **Basic earnings per share ('EPS') has improved to US$0.012**
  (2013: EPS loss of US$0.009)

Chairman’s Statement

I am delighted to present my first report on Techfinancials covering its results for the financial year ended 31 December 2014. The Financial Statements present the combined and consolidated results of the Group for each of the years ended 31 December 2013 and 2014.

2014 was a year of significant progress for TechFinancials, and we posted material year-on- year increases in top and bottom line numbers.

This was driven by improving revenue generation from both our core licence products and trading platform. At the same time we continued to develop and build firm foundations for the Company by introducing new and exciting products which included the Forex trading platform; an application to facilitate trading from mobile devices and a trading solution to comply with US regulation, all aimed at penetrating new and growing markets.

During 2014 we strengthened our service after further making architectural changes to better support broker scalability, enhanced our support and deployment services for our customers’ growing needs and improved the API (application program interface) capabilities. We also strengthened our senior management and invested in our team of highly experienced industry professionals. The past year has demonstrated that TechFinancials has a business model with true economy of scale – as our revenues grow the costs proportionally reduce.

During the last quarter of the year we started our programme of investor meetings to raise up to £6.6m (US$10m) before the year end. This fundraising round culminated in our raising £3.1m, £2.2m net of expenses and achieving an AIM listing some three months later than targeted on 9 March 2015. The net proceeds of £2.2 million (US$3.2 million) will be used in part to help grow the TechFinancials group businesses and brand globally by investing in the continued development of the Group’s regulatory compliant solutions for the US and Japanese markets, and the further development of the Group’s solutions in the EU market as well as investing in additional marketing activities which will help increase global brand awareness. In addition part of the proceeds will be used to help strengthen the Group’s balance sheet and to provide additional working capital as the Group will evaluate corporate development activity opportunities such as join ventures and/or acquisitions.

The Group was formed when the Company acquired the entire issued share capital of B.O. TradeFinancials and established TechFinancials Israel (2014) Limited which assumed the role of NetMavrik on 1 November 2014. B.O. TradeFinancials and NetMavrik were previously held by parties under common control and the reorganisation was effected in advance of the Company’s admission to AIM. The combined and consolidated financial information has been prepared on the basis of presenting the results for the Company and subsidiaries as though they had been owned throughout.

TechFinancials became the first Binary Options and Technology Company to be admitted to trading on AIM, we believe this adds strongly to our reputation and credibility in world markets.

Global demand for the Group’s online trading products continues to grow and the Group’s aim is to create a group of market leading businesses with complementary services which forms a business of size and scale that can meet the demanding expectations of our global customers.

On 27 April 2015 we announced the first significant step in the execution of the expansion strategy outlined in the Company's AIM admission document when we successfully established a position as a software vendor for liquidity providers operating in the US binary options market. This, together with the future development of the Introducing Broker product, will allow TechFinancials licensees, including the Group's own brands, to operate in a fully regulated environment through the Cantor Exchange, a US regulated retail-focused binary options exchange owned by Cantor Fitzgerald.

The project in the US is expected to start adding material revenues in 2016.

The increase in regulation through operations such as the Cantor Exchange will help increase barriers to entry for new competitors looking to establish themselves in this market as well as most of the current competitors who currently only produce simple products for unregulated markets.

BUSINESS SUMMARY AND OPERATIONAL REVIEW

During 2014, the Group's focus has been on regulated markets, most notably in the EU, US, Japan (where we intend to develop a regulated solution toward the end of this year) and China (where the market is not yet subject to regulation) which are considered to be the territories with the highest growth prospects. We believe that within the next five years, financial market regulators in other jurisdictions will follow Japan's lead by introducing regulation, we expect China to follow suit.

Our focus on the Asian market has secured distribution in Japan and China. The Group has hired local Japan based sales staff and TechFinancials has licensed the software to several online brokers. Business development activity in Asia and the early software licence sales in those markets, alongside the organic growth of the B2B and the B2C businesses in other geographies have all helped to drive substantial growth in trading volumes and revenues.

In 2014 the Group also secured its first online broker customer in China which it currently services from its offices in Israel.

We have also taken on a native Chinese business development manager to expand our presence in the Chinese market. The Group intends to expedite its penetration of the Asian market by various means that may include opening an office in China in 2015 to sell and support TechFinancials' software and or joint ventures with local companies. The Group believes that the Chinese market offers big opportunities and it will strive to increase its penetration of this market.

The Group has now also established operations in Cyprus, Japan, Ukraine and Israel.

We will continue to focus on new products and are also developing an add-on contract for difference (CFD) trading platform which is expected to be completed in H2 this year. The CFD offering will expand our service to spot traders following the introduction of the Forex platform in early 2015.

CURRENT TRADING AND PROSPECTS FOR 2015

2014 was a year of great change and big strides have been made to consolidate the Company's expertise and leading technology platforms culminating in our flotation on AIM. 2014 concluded with results ahead of management's own expectations. This has been achieved by the hard work and dedication of our highly talented and dedicated staff who deliver exceptional service and solutions to our customers. I would like to thank them, on behalf of the Board, for all their efforts in a busy and transformational year.

The start to 2015 saw much management effort from the team to realise our listing, their efforts are now very much focussed on putting our growth plans into place and to catch up the months lost while raising funds. The new funds are now being put into place to continue to grow the business and open new markets with leading and innovative technology.

The Board and Management expect further progress in the company's business and improve its key performance indicators.

Chairman's Statement (continued)

DIVIDENDS

In line with the dividend policy described in our AIM admission document the Board is pleased to declare a final dividend pay-out of US$165,000 in respect of the year ended 31 December 2014, with an ex-dividend date of 30 July 2015, a record date of 31 July 2015 and a payment date of 28 August 2015. The final dividend payable per ordinary share will be calculated based on the number of shares in issue at the record date.

Dividends payments will be made in Pounds Sterling, with the foreign exchange rate used for converting the US Dollars final dividend payment into Pounds Sterling being the rate quoted by the European Central Bank on 29 May 2015. This equates to a total dividend pay-out of £108,000.

Christopher Bell
Independent Non-Executive Chairman

3 June 2015

Strategic Report
for the year ended 31 December 2014

FINANCIAL RESULTS

In the year ended 31 December 2014, the Group generated revenue of US$15.5 million (2013: US$8.4 million), an 85% increase on the previous year.

Operating profit before exceptional items was US$2.1 million against an operating loss of US$0.3 million in 2013.

Growth has been seen across all of the Group's key business sectors. Licence revenues have increased from US$4.2 million to US$6.6 million in 2014, a growth rate of 57% on the previous year. Revenues from the trading platform have increased even more rapidly from US$4.2 million to US$8.9 million, a growth of 112% compared to the previous year.

The number of active brands using the Company's platform increased to 48 (2013: 36). Together with the organic growth of existing brands, this contributed to significant growth in revenues from licensees. The growth in the trading platform revenues was driven by an increase of 108.6% in the number of active customers, which resulted in an increase in trading volumes.

Gross margins have fell slightly in 2014, from 70% in 2013 to 65%. The year-on-year reduction reflects the costs of acquisition of larger affiliates which have produced higher revenues but at a lower margin. In 2015, the costs of affiliate acquisition are expected to fall as we concentrate on smaller affiliates and other marketing channels.

The growth in revenues has had a marked impact on the bottom line. The result before tax has improved from a pre-tax loss of US$0.3 million in 2013 to a pre-tax profit of US$0.8 million in 2014.
The profit for 2014 are after a one-off, non-trading and non-cash exceptional charge relating to the reorganisation of the Group prior to its flotation in AIM. An aggregate amount of US$1,125,000 was extracted from the Group's assets and charged against the results for 2014 (further details on the exceptional charge are provided in Note 12). Before such exceptional charge, the profit before tax was US$1.9 million.

The Adjusted EBITDA* was US$2.3 million against an Adjusted EBITDA* loss of US$0.3 million in 2013.

	Year ended 31 December	
	2014 US$'000	2013 US$'000
Operation profit/(loss)	**1,006**	**(315)**
Adjusted EBITDA*	**2,315**	**(275)**
Depreciation	(73)	(56)
Other income	-	462
Exceptional loss on Group reorganisation	(1,125)	-
Share based payments expense	(111)	(446)
Operation profit/(loss)	**1,006**	**(315)**

* Earnings before interest, tax, depreciation and amortisation, non-trading items and non-cash charges

Strategic Report (continued)
for the year ended 31 December 2014

FINANCIAL RESULTS (continued)

The Directors have been mindful of keeping overhead costs under control so as to derive the full benefit of the increase in revenues. Whilst selling and marketing costs are closely linked to revenues (and have remained stable at 28% of total revenues), administrative costs and research and development expenditure are less directly linked to the level of revenue. Administrative expenditure grew by just 11.5% to US$2.25 million. Research and development costs expensed against profits fell from US$2.3 million in 2013 to US$1.3 million in 2014, a reduction of 43%. Part of this reduction reflects an increased level of development costs capitalised as intangible assets. In particular a total of US$1.4 million of expenditure was incurred on major software development projects (compared with US$0.9 million in 2013). This included a Forex trading solution, Mobile and Tablet applications and software that integrates into the US Exchange in order to provide liquidity for binary traders. Further details are provided in Note 4 to the Financial Statements.

The Forex trading solution and the mobile and tablet applications were completed in 2014 and will be amortised from 2015 onwards. Further development expenditure is expected in order to complete the US regulated solution for IBs ("Introducing Broker"), the CFD project and the IBs regulated solution in Japan which are expected to be completed during the course of 2015.

The contribution to pre-tax profits from both the trading platform and licence activities has improved as a result. The trading platform generated pre-tax profits of US$23,000 compared with a small loss of US$8,000 in 2013. Licence income has produced US$1.9 million of pre-tax profit compared with a loss of US$0.3 million 2013. The growth in profits from the trading platform were affected by the high costs of affiliate acquisition and the challenge for 2015 will be to grow revenues at lower cost as well as acquiring traffic from other channels such as direct media or SEOs (search engines optimization) and or by partnering with traffic providers.

The income tax expense of US$182,000 in 2014 (2013: US$123,000) equates to an effective rate of tax of 9.5% of the Group's profits from ordinary activities In Israel, the Group is taxable at a rate of 26.5% of assessable profits (2013: 25%) whilst in Cyprus the statutory rate of tax is 12.5%. No income tax is levied on the results of Techfinancials, Inc. in the BVI. In 2015, the effective tax rate is expected to be lower as the proportion of revenues from TechFinancials in the BVI grows. Further details are provided in Note 13.

Basic earnings per share ('EPS') has improved from a loss of US$0.009 in 2013 to a profit of US$0.012 in 2014. Diluted EPS has shown a corresponding improvement from a loss of US$0.009 in 2013 to a profit of US$0.011 in 2014.

Net cash generated from operating activities was US$2.1 million compared with an outflow of cash of US$0.47 million in 2013. These funds have allowed the Group to invest in new products and services; cash outflows from investing activities was US$1.5 million (2013: US$0.9 million) which was primarily focused on the development of new products and services. The improvement in operating cash flows reflects the improvement in profitability but also stronger controls over the collection of cash from operators and because the largest customer of the Group paid most of its annual fee in advance. As a result, debtor days were 17 days at the end of 2014 (2013:58 days). Cash inflows from financing activities were US$1.1 million, largely as a result of the conversion of outstanding debt to NetMavrik Limited for shares in the Company (2013: US$ nil).The Group's cash balances at the end of 2014 totalled US$1.66 million (2013: US$0.98 million).

KEY PERFORMANCE INDICATORS

The Board monitors key performance indicators ('KPIs') on a monthly basis. The Board considers that the most important ones for the success of the business are:

- Numbers of licensees using the Group's software: 48 (2013: 36)
- Total number of trades executed through its licensees: 19.38 million (2013: 6.85 million)
- The number of active customers on the trading platform grew by 108.6% to the previous year.
- Total revenues: US$15.5 million (2013: US$8.4 million)
- Cash generation from operating activities: US$2.1 million (2013: an operating cash outflow of US$(0.47) million)

The Company's systems track trading volumes on a daily basis. These statistics provide an early and reliable indicator of current performance of the trading platform.
Profitability of the business, with its relatively low fixed cost base, is managed primarily via a review of revenue and margins. Working capital is reviewed by measures of absolute amounts and debtor days. Performance against KPIs is reported to the Board on a monthly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial risks discussed in Note 18, the Directors consider that the principal risks and uncertainties facing the Group and a summary of the key measures taken to mitigate those risks are as follows:

Potential Downturn in the Market for Simplified Trading Solutions

The Group is dependent on growth in the market for its trading solutions. The sector is young, highly competitive and changing quickly. An economic downturn or instability may cause customers to reduce their trading activity or to move business to competitors.
The Group seeks to mitigate this risk by diversifying exposure across geographical markets; increasing the number of market sectors in which the Group operates, diversifying the type of customers with whom the Group operates, increasing the range of service offerings that the Group provides, and marketing activities to inform current and prospective customers about the benefits of its service offering and its proven ability to fulfil those objectives.

The Group faces intense and increasing competition in the marketplace. The Group is confronted by rapidly changing technology, evolving user needs and the frequent introduction by its competitors of new and enhanced services. Some of its existing and potential competitors are better established, benefit from greater name recognition, and have significantly greater financial, technical, sales, and marketing resources than the Group. In addition, some competitors, particularly those with a more diversified revenue base, may have greater flexibility than the Group to compete aggressively on the basis of price and other contract terms. New competitors may emerge through acquisitions or through development of disruptive technologies. Strong and evolving competition could lead to a loss of the Group's market share or make it more difficult to grow its business profitably or enter into new markets. Constant investment in research and development of new products and services is key to the Group remaining competitive and attractive to new customers.

Technology Risks

The Group is reliant on its proprietary pricing and execution engines. Competitors either presently operating in the market or potential new entrants may produce software that is more effective than that of the Group. Superior technology would be likely to attract business from the Group's actual or potential clients and could have a material adverse impact on the revenues and operating results of the Group.

Information Technology Risks

The Group depends on technology and advanced information systems, which may fail or be subject to disruption. The integrity, reliability and operational performance of the Group's IT systems are critical to the Group's operations. The Group's IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Furthermore, the Group's current systems may be unable to support a significant increase in traffic or increased customer numbers, whether as a result of organic or inorganic growth of the business. Any failure of the

Strategic Report (continued)
for the year ended 31 December 2014

Information Technology Risks (continued)

Group's IT infrastructure or the telecommunications and/or other third party infrastructure on which such infrastructure relies, could lead to significant costs and disruptions that could reduce revenue, damage the Company's reputation and have a material adverse effect on the operations, financial performance and prospects of the Group.

The Group has in place business continuity procedures and security measures to protect against network or IT failure, or disruption. However, those procedures and measures may not be effective against all forms of disruption and may not serve to ensure that the Group is able to carry on its business. Should these measures and protections fail to operate as intended or at all, they might not prevent a material disruption to the Group's operations, and the resultant material adverse effect on its financial performance and prospects.

In addition, the Group's controls may not be effective in detecting or preventing any intrusion or other security breaches, or safeguarding against sabotage, hackers, viruses and other forms of cyber-crime. Any failure in these protections could harm the Group's reputation and have a material adverse effect on the operations, financial performance and prospects of the Group.

Intellectual Property Risks

The Group's business relies on a combination of trademarks, copyrights, and know-how to protect its brands, software and trade secrets. The protection provided by these intellectual property rights, confidentiality laws and contractual restrictions is limited and varies between countries. Further, there can be no guarantee that current or future applications for registered intellectual property rights will be granted or that the Group's intellectual property rights and contractual provisions will be adequate to prevent the misappropriation, infringement or other unauthorised use of the Group's intellectual property by third parties.
Despite steps taken by the Group to protect its proprietary rights, third parties may attempt to copy aspects of the Group's products and seek to use information that the Group regards as proprietary. Competitors may also independently develop similar technologies or seek to recruit the Group's employees who have had access to proprietary technology, processes or operations of the Group. There is a risk that the Group's means of protecting its intellectual property rights may not be adequate and weaknesses or failures in this area could adversely affect the Group's business.

Litigation may be necessary to protect its proprietary rights, which could result in substantial costs to the Group, and the diversion of efforts from, the Group's business with no guarantee of success, and the Group could have the validity of its ownership of rights challenged and it may lose them. All of these issues could materially adversely affect the Group's business or its reputation, financial condition and/or operating results.

Payment Processing Risks

The provision of convenient, trusted, fast and effective payment processing services to the Group's customers and potential customers is critical to the Group's business. If there is any deterioration in the quality of the payment processing services provided to the Group's customers or any interruption to those services, or if such services are only available at an increased cost to the Group or its customers or terminated and no timely and comparable replacement services are found, the Group's customers and potential customers may deterred from using the Group's products. Any of these occurrences could have a material adverse effect on the Group's operations, financial performance and prospects.

Competition Risks – TechFinancials

At present, the Directors believe that there are only four companies that market software and systems to online brokers which provide significant competition to the Group. Other businesses, which may have significantly larger technical and/or financial resources than the Group, may enter the market with a view to offering competing products. Existing online brokers may choose to develop their own software and systems and/or make that software available to other online brokers. Continued development of the Group's systems is fundamental to remaining competitive.

Competition Risks – Trading Platform

The simplified Binary Option and FOREX trading markets are growing rapidly and are becoming more competitive. Further, the market may attract new online brokerages which would compete with the Group's brands for customers. Such new market entrants could include much larger and better resourced companies than the Group, which would invest significant amounts of money to attract customers including substantial expenditure on advertising and marketing and/or cash incentives to potential traders. These companies could also have brands that are well recognised globally and which would be more attractive to potential new customers. In addition, competing online brokerages could raise substantial amounts of money or be acquired by larger organisations and find themselves able to draw on substantial funds that they could use to acquire market share. They might seek to do so by offering smaller dealing spreads than offered in the trading platform, thereby attracting actual or potential customers of the Group. Should any of these circumstances come to pass, they could have a material and adverse effect on the Group.

Dependence on Key Customers

TechFinancials currently derives a substantial proportion of its revenues from a single customer, and there is no guarantee that it will retain this customer in the future. The Directors understand that the customer has developed high/low Binary Option software of its own and believe that should it continue to develop its own software, there is a greater chance of losing it as a customer in the longer term. Should this occur and the Group fails to replace the lost income, this would have an adverse effect on its revenues, financial performance and prospects.

Attracting and Retaining Talented Staff

TechFinancials is a market leader and we strive to be seen as an excellent employer within the industry. We benchmark ourselves against our peers regularly and are satisfied we offer competitive salaries and outstanding personal development opportunities that are further enhanced by the Group's ambitious growth plans. We have been successful in recruiting and retaining high calibre staff. However we recognise we must continue our focus as competition for talented people intensifies within the sector.

Compliance Risk

BO TradeFinancials is regulated by the Cyprus Securities and Exchange Commission (CySEC). The regulatory environment is regularly changing and imposes significant demands on the resources of the Group. As the Group's activities expand, offering new products and penetrating new markets, the regulatory demands will inevitably increase. The increasing complexity of the Group's operations requires training and recruitment to be tailored to meet these regulatory demands and the costs of compliance are expected to increase. Jurisdictions where there is currently no regulation, may introduce regulation to the Binary Option and FOREX markets. OptionFair as well as TechFinancials online broker clients who trade in such markets would need to comply with any such regulation if they are to continue trading. This could add additional costs to OptionFair if achieved and may not be achieved at all and may reduce trading volumes and revenues from online brokers so affected.

While Techfinancials ensure the licencees who operate in unregulated environments are responsible for applying all applicable laws, there is a risk that royalty income from these licencees' might derive from unknown sources.

Corporate Responsibility

The Company takes its responsibilities as a corporate citizen seriously. The Board's primary goal is to create shareholder value but in a responsible way which serves all stakeholders. Furthermore, the Company seeks to continually enhance and extend its contribution to society through the work the Group undertakes with its clients and in areas where the Group decides to invest and explore directly.

Strategic Report (continued)
for the year ended 31 December 2014

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Governance

The Board considers sound governance as a critical component of the Group's success and the highest priority. The Company has an effective and engaged Board, with a strong non-executive presence from diverse backgrounds, and well-functioning governance committees. Through the Group's compensation policies and variable components of employee remuneration, the Remuneration Committee of the Board seeks to ensure that the Company's values are reinforced in employee behaviour and that effective risk management is promoted.

* More information on our corporate governance can be found on page 11.

Employees and their Development

The Group is dependent upon the qualities and skills of its employees and the commitment of its people play a major role in the Group's business success. The Group invests in training and developing its staff through internally arranged knowledge sharing events and through external courses. Employees' performance is aligned to the Group's goals through an annual performance review process and via incentive programmes. The Group provides employees with information about its activities through regular briefings and other media. The Group operates a number of bonus and sales commission schemes and a share option scheme operated at the discretion of the Remuneration Committee.

Diversity and Inclusion

The Group's does not discriminate on the grounds of age, gender, nationality, ethnic or racial origin, non-job-related-disability, sexual orientation or marital status. The Group gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board does not support discrimination of any form, positive or negative, and all appointments are based solely on merit.

Health and Safety

The Group endeavours to ensure that the working environment is safe and healthy and conducive to the wellbeing of employees who are able to balance work and family commitments. The Group has a Health and Safety at Work policy which is reviewed regularly by the Board. The Group is committed to the health and safety of its employees, clients, sub-contractors and others who may be affected by the Group's activities. The Group provides the information, instruction, training and supervision necessary to ensure that employees are able to discharge their duties effectively. The Health and Safety procedures used by the Group ensure compliance with all applicable legal and regulatory requirements as well as its own internal standards and seeks by continuous improvement to develop health and safety performance.

OPERATIONAL HIGHLIGHTS AND OBJECTIVES

Software Licensing

2014 Achievements

- Increased our market position in Asia
- Increase in net profit margins
- Launch of simplified FOREX platform in beta mode
- Growth in number of active brands
- Established our relationship with Cantor Fitzgerald

Future Goals

- Launch of new trading platforms
- Develop solutions for new regulated jurisdictions
- Strengthen the Company's brand awareness
- Penetrate new geographic markets
- Increase the Company's customer base
- Explore acquisition opportunities

Trading Platform

2014 Achievements

- Increase in the number of active customers
- Increase in amount of deposits
- Expanded the affiliate program

Future Goals

- Increase the Life Time Value of customers
- Reduce the Cost Per Acquisition of new customers
- Establish spot trading operations (Forex and CFD)
- Establish new brands via partnerships
- Expand into new territories

Asaf Lahav
Chief Executive Officer

3 June 2015

2014 ANNUAL REPORT

DIRECTORS and GOVERNANCE

Directors' Report
for the year ended 31 December 2014

The Directors present their report on the Group, together with the audited Financial Statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development and licensing of financial trading platforms and the provision of investment services, being the operation of the trading platform. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

CAUTIONARY STATEMENT

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements.

RESULTS AND DIVIDENDS

The results of the Group are set out in detail on page 30.

At the time of the Company's admission to AIM in March 2015, the Board stated that it would pursue a progressive dividend policy subject to the discretion of the Board and subject to the Company having adequate distributable reserves. The Directors propose to pay a final dividend pay-out of US$165,000 for the year-ended 31 December 2014. The final dividend will be paid on 28 August 2015 to all shareholders on the register at 31 July 2015.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Details of the business activities and developments made during the year can be found in the Strategic Report on pages 5 to 11 and in Note 1 to the Financial Statements respectively.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Disclosures regarding financial instruments are provided within the Strategic Report and Note 18 to the Financial Statements.

CAPITAL STRUCTURE AND PURCHASE OF THE COMPANY'S SHARES

Details of the Company's share capital, together with details of the movements therein are set out in Note 10 to the Financial Statements. The Company has one class of ordinary share which carry no right to fixed income.

On 14 November 2014, NetMavrik Limited purchased 73,035 shares of common stock of the Company for an aggregate purchase price of US$1,104,000. The purchase amount was paid by way of conversion of the outstanding debt of the Company to NetMavrik, for services provided up to 31 October 2014.

RESEARCH AND DEVELOPMENT

The main areas of research and development have been the continued work on the Group's Forex trading solution, mobile and tablet applications and integration of the Group's software into the US Exchange as covered in the Strategic Report on pages 5 to 11.

Directors' Report (continued)
for the year ended 31 December 2014

POST BALANCE SHEET EVENTS

Admission to AIM

On 9 March 2015, the Company's ordinary shares were admitted AIM, a market of the London Stock Exchange. A placing of the Company's shares raised US$4.6 million (US$3.2 million, net of expenses).

GRANTING OF OPTIONS

On 4 February 2015 and on 1 April 2015 the Company granted 2,336,700 and 134,680 options respectively, to purchase ordinary shares of the Company to 51 employees and 2 consultants under a new share-based plan adopted by the board of Directors in November 2014. The vesting dates of these options range from the date of grant up to 4 years, and are exercisable for a period of 10 years with an exercise price that varies between US$0.083 and US$0.4158 per share.

DIRECTORS

The Directors of the Company at the date of this report are:

Director	Role	Date of appointment	Board Committee	
Christopher Bell	Independent Non-Executive Chairman	24/11/2014	A	R
Asaf Lahav	Group Chief Executive Officer	14/11/2014		
Jeremy Lange	Group Chief Operating Officer	14/11/2014		
Hillel (Hillik) Nissani	Independent Non-Executive Director	24/11/2014	A	R
Eitan Yanuv	Independent Non-Executive Director	24/11/2014	A	R

Board Committee abbreviations are as follows: A = Audit Committee; R = Remuneration Committee

The Board comprises two executive and three independent non-executive directors.

Christopher Bell, Independent Non-Executive Chairman

Christopher Bell has 20 years' experience in the gambling industry and was the chief executive officer of Ladbrokes plc until his departure in 2010. He joined Ladbrokes plc in 1991 and became managing director in 1994 before joining the board of Ladbrokes plc in 2000 (known as Hilton Group plc until 2006). Mr Bell is the independent non-executive chairman of XL Media plc, a senior independent director of Quintain Estates and Development plc, a non-executive director of Spirit plc and a member of the Responsible Gambling Strategy Board which advises the UK government on gambling policy. Prior to joining Ladbrokes plc, Mr Bell held senior marketing positions at Victoria Wine Company Limited and Allied Lyons plc. Christopher Bell is a member of the Remuneration Committee and the Audit Committee of the Company.

Asaf Lahav, Group Chief Executive Officer

Asaf Lahav co-founded the Group and has held the post of Group Chief Executive Officer since the

Group's inception in 2009. Apart from his Group responsibilities, Mr. Lahav is responsible for co-managing the TechFinancials business unit with particular responsibility for the product development team. Mr. Lahav has 20 years' experience in managing complex technological projects and was previously a director of research and development at EMC Corporation, a position he left to found the Group. Prior to this he held senior roles within research and development at ProActivity Software Solutions Limited, a privately held provider of business process management software solutions which was subsequently acquired by EMC Corporation. Mr Lahav holds a BSc (Hons) in Information Systems from the Technion.

Jeremy Lange, Group Chief Operating Officer and Company Secretary

Jeremy Lange co-founded the Group and has held the post of Chief Operating Officer since the Group's inception in 2009. For the past three years Mr Lange has been responsible for establishing the Group's operations in Cyprus and has overall responsibility for compliance at BO TradeFinancials. Prior to founding TechFinancials, he was employed in a number of senior sales positions including at Surf Communication Solutions, a high-capacity multimedia processing solutions business, and at Flexlight Networks, an Israeli technology start-up company. Mr Lange has dual British/Israeli nationality and holds a PhD in Biochemistry from Leeds University and a BSc (Hons) in Biochemistry from Kings College, London.

Hillel (Hillik) Nissani, Independent Non-Executive Director

Hillik Nissani has worked in international sales and marketing for more than 25 years with extensive experience in the technology sector and more specifically in online trading. He is currently the owner and managing partner of Habaneros, a strategy and marketing agency based in Cyprus. Until July 2014, he held the position of chief marketing and sales officer at Easy FOREX, a global FOREX broker. Between 2007 and 2009, Mr Nissani worked for London Stock Exchange main market listed 888.com as the vice-president for the Americas. Mr Nissani has held executive roles with other companies, most notably, at Matomy Media Group Limited, a company listed on the main market of the London Stock Exchange and NYSE traded Amdocs Inc. Mr Nissani also spent 5 years in venture capital and private equity where he led investments in high-tech companies and assisted their management teams with both their strategy as well as their daily execution. Some of these companies were acquired by multinationals such as Alcatel, and some achieved an initial public offering on the NASDAQ stock market. Mr Nissani was Captain and Head of The Israeli Defence Forces' Software Development School Programming Division and holds a MBA from Edinburgh University.
Hillik Nissani is the Chair of the Remuneration Committee and a member of the Audit Committee of the Company.

Eitan Yanuv, Independent Non-Executive Director

Eitan Yanuv is chief executive officer of Implement Limited, a business he founded in 2002 and which provides consultancy services to SMEs in Israel operating in the technology space. Prior to setting up Implement, Mr Yanuv was head of consulting and investment banking at Kost Forer Gabay E&Y. He is currently the chief financial officer of Starcom plc and SerVision Limited, both AIM-quoted companies headquartered in Israel.
Eitan Yanuv is the Chair of the Audit Committee and a member of the Remuneration Committee of the Company.

DIRECTORS' INTERESTS IN SHARES AND CONTRACTS

Directors' interests in the shares of the Company at 31 December 2014, and any changes subsequent to 31 December 2014, are disclosed in Note 24 to the Financial Statements. Directors' interests in contracts of significance to which the Company was a party during the financial year are disclosed in Note 17 to the Financial Statements.

Directors' Report (continued)
for the year ended 31 December 2014

SUBSTANTIAL INTERESTS

As at the 16 March 2015, the Company has been advised of the following significant interests (greater than 3%) in its ordinary share capital:

Shareholder	Ordinary shares held	% held
Eyal Alon*	9,905,269	14.53%
Asaf Lahav*	9,052,245	13.28%
Jeremy Lange*	7,280,401	10.68%
Miton Group	6,012,506	8.82%
Danny Magen*	5,774,738	8.47%
Eyal Rosenblum*	5,300,710	7.77%
Equilibrium Solutions*	4,313,833	6.33%
Fidelity Venture Capital*	3,524,522	5.17%
Evian Investment Limited	3,142,703	4.61%
Daonit Ltd*	2,171,100	3.18%

* Includes indirect shareholding through NetMavrik, which has 1,460,700 Ordinary Shares.

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

ANNUAL GENERAL MEETING

The Annual General Meeting ('AGM') will be held at 10 AM on 1 July 2015, at the offices of Grant Thornton UK LLP at 30 Finsbury Square, London EC2A 1AG. The notice of the AGM contains the full text of the resolutions to be proposed.

INDEPENDENT AUDITORS

A resolution proposing that Crowe Clark Whitehill LLP be re-appointed as auditor for the company will be proposed at the Annual General Meeting.

Corporate Governance Report

The Company is registered in the British Virgin Islands and listed on AIM market of the London Stock Exchange.

STATEMENT ABOUT APPLYING THE PRINCIPLE OF THE QCA GUIDELINES

The Board recognises the value of good governance and complies with the provisions of the QCA Guidelines insofar as possible for a company of the size and nature of the Company.
The Company has adopted a share dealing code for the Board and employees of the Company which is in conformity with the requirements of Rule 21 of the AIM Rules for Companies. The Company takes steps to ensure compliance by the Board and applicable employees with the terms of that code.

BOARD OF DIRECTORS

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Board expects to hold Board meetings physically at least four times a year and at other times by teleconference as and when required.

Biographical details of the Directors and the Company Secretary are included on pages 16-17.

At 31 December 2014, the Board comprised two executive and three independent non-executive directors. All Directors bring a wide range of skills and international experience to the Board. The Non-executive Directors hold meetings without the executive Directors present. The Non-Executive Chairman is primarily responsible for the working of the Board of the Company. The Group Chief Executive's office is primarily responsible for the running of the business and implementation of the Board's strategy and policy. The Group chief Executive office is assisted in the managing of the business on a day-to-day basis by the Group's Chief Operating Officer and Chief Financial Officer.

High-level strategic decisions are discussed and taken by the full Board. Investment decisions (above a de minimis level) are taken by the full Board. Operational decisions are taken by the executive directors within the framework approved in the annual financial plan and within a framework of Board-approved authorisation levels.

The Board regulations define a frame work of high-level authorities that maps the structure of delegation below Board level, as well as specifying issues which remain within the Board's preserve. The Board typically expects to meet four times a year to consider a formal schedule of matters including the operating performance of the business and to review the Group's financial plan and business model. Each non-executive directors holds office for the term, if any, fixed by the resolution of shareholders or the resolution of directors appointing him until, if earlier, his death, resignation or removal. If no term is fixed on the appointment of a Director, the Director serves indefinitely until the earlier of his death, resignation or removal.

In accordance with the Company's Articles of Association, at the first Annual General Meeting all the Directors shall retire from office, and at every subsequent Annual General Meeting one-third of the Directors will be subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

Subject to the provisions of the BVI Business companies Act, 2004, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined .

It is the responsibility of the Chairman and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties.

Corporate Governance Report (continued)

RELATIONS WITH SHAREHOLDERS

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders by meeting to discuss long term issues and receive feedback, communicating regularly throughout the year and issuing trading updates as appropriate. The Board also seeks to use the Annual General Meeting to communicate with its shareholders.

BALANCED AND UNDERSTANDABLE ASSESSMENT OF POSITION AND PROSPECTS

The Board has shown its commitment to presenting balanced and comprehensible assessments of the Group's position and prospects by providing comprehensive disclosures within the financial report in relation to its activities. The Board has applied the principles of good governance relating to Directors' remuneration as described below. The Board has determined that there are no specific issues which need to be brought to the attention of shareholders.

REMUNERATION STRATEGY

The Group operates in a competitive market. If it is to compete successfully, it is essential that it attracts, develops and retains high quality staff. Remuneration policy has an important part to play in achieving this objective. TechFinancials aims to offer its staff a remuneration package which is both competitive in the relevant employment market and which reflects individual performance and contribution. For 2014 the remuneration package comprised salary, pension contributions, bonus or sales commission schemes and, where appropriate, share options. This continues the practice operated in previous years.

BOARD COMMITTEES

The Board maintains two standing committees, being the Audit and Remuneration Committees.

The minutes of all sub-committees are circulated for review and consideration by all relevant Directors, supplemented by oral reports from the Committee Chairmen at Board meetings.

AUDIT COMMITTEE

The Audit Committee currently comprises Eitan Yanuv who chairs the committee, Christopher Bell and Hillik Nissani. The Committee was formed in March 2015 and has not formally held any meetings prior to the approval of these Financial Statements. Further details on the Audit Committee are provided in the Report of the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Hillik Nissani, who chairs the committee, Christopher Bell and Eitan Yanuv. The Committee was also formed in March 2015 and has not formally held any meetings prior to the approval of these Financial Statements. Further details on the Remuneration Committee are provided in the Report of the Remuneration Committee.

Report of the Audit Committee

AUDIT COMMITTEE

The Audit Committee has written terms of reference and provides a mechanism through which the Board can maintain the integrity of the Financial Statements of the Company and any formal announcements relating to its financial performance; to review the Company's internal financial controls and its internal control and risk management systems; and to make recommendations to the Board in relation to the appointment of the external auditor, their remuneration both for audit and non-audit work, the nature, scope and results of the audit and the cost effectiveness, independence and objectivity of the auditors. A recommendation regarding the auditors is put to shareholders for their approval in general meetings.
Provision is made by the Audit Committee to meet the auditors at least twice a year.

INTERNAL CONTROLS

In applying the principle that the Board should maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets, the Directors recognise that they have overall responsibility for ensuring that the Company maintains systems to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations and for reviewing the effectiveness of those systems. However, there are inherent limitations in any system of control and accordingly even the most effective system can provide only reasonable and not absolute assurance against material miss-statement or loss, and that the system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

The Company has established procedures necessary to implement the guidance on internal control issued by the FRC Guidance on Audit Committees 2010. This includes identification, categorisation and prioritisation of critical risks within the business and allocation of responsibility to its Executives and senior managers. The key features of the internal control system are described below:

Control Environment – the Company is committed to high standards of business conduct and seeks to maintain these standards across all of its operations. There are also policies in place for the reporting and resolution of suspected fraudulent activities. The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

Risk Identification – Management is responsible for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources, including infringement of IP, sales channels, investment risk, staff retention, disruption in information systems, natural catastrophe and regulatory requirements.

Information Systems – Group businesses participate in periodic operational/strategic reviews and annual plans. The Board actively monitors performance against plan. Forecasts and operational results are consolidated and presented to the Board on a regular basis. Through these mechanisms, performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

Main Control Procedures - the Company has implemented control procedures designed to ensure complete and accurate accounting for financial 5transactions and to limit the exposure to loss of assets and fraud. Measures taken include segregation of duties and reviews by management.

Monitoring and corrective action – There are clear and consistent procedures in place for monitoring the system of internal financial controls.

Report of the Audit Committee (continued)

INTERNAL CONTROLS (continued)

Monitoring and corrective action (continued)

This process, which operates in accordance with the FRC guidance, has remained in place up to the date of the approval of these Financial Statements. The Board, via the Audit Committee, has reviewed the systems and processes in place in meetings with the Finance Director and the Company's auditors.

BO TradeFinancials, which is regulated by CySEC, has outsourced its internal audit function in respect of the trading platform. The Board considers the internal control system to be adequate for the Company. The auditors have provided services in relation to the annual audit of the Group, advice and compliance work in relation to taxation and other advisory work during the year. The Audit Committee reviews the scope and scale of the non-audit services undertaken by the auditors in order to ensure that their independence and objectivity is safeguarded.

Report of the Remuneration Committee

The Remuneration Committee monitors the remuneration policies of the Company to ensure that they are consistent with its business objectives. Its terms of reference include the recommendation and execution of policy on Director and executive management remuneration and for reporting decisions made to the Board. The Committee both determines the individual remuneration package of the executive management of the Board. In accordance with the provisions of the UK Corporate Governance Code, this responsibility includes pension rights and any other compensation payments.

The Remuneration Committee recognises that incentivisation of staff is a key issue for the Company, which depends on the skill of its people for its success. The Remuneration Committee seeks to incentivise employees by linking individual remuneration to individual performance and contribution, and to the Group's results. The Remuneration Committee approved the grant of share options in 2015 (as more fully described in Note 11 to the Financial Statements).

The aim of the Board and the Remuneration Committee is to maintain a policy that:

- Establishes a remuneration structure that will attract, retain and motivate executives, senior managers and other staff of appropriate calibre;
- Rewards executives and senior managers according to both individual and Group performance;
- Establishes an appropriate balance between fixed and variable elements of total remuneration, with the performance-related element forming a potentially significant proportion of the total remuneration package;
- Aligns the interests of executives and senior managers with those of shareholders through the use of performance related rewards and share options in the Company.

From time to time the Committee may obtain market data and information as appropriate when making its comparisons and decisions and is sensitive to the wider perspective, including pay and employment conditions elsewhere in the Group, especially when undertaking salary/remuneration reviews.

The remuneration package comprises the following elements:

- Basic salary – normally reviewed annually and set to reflect market conditions, personal performance and benchmarks in comparable companies. The Non-Executive Chairman receives an annual fee;
- Annual performance-related bonus – executives, managers and employees receive annual bonuses related to specific KPIs or overall Group performance. The Non-Executive Chairman may receive a bonus of up to three months' fees if revenue and profits reach certain thresholds;
- Benefits – benefits include life assurance and pension contributions. The Non-Executive Chairman does not receive these benefits;
- Share options – share option grants are reviewed regularly.

Full details of each Director's remuneration package and their interests in shares and share options can be found in Note 17 to the Financial Statements. There are no elements of remuneration, other than basic earnings, which are treated as being pensionable.

SERVICE CONTRACTS

The executive and non-executive Directors have signed service agreements that contain notice periods of 3 months. There are no additional financial provisions for termination.

Report of the Remuneration Committee (continued)

SHARE OPTION PLAN

The Company operates an Employee Stock Option Plan (ESOP). Further details are provided in Note 11 to the Financial Statements.

COMMUNICATION WITH SHAREHOLDERS

The Board attaches great importance to communication with both institutional and private shareholders.

Regular communication is maintained with all shareholders through Company announcements, the half-year Statement, and the Annual Report and financial statements.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders. Institutional shareholders are in contact with the Directors through presentations and meetings to discuss issues and to give feedback regularly throughout the year. With private shareholders this is not always practical.

The Board therefore intends to use the Company's Annual General Meeting as the opportunity to meet private shareholders who are encouraged to attend, and at which the Chief Executive Officer will give a presentation on the activities of the Group.

Following the presentation there will be an opportunity to meet and ask questions of Directors and to discuss development of the business.

The Company operates a website at https://group.techfinancials.com. The website contains details of the Group and its activities; regulatory announcements, Company announcements, Interim statements, preliminary statements and Annual Reports. The website is maintained in compliance with AIM Rule 26..

Directors' Responsibilities Statement

in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report, Annual Report and the Group 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 the Financial Statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable 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 Group and Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that Company 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 the Group and enable them to ensure that the Financial Statements comply with the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law and the UK Corporate Governance code.

The maintenance and integrity of the Techfinancials, Inc. web site is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the British Virgin Islands governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware, and;
- That Director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Signed by order of the board

Asaf Lahav

3 June 2015

TECH FINANCIALS GROUP

2014 ANNUAL REPORT

FINANCIAL STATEMENTS

Independent Auditor’sReport
to the Members of Techfinancials, Inc.

We have audited the non-statutory Financial Statements of Techfinancials, Inc. for the year ended 31 December 2014 which include the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes numbered 1 to 24.

The financial reporting framework that has been applied in the preparation of these Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body. 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 English law, we do not accept or assume responsibility to anyone other than 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements.

In addition, we read all the financial and non-financial information in the Chairman’s Statement, the Strategic Report and the Directors’ Report and any other surround information to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the non-statutory financial statements give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended in accordance with IFRS.

Statutory Auditor

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
London

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
EC4Y 8EH

3 June 2015

Consolidated Statement of Comprehensive Income

As at 31 Dec. 2014

	Note	Year ended 31 December 2014 US$'000	2013 US$'000
Continuing Operations			
Revenue		15,492	8,385
Cost of sales		(5,403)	(2,495)
Gross profit		**10,089**	**5,890**
Other income		-	462
Research and development		(1,322)	(2,277)
Selling and marketing expenses		(4,387)	(2,374)
Administrative expenses		(2,249)	(2,016)
Operating profit/(loss) before exceptional items		**2,131**	**(315)**
Exceptional loss on group reorganisation	12	(1,125)	-
Operating profit/(loss)		**1,006**	**(315)**
Finance costs		(212)	(38)
Profit/(loss) before taxation		**794**	**(353)**
Income tax expense	13	(182)	(123)
Profit/(loss) after taxation		**612**	**(476)**
Total comprehensive income/(loss) attributable to equity shareholders of the Company		**612**	**(476)**
Profit for the year attributable to ordinary equity holders of the parent:			
Basic (USD)	14	0.012	(0.009)
Diluted (USD)	14	0.011	(0.009)

* The notes on pages 35 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 Dec. 2014

	Note	Year ended 31 December	
		2014	2013
		US$'000	US$'000
Non-current assets			
Intangible assets	4	2,318	873
Property and equipment	5	214	149
		2,532	**1,022**
Current assets			
Trade and other receivables	6	1,414	1,576
Restricted bank deposits	7	40	160
Cash and bank balances	8	1,663	982
		3,117	**2,718**
Total Assets		**5,649**	**3,740**
Current liabilities			
Trade and other payables	9	1,619	1,426
Income tax payable		39	126
		1,658	**1,552**
Non-current liabilities			
Due to shareholders (non trade)	15	281	305
Share capital	10	28	27
Share premium account		2,753	1,650
Share-based payment reserve	11	557	446
Accumulated profits/(losses)		372	(240)
		3,710	**1,883**
Total Equity and Liabilities		**5,649**	**3,740**

* The notes on pages 35 to 64 are an integral part of these consolidated financial statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 3 June 2015 and are signed on its behalf by:

Asaf Lahav
Chief Executive Officer

Consolidated Statement of Changes in Equity

As at 31 Dec. 2014

	Share capital US$'000	Share premium US$'000	Share based payment reserve US$'000	Accumulated profits/(losses) US$'000	Total US$'000
Balance at 31 December 2012	**27**	**1,649**	**-**	**236**	**1,912**
Total comprehensive loss for the year	-	-	-	(476)	(476)
Share based payment	-	-	446	-	446
Issue of shares	-	1	-	-	1
Balance at 31 December 2013	**27**	**1,650**	**446**	**(240)**	**1,883**
Total comprehensive income for the year	-	-	-	612	612
Share based payment	-	-	111	-	111
Issue of shares	1	1,103	-	-	1,104
Balance at 31 December 2014	**28**	**2,753**	**557**	**372**	**3,710**

* The notes on pages 35 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

As at 31 Dec. 2014

The consolidated statements of cash flow for the Group for the years ended 31 December 2013 and consolidated for the year ended 31 December 2014 are set out below:

	Year ended 31 December	
	2014	2013
Cash Flow from operating activities	US$'000	US$'000
Profit/(loss) before tax for the period	1,917	(353)
Adjustment for :		
Depreciation of property and equipment	73	56
Share option charge	111	446
Operating cash flows before movements in working capital		
Decrease/(increase) in trade and other receivables	162	(954)
(Decrease)/ increase in trade and other payables	(125)	454
Interest Expenses	2	-
Income tax paid	(19)	(123)
Net cash generated from/(used in) operating activities	**2,121**	**(474)**
Cash flow from investing activities		
Redemption of restricted bank deposits	120	63
Development of intangible assets	(1,445)	(873)
Acquisition of property, plant and equipment	(138)	(42)
Net cash used in investing activities	**(1,463)**	**(852)**
Cash flow from financing activities		
Interest Paid	(7)	-
Investment in Equity	1,104	-
Net cash used in financing activities	**1,097**	**-**
Net increase/ (decrease) in cash and cash equivalents	**1,755**	**(1,326)**
Cash and equivalents at beginning of period	982	2,332
Exceptional loss on group reorganisation	(1,125)	-
Effect of changes in exchange rates on Cash	51	(24)
Cash and equivalents at end of period	**1,663**	**982**

SUPPLEMENTAL SCHEDULE OF SIGNIFICANT NON-CASH TRANSACTIONS:

On 1 August 2014 the company signed an agreement with NetMavrik Ltd. following which, effective 31 October 2014 the services agreement between the parties ended.

On 14 November 2014, NetMavrik Ltd purchased 73,035 shares of common stock of the Company for an aggregate purchase price of US$1,104,000.

The purchase amount was paid by way of conversion of the outstanding debt of the company to NetMavrik, for services provided through 31 October 2014. Following the completion of the transaction, NetMavrik holdings in the Company represents 2.57% of the total shares issued by the company.

Prior to 31 October 2014 NetMavrik was considered to be under the control of the group by virtue of common shareholders and provided services integral to the operations of the group. Its operations and net assets were therefore consolidated into the group's results. With effect from 1 November 2014 NetMavrik' s service agreement with the group was terminated and it ceased to provide services integral to the operations of the group and on November 14 2014 invested US$1,104,000 in the Company as a shareholder. The directors have determined therefore that with effect from 1 November 2014 NetMavrik ceased to be under the control of the Group and its operations and net assets were de-recognised with nil consideration received, resulting in a deemed loss on disposal of the entity of US$1,125,000.

The net effect of the issue of shares to NetMavrik for US$1,104,000 and the associated deemed loss on disposal of the entity of US$1,125,000 was to reduce capital and reserves by US$21,000. As the adjustment has taken place in the consolidated Group accounts, the Company's distributable reserves are unaffected (see Note 12).

NET FAIR VALUE OF THE ASSETS AND LIABILITIES LEAVING THE GROUP DUE TO GROUP REORGANISATION WAS AS FOLLOWS:

	As at 14 November 2014 US$'000
Working capital, net	257
Investment	1,104
Long term loan to bank	(161)
Deferred income taxes liabilities	(75)
Amount of assets removed from the Group/Exceptional loss on group reorganisation	**(1,125)**

Notes to the Financial Statements

1. GENERAL INFORMATION

The Financial Statements present the consolidated results of the Group for each of the years ended 31 December 2014 and 2013, following the reorganisation described in note 2.1.

1.1. The Group

TechFinancials Inc. (formerly Mika Holdings Inc.), a company incorporated in the British Virgin Islands on 16 June 2009 as a British Virgin Island company under the BVI Business Companies Act, 2004, is the holding company for the Group.

The Financial Statements of the Group includes the Financial Statements of B.O. TradeFinancials Limited a Cyprus Investment Firm ("CIF") in accordance with license no. 216/13 granted by the Cyprus Securities and Exchange Commission ("CySEC") on 27 September 2013, Techfinancials (Israel) 2014 Ltd, an Israeli incorporated company and NetMavrik Ltd. an Israeli incorporated company held by common direct shareholders with the Company until 14 November 2014.

The companies within the Group are set out below, all of which are private companies limited by shares.

Registered office	County of registration or incorporation	Prcentage of ownership	Principal activity
TechFinancials, Inc.	British Virgin Islands		Development and licensing of financial trading platforms.
B.O. TradeFinancials Limited	Cyprus	100%	The provision of investment services, being the operation of the OptionFair trading platform.
Techfinancials (Israel) 2014 Ltd.	Israel	100%	The provision of services to the Group from November until December 2014
NetMavrik Ltd	Israel	see note 12	The provision of services to the Group until the end of October 2014.

Notes to the Financial Statements (continued)

The registered offices for the companies within the Group are as follows:

TechFinancials, Inc.: Craigmuir Chambers, PO Box 71, Road Town, VG1110 Tortola, British Virgin Islands,

B.O.TradeFinancials Limited: 1, Kosta Hadjikakou, Kyriakos Tower, 1st Floor 4107, Agios Athanasios, Limassol, Cyprus,

Techfinancials (Israel) 2014 Ltd: 3 Hamada St. Herzliya, Israel.

NetMavrik Ltd: 3 Hamada St. Herzliya, Israel.

1.2. Primary Activity

The principal activity of the Company is to act as a holding company to a group involved in the development and licensing of financial trading platforms to businesses.

The Group is engaged in the provision of marketing, investment services, including reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients in relation to one or more financial instruments and ancillary services which comprise the safekeeping and administration of financial instruments for the account of clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The Company was incorporated on 16 June 2009, under BVI Business Companies Act, 2004.

In October 2014 the Company entered into an agreement to acquire the entire issued share capital of B.O. Trade and in September 2014 formed a new entity TechFinancials Israel (2014) Ltd. to assume the role of NetMavrik on 1 November 2014.

B.O. TradeFinancials and NetMavrik were previously held by parties under common control with the Company (NetMavrik left the group on 14 November 2014). Until 31 October 2014, the FinancialStatements were prepared on the basis of presenting the results for the Company and subsidiaries on a combined basis.

In determining the appropriate accounting treatment for this transaction, the Directors considered IFRS 3 – Business Combinations (Revised 2008). However, they concluded that this transaction fell outside the scope of IFRS 3 (revised 2008) since the transaction described above represents a combination of entities under common control. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy, the Directors have considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom ("UK GAAP") for guidance (FRS 6 – Acquisitions and Mergers) which does not conflict with IFRS and reflects the economic substance of the transaction.

Under UK GAAP, the assets and liabilities of both entities are recorded at book value, not fair value. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer in accordance within applicable IFRS, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Group reorganisation did not become unconditional until 14 November 2014, these consolidated Financial Statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group's principal subsidiary. Both entities had the same management as well as majority shareholders.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") issued by The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") issued by the International Accounting Standards Board ("IASB") including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Financial Statements have been prepared in a manner consistent with the accounting policies to be adopted by the Company in its financial statements.

The individual Financial Statements of each group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Financial Statements of the Group are presented in US Dollars, which is the presentation currency for the financial statements.

2.2 . Standards, amendments and interpretations to published standards not yet effective

At the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective.

Issued and EU adopted

IAS 19 Amendment – Defined Benefit Plans: Employee Contributions

Issued but not yet EU adopted

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments

IFRS 11 Amendments: Accounting for Acquisitions of Interests in Joint Operations

IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 16 and IAS 41 Amendments: Agriculture: Bearer Plants

IAS 27 Amendment – Equity Method in Separate Financial Statements

IFRS 10 and IAS 28 Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Postponed: waiting Exposure Draft from IASB)

Annual improvements to IFRSs 2012-2014 Cycle

Amendments to IAS 1: Disclosure Initiative

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. Standards, amendments and interpretations to published standards not yet effective (continued)

Issued but not yet EU adopted (continued)

The Directors do not anticipate that the adoption of the standards and interpretations in future reporting periods will have a material impact on the Group's results.

2.3. Basis of consolidated reporting

The consolidated Financial Statements include the Financial Statements of all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

All intercompany balances and transactions, including recognised gains arising from inter group transactions, have been eliminated in full.

Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

* The principal activities of the subsidiaries are as described in note 2.1.

2.4. Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others have not yet been. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the Financial Statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical accounting estimates and assumptions

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Company to exercise their judgement in the process of applying the accounting policies which are detailed below. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of loans and receivables

Management reviews loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes a judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

(b) Currency translation

(i) Functional and presentation currency

The individual Financial Statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The Financial Statements of the Subsidiaries are presented in USD, which is the presentation currency of Techfinancials Inc. ("the Company").

(ii) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign operations

Assets and liabilities of foreign operations are translated to USD at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates approximating those ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the foreign exchange translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

(c) Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Subsidiaries or theCompany if that person:

(i) has control or joint control over the Subsidiaries;

(ii) has significant influence over the Subsidiaries; or

(iii) is a member of the key management personnel of the Subsidiaries or the Company.

Notes to the Financial Statements
(continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

(c) Related parties (continued)

(b) An entity is related to the Subsidiaries or the Company if any of the following conditions applies:

(i) the entity and the Subsidiaries are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post employment benefit plan for the benefit of employees of either the Subsidiaries or an entity related to the Subsidiaries;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Subsidiaries and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Subsidiaries recognise such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss.

All items of property, plant and equipment are depreciated using the straight line method to write off the cost of the assets over their estimated useful lives as follows:

	Years
Computers	3
Furniture and equipment	6-10
Leasehold improvement	over the remaining life of lease

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the Financial Statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in profit or loss within other income/(expenses).

(e) Intangible assets

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except when such expenditure is expected to generate future economic benefits when it is capitalised as an intangible assets.

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable, amortised over 5 years;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straightline method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected

Notes to the Financial Statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continue)

(e) Intangible assets (continue)

Research and development expenditure (continue)

from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

The Group bases these impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group’s cash-generating units to which the individual assets are allocated. The budgets and forecasts calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit and loss unless the asset is measured at re-valued amount, in which case the reversal is treated as a revaluation increase.

(g) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the end of each reporting period in these Consolidated Financial Statements, there were no financial assets classified under the category of fair value through profit or loss, held-to-maturity and available-for-sale financial assets.

(ii) Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are classified as non-current assets. Loans and receivables comprise of cash and bank balances, trade and other receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iii) De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

(h) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and

Notes to the Financial Statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the entity operates, probability of insolvency or significant financial difficulties of the entity) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent period.

(i) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the end of each reporting period in these Consolidated Financial Statements, there were no financial liabilities classified under the category of financial liabilities at fair value through profit or loss.

(ii) **Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are presented as non-current liabilities.

(k) Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are remote.provision due to the passage of time is recognised as a finance cost. Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are remote.

(l) Share Capital

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital. Preference shares are classified as equity in accordance with the substance of the contractual arrangements entered and allocated to the equity component, which is presented in shareholders' equity, net of transaction costs.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Notes to the Financial Statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue recognition (continued)

Revenue from support services are recognised over the specific period of respective service agreements.

In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IAS 18'Revenue'. The Directors of the Group are satisfied that the significant risks and rewards are transferred and that the recognition of revenue over the duration of a contract or agreement is appropriate.

(n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where its subsidiaries operate by the end of the financial period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to the comprehensive income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(o) Fiduciary activities

In order to render investment services to clients, the Group holds cash on behalf of clients. The cash is kept in segregated bank accounts in the Group's name on behalf of its clients and these accounts are held by the Group in a fiduciary capacity and are not included as part of the Group's assets and liabilities in the financial statements.

(p) Operating leases

Rentals payable under operating leases are charged to the comprehensive income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Retirement benefit costs

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid Contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income in the same financial year as the employment that gives rise to the contributions.

(r) Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

(s) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units (CGU) to which intangible assets have been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year as operations have not commenced- See note 4.

Notes to the Financial Statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Key sources of estimation uncertainty (continued)

Allowance for trade and other receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

The allowance policy for doubtful debts of the Group is based on the ageing analysis and management's on-going evaluation of the recoverability of the outstanding receivables. Once debtors have been identified as having evidence of impairment, it is regularly reviewed and appropriate impairment position applied.

4. INTANGIBLE ASSETS – DEVELOPMENT EXPENDITURE

As at 31 December 2013 Cost	Project A US$'000	Project B US$'000	Project C US$'000	Computer software US$'000	Total US$'000
At 1 January 2013	-	-	-	-	-
Additions	305	306	262	-	873
At 31 December 2013	**305**	**306**	**262**	**-**	**873**
Accumulated amortisation					
At 1 January 2013	-	-	-	-	-
Charge for the year	-	-	-	-	-
At 31 December 2013	**-**	**-**	**-**	**-**	**-**
Net book value At 31 December 2013	**305**	**306**	**262**	**-**	**873**

4. INTANGIBLE ASSETS – DEVELOPMENT EXPENDITURE (continued)

As at 31 December 2014 Cost	Project A US$'000	Project B US$'000	Project C US$'000	Computer software US$'000	Total US$'000
At 1 January 2014	305	306	262	-	873
Additions	479	552	411	4	1,446
At 31 December 2014	**784**	**858**	**673**	**4**	**2,319**
Accumulated amortisation					
At 1 January 2014	-	-	-	-	-
Charge for the year	-	-	-	1	1
At 31 December 2014	**-**	**-**	**-**	**1**	**1**
Net book value At 31 December 2014	**784**	**858**	**673**	**3**	**2,318**

Project A – Forex trading solution.
Project B – Mobile and tablet native applications adjusted to different screen sizes.
Project C – Trading solution for the US market.
Computer software – expenditure incurred on major software development projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.
Capitalised development costs are amortised over the estimated useful life of project. The amortisation charge is recognised in cost of sales expenses. During the period reported no amortization cost was recognised.

Current estimates of useful economic live of intangible assets are as follows:

Project A (internally generated)	5 years
Project B (internally generated)	5 years
Project C (internally generated)	5 years
Computer software	3 years

The intangible assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the recoverable amount of intangible assets is determined based on a value in use calculation using cash flow forecasts derived from the most recent financial model information available.

The recoverable amounts of all the above have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2019. The key assumptions used in these calculations include discount rates and turnover projections. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects. See also note 3(s).

Notes to the Financial Statements (continued)

4. INTANGIBLE ASSETS – DEVELOPMENT EXPENDITURE (continued)

Major assumptions are as follows:

2014	Project A US$'000	Project B US$'000	Project C US$'000	Computer software US$'000
Discount rate	15%	15%	15%	N/A
IRR	84%	84%	42%	N/A

A 25% increase in the discount rate would result in no impairment charge.

The Group has reviewed intangible assets for impairment at the end of the period. As of 31 December 2014, no impairment was recorded.

5. PROPERTY AND EQUIPMENT

As at 31 December 2013 Cost	Improvement US$'000	Computers US$'000	Office US$'000	Total US$'000
At 1 January 2013	4	120	98	222
Additions	5	18	19	42
At 31 December 2013	**9**	**138**	**117**	**264**
Accumulated depreciation				
At 1 January 2013	2	47	10	59
Charge for the year	-	44	12	56
At 31 December 2013	**2**	**91**	**22**	**115**
Net book value At 31 December 2013	**7**	**47**	**95**	**149**
As at 31 December 2014 Cost				
At 1 January 2014	9	138	117	264
Additions	13	93	32	138
At 31 December 2014	**22**	**231**	**149**	**402**

5. PROPERTY AND EQUIPMENT (continued)

Accumulated depreciation	Improvement US$'000	Computers US$'000	Office US$'000	Total US$'000
At 1 January 2014	2	91	22	115
Charge for the year	-	53	20	73
At 31 December 2013	**2**	**144**	**42**	**188**
Net book value At 31 December 2014	**20**	**87**	**107**	**214**

6. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2014 US$'000	2013 US$'000
Trade receivables (Net)	734	1,346
Prepayments	406	66
Related Parties	-	-
Amounts due to Shareholders	2	2
Other receivables	272	162
	1,414	**1,576**

* The carrying amounts of trade and other receivables approximate their fair values. See also note 3(s).

7. RESTRICTED BANK DEPOSITS

Restricted bank deposits represent cash held by the Group which cannot be used in the operations of the business. Restricted bank deposits are held to secure guarantees from the bank for lease and credit agreements.

8. CASH AND CASH EQUIVALENTS

	Year ended 31 December 2014 US$'000	2013 US$'000
Cash at bank	1,663	982
	1,663	**982**

9. TRADE AND OTHER PAYABLES

	Year ended 31 December 2014 US$'000	2013 US$'000
Trade payables	468	778
Other payables	4	-
Government authorities	-	90
Related Parties	188	-
Employees related balance	746	536
Accrued liabilities	213	22
	1,619	**1,426**

Notes to the Financial Statements (continued)

9. TRADE AND OTHER PAYABLES (continued)

The amounts due to shareholders are non-trade, unsecured, non-interest bearing and repayable in three instalments on 1 July 2016, 1 January 2017 and 1 July 2017.

The related party amount represent the balance owed to NetMavrik by Techfinancials Israel due to the reorganization of the group. The amount is non-trade, unsecured, non-interest bearing and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values.

10. SHARE CAPITAL

	As at 31 December	
	2014	2013
Authorised	Number of Shares	Number of Shares
The Company Ordinary share of US$1 (**2014**: US$ 0.01)	5,000,000	50,000
Authorised	**5,000,000**	**50,000**

	2014	2013
Issued and fully paid	US$'000	US$'000
The Company Ordinary share of US$1 (2014: US$0.01)	**28**	**27**

On 29 October 2014, the Company divided the authorised and issued shares of the company from US$1.00 shares to US$0.01 shares. The weighted average number of shares for year ended 31 December 2013 are presented above as US$0.01 shares despite the split having occurred after this date.

On 14 November 2014, The Company issued to NetMavrik Ltd. 73,035 shares of common stock for an aggregate purchase price of US$1,104,000.

11. SHARE-BASED PAYMENT TRANSACTIONS (GROUP)

During the year ended 31 December 2013, the Group introduced a share-based payment arrangements which are summarised below.

Employee Stock Option Plan:

	Year ended 31 December 2013	
	Number of Options	Weighted Average Exercise Price (US$)
Balance at beginning of period	-	-
Granted	185,700	0.001
Lapsed during the period	-	-
Balance at end of period	**185,700**	**0.001**

11. SHARE-BASED PAYMENT TRANSACTIONS (GROUP) (continued)

	Year ended 31 December 2014	
	Number of Options	Weighted Average Exercise Price (US$)
Balance at beginning of period	**185,700**	**0.001**
Granted	-	-
Lapsed during the period	-	-
Balance at end of period	**185,700**	**0.001**

Type Share Option Plan on behalf of certain senior employees of the Group

Date of Grant:	15 October 2013
Number Granted:	187,500 options to purchase ordinary shares of US$0.01 each.
Contractual life:	6 years
Vesting conditions:	120,700 on the date of grant, 12,500 option a year after the date of grant and 52,500 vest on monthly equal quantity over a period of 3 years.
Earliest Exercise date:	15 October 2013
Exercise price:	US$0.01

The estimated fair value of each share option granted in the senior employee share option plan is US$352 and is now US$3.52 following the split.

On 29 October 2014, the Company divided the authorised and issued shares of the company from US$1.00 shares to US$0.01 shares. The number of options for year ended 31 December 2013 are presented above as US$0.01 shares despite the split having occurred after this date.

On 4 February 2015, the shares of the Company were split by 20, thus increasing the number of the issued shares from 2,844,235 to 56,884,700.

This estimated fair value was calculated by applying a Black-Scholes option pricing model. In the absence of a liquid market for the share capital of the group the expected volatility of its share price is difficult to calculate. Therefore the directors have considered the expected volatility used by listed entities in similar operating environments to calculate the expected volatility.

The model inputs were:

- share prices at grant date of US$355 and is now US$3.55 following the split;
- exercise prices of US$ 0.01;
- expected volatility of 55 per cent;
- contractual life of 6 years; and
- a risk-free interest rate of 4.5 per cent.

The expense and equity reserve arising from share based payment transactions recognised in the Year ended 31 December 2013 and 2014 was US$446,000 and US$111,000 respectively.

Notes to the Financial Statements (continued)

12. EXCEPTIONAL LOSS ON GROUP REORGANISATION

Until October 31 2014, NetMavrik Ltd provided services to the Group (see also note 16). As part of a reorganisation which was effected in advance of the Company's admission to AIM, on 28 August 2014, TechFinancials Israel (2014) Limited was established as a wholly owned subsidiary of the group and started its operations on 1 November 2014 to assume the role of NetMavrik.

On November 14 2014 NetMavrik Ltd invested US$1,104,000 in the Company, following which, it became a shareholder of the Group.

Prior to 31 October 2014 NetMavrik was considered to be under the control of the group by virtue of common shareholders and provided services integral to the operations of the group. Its operations and net assets were therefore consolidated into the group's results. With effect from 1 November 2014 NetMavrik' s service agreement with the group was terminated and it ceased to provide services integral to the operations of the group and on 14 November 2014 invested US$1,104,000 in the Company as a shareholder. The directors have determined therefore that with effect from 1 November 2014 NetMavrik ceased to be under the control of the Group and its operations and net assets were de-recognised with nil consideration received, resulting in a deemed loss on disposal of the entity of US$1,125,000.

The net effect of the issue of shares to NetMavrik for US$1,104,000 and the associated deemed loss on disposal of the entity of US$1,125,000 was to reduce capital and reserves by US$21,000. As the adjustment has taken place in the consolidated Group accounts, the Company's distributable reserves are unaffected.

13. INCOME TAX EXPENSES

	Years ended 31 December	
	2014	**2013**
	US$'000	**US$'000**
Current income tax*	182	123
	182	**123**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense/(release) at the effective tax rate of the Group is as follows:

	Years ended 31 December	
	2014	**2013**
	US$'000	**US$'000**
Profit (Loss) before taxation and exceptional loss on group reorganisation.	1,917	(353)
Profit multiplied by standard rate of EIT of 0%	-	-
Effect of Different tax rates in different countries:		
Israeli tax rates 2013: 25% in 2014 26.5%. | Cyprus tax rates 2013-2014: 12.5%.	182	123
	182	**123**

14. EARNINGS PER SHARE

The calculation of earnings per share is based on the following earnings and number of shares:

	Years ended 31 December	
	2014	2013
	US$'000	US$'000
Profit/(loss) attributable to equity holders	**610**	**(476)**
Weighted average number of shares basic	52,598,607	52,399,231
Earnings/(loss) per share basic	**0.012**	**(0.009)**
Weighted average number of shares diluted	56,312,607	53,184,885
Earnings/(loss) per share diluted	**0.011**	**(0.009)**

The difference between Basic and diluted earnings per share is due to shared based compensation transaction. (see Note 11)

The calculation of basic and diluted earnings per share for all periods presented have been adjusted retrospectively to reflect the share splits that occurred after the balance sheet date.

15. OPERATING LEASE COMMITMENTS (GROUP)

As at each of the balance sheet dates, the future aggregated minimum lease payments under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	As at 31 December	
	2014	2013
	US$'000	US$'000
Within one year	451	284
After one year but before five years	1,389	76
After five years	76	63
	1,916	**423**

Operating lease payments represent rent payable.

In April 2015, Techfinancials Israel entered into a lease agreement to rent 1,410 square meters of office space at the Industrial Area of Herzliya to be used by the company's Israeli subsidiary. The lease period is until 30 June 2017, with annual rental fees of US$368,000.
Techfinancials Israel has an option to renew the lease for an additional two periods of three and two years each under the same terms.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the period under review, in addition to those disclosed elsewhere in these financial statements, the following significant transactions took place at terms agreed between the parties:

Notes to the Financial Statements (continued)

16. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Payables to controlling Shareholders

The compensation for Shareholders'* employed by the Group is analysed as follows:

	As at 31 December	
	2014	2013
	US$'000	US$'000
Salaries and other short-term employee benefits*	522	456
Salaries and other long-term employee benefits*	76	63
	598	**519**

* Shareholders serving as Board members of the company.

Balances with shareholders employed by the Group are analysed as follows:

	As at 31 December	
	2014	2013
	US$'000	US$'000
Non - Current Accounts Credit	(281)	(305)
Non - Current Accounts Debit	2	2

The loans bear no interest and are, subject to certain conditions, repayable in three instalments on 1 July 2016, 1 January 2017 and 1 July 2017.

(b) Balances with controlling related parties

Related parties balances are analysed as follows:

	As at 31 December	
	2014	2013
	US$'000	US$'000
MarketFinancials	18	-
NetMavrik	(188)	(851)

MarketFinancials, a company incorporated in Seychelles currently held in trust by Asaf Lahav and Eyal Alon for the Company.Starting 1 January 2015 MarketFinancials provides liquidity to B.O.TradeFinancials, a subsidiary of the group.

(c) Services with related parties

	Year ended 31 December	
	2014	2013
	US$'000	US$'000
NetMavrik's technical support*	6,326	5,360

* Through to 31 December 2014

17. KEY MANAGEMENT REMUNERATION (GROUP)

Details of the nature and amount of each element of the emoluments of each member of Key Management for the years ended 31 December 2013 and 31 December 2014 were as follows:

Director	Year ended 31 December	
	2014	2013
Asaf Lahav	US$'000	US$'000
Wages and salaries	117	111
Post-employment benefits	14	16
Other long term benefits	14	16
	145	**143**
Jeremy Lange		
Wages and salaries	117	111
Post-employment benefits	14	16
Other long term benefits	14	16
	145	**143**
Eyal Rosenblum		
Wages and salaries	117	111
Post-employment benefits	14	16
Other long term benefits	14	16
	145	**143**
Eyal Alon		
Wages and salaries	117	70
Post-employment benefits	14	5
Other long term benefits	14	15
	145	**90**
Edit Avital		
Wages and salaries	149	148
Post-employment benefits	14	10
Other long term benefits	36	48
	199	**206**
Christopher Bell		
Director's fee	**6**	**-**
Yuval Tovias		
Wages and salaries	65	-
Post-employment benefits	8	-
Other long term benefits	8	-
	81	**-**
Total	**866**	**725**

Notes to the Financial Statements (continued)

18. FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, currency risk, liquidity risk, market risk, technology risk and compliance risk arising from the financial instruments it holds and the industry and regions it which it operates. The risk management policies employed by the Group to manage these risks are discussed below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and does not hold any collateral as security over its customers. The Group's major classes of financial assets are cash and bank balances, trade receivables, prepayments and amounts due to shareholders.

As at the end of each financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statements of financial position.

As at 31 December 2013, and 2014, substantially all the cash and bank balances as detailed in Note 8 to the consolidated Financial Statements are held in major financial institutions which are regulated and located in Israel, Germany, Cyprus and Poland, which management believes are of high credit quality. Management does not expect any losses arising from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the Group is as follows:

	As at 31 December	
	2014	**2013**
	US$'000	**US$'000**
Cash and cash equivalents	1,663	982
Restricted bank deposits	40	160
Trade receivables and others	1,412	1,574
Amounts due from a shareholder	2	2
	3,117	**2,718**

The Group has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Trade receivables that are past due but not impaired

The Group's trade receivables that are not impaired are as follows:

	As at 31 December	
	2014	2013
	US$'000	US$'000
Current	555	1,165
31 – 60 days	127	183
61 – 90 days	-	-
91 to 120 days	52	-
	734	**1,348**

CURRENCY RISK

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro and the Israeli New Shekel. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2014 and 31 December 2013.

	+5%	-5%	+10%	-10%
2014	US$'000	US$'000	US$'000	US$'000
Euro	31	(31)	63	(63)
Israeli New Shekel	3	(3)	6	(6)

	+5%	-5%	+10%	-10%
2013	US$'000	US$'000	US$'000	US$'000
Euro	25	(25)	50	(50)
Israeli New Shekel	45	(45)	90	(90)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Euro	89	214	724	1,162
Israeli New Shekel	1,088	651	869	862

Notes to the Financial Statements (continued)

18. FINANCIAL RISK MANAGEMENT (continued)

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. The principal liabilities of the Group arise in respect of the on-going research and development programs and trade and other payables. Trade and other payables are all payable within 12 months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Market Risk

The Group has exposure to market risk to the extent that it has open positions. The Group's exposure to market risk at any point in time depends primarily on shortterm market conditions and client activities during the trading day. The exposure at each reporting date is therefore not considered representative of the market risk exposure faced by the Group over the year.

Technology Risk

The Group's operations are highly dependent on technology and advanced information systems. The Group's ability to provide its clients with reliable, realtime access to its systems is fundamental to the success of the business. Such dependency upon technology exposes the Group to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. The Group along with its parent and ultimate parent, have business continuity procedures and policies in place which are designed to allow the Group to continue trading in its core markets and its systems are designed to mitigate the risk of failure of any component.
Where the Group is dependent upon providers of data, market information, telephone and internet connectivity, the Group mitigates against the risk of failure of any of these suppliers by ensuring that where possible multiple providers and data routes are utilized. To remain competitive, the Group must continue to enhance and improve the responsiveness, functionality, accessibility and other features of its software, network distribution systems and technologies.

Compliance Risk

BO TradeFinancials, the Group's subsidiary is regulated by the Cyprus Securities and Exchange Commission. The regulatory environment is regularly changing and imposes significant demands on the resources of the Group (CySEC). As the Group's activities expand, offering new products and penetrating new markets, the regulatory demands will inevitably increase. The increasing complexity of the Group's operations require training and recruitment to be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

Jurisdictions where there is currently no regulation, may introduce regulation to the Binary Option and FOREX markets. OptionFair as well as TechFinancials' online broker clients who trade in such markets would need to comply with any such regulation if they are to continue trading.

This could add additional costs to OptionFair if achieved and may not be achieved at all and may reduce trading volumes and revenues from online brokers so affected.

While Techfinancials ensure the licencees who operate in unregulated environments are responsible for applying all applicable laws, there is a risk that royalty income from these licencees' might derive from unknown sources.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the capital return to shareholders or issue new shares. No changes were made in the objectives, policies or processes during each of the three years ended 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debts. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Equity includes equity attributable to the equity holders of the Group.

Trade payables

Group's trade payables that are not impaired are as follows:

	As at 31 December	
	2014	**2013**
	US$'000	**US$'000**
Current 31 – 60 days	401	756
61 – 90 days	67	22
	468	**778**

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the financial assets and financial liabilities in the Financial Statements approximate their fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market prices;

(ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow; and

(iii) the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Notes to the Financial Statements (continued)

20. SEGMENT INFORMATION

Business segment

The Group's primary format for reporting segment information is business segments, with each segment representing a product category.

The segment information provided to management for the reportable segments for the year ended 31 December 2014 is as follows:

	Year ended 31 December 2014		
	Trading platform	**Licence income**	**Total**
Revenue and result:	**US$'000**	**US$'000**	**US$'000**
Revenues from external customers	8,883	6,609	15,492
Segment profit	23	1,894	1,917
Unallocated other income and expenses	-	-	-
Profit before tax from recurring activities (excluding reorganisation costs)	**23**	**1,894**	**1,917**
Assets and liabilities:			
Assets	1,447	4,203	5,649
Liabilities	1,079	862	1,941
Depreciation and additions			
Depreciation	37	37	74
Additions to property, plant and equipment	69	69	138

Revenues from the Group's top three customers represent approximately 20% of the total revenues.

	Year ended 31 December 2013		
	Trading platform	**Licence income**	**Total**
Revenue and result:	**US$'000**	**US$'000**	**US$'000**
Revenues from external customers	4,202	4,183	8,385
Segment profit/(loss)	(8)	(345)	(353)
Unallocated other income and expenses	-	-	-
Loss before tax	**(8)**	**(345)**	**(353)**

20. SEGMENT INFORMATION (continue)

Assets and liabilities:

Assets	1,154	2,586	3,740
Liabilities	(1,093)	(765)	(1,858)

Depreciation and additions

Depreciation	28	28	56
Additions to property, plant and equipment	21	21	42

Revenues from the Group's top three customers represent approximately 33% of the total revenues

21. COMMITMENTS

The Group had no capital or other commitments as at 31 December 2014.

22. CONTINGENCIES

An administrative sanction procedure has been brought by Consob Consumers Protection Division (Consob Sanction Procedure No. 20130933-1917) against the Company.

The sanction is for breach of Article 18, Section 1, of Italian Legislative Decree No. 58/1998 ("TUF"). Details of the breach include "in the absence of the required authorisations for the provision in Italy of investment services and activities. Italian investors the possibility of trading through financial instruments, such as binary options of various types", through their websites (www.optionfair.com and www.optionet.com).

In the event that Consob concludes that the Company has breached the TUF, Jeremy Lange and Eyal Rosenblum, in their capacity as directors of the Company, could be subject to an administrative sanction of between €2,500 and €250,000 (therefore, a maximum penalty of €500,000). The Company would be severally liable with Jeremy Lange and Eyal Rosenblum for the payment of these sanctions. If a Consob sanction is imposed, it is possible to appeal the decision.

Pursuant to TUF, criminal sanctions could also be applied to Jeremy Lange and Eyal Rosenblum. However, a recent decision of the European Court for Human Justice held that Consob cannot impose a criminal and an administrative sanction in relation to the same conduct.

Statements of defence have been filed on behalf of Jeremy Lange and Eyal Rosenblum and the Company. The Consob Sanctioning Division will review the allegations and defences, and then make a proposal to the Commission on whether to impose a sanction on Jeremy Lange and Eyal Rosenblum and, if so, the amount of the sanction.

The Company has received advice that there is a risk that Consob might impose an administrative sanction on Jeremy Lange and Eyal Rosenblum. The Company believe that despite there being a risk of a penalty the impact would not be material and hence no provision has been made.

In addition, the Italian courts might consider that transactions with Italian investors during the period when OptionFair operated without a license or in breach of MiFID or CySEC regulations, were void and that clients could claim for re-imbursement of amounts lost. The Directors estimate that the total potential amount in question is circa US$1.5 million although they believe that the risk of a material claim arising is very low.

23. GUARANTEES AND LIENS

As of 31 December 2014, TechFinancials Israel granted a bank a lien on a deposit of approximately US$49,000 in return for guarantees issued by the bank mainly in relation to a lease agreement.

Notes to the Financial Statements (continued)

24. SUBSEQUENT EVENTS

In April 2015, Techfinancials Israel entered into a lease agreement to rent 1,410 square meters of office space at the Industrial Area of Herzliya to be used by the company's Israeli subsidiary. The lease period is until 30 June 2017, with annual rental fees of US$368,000. Techfinancials Israel has an option to renew the lease for an additional two periods of three and two years each under the same terms.

On 4 February 2015, all ordinary A shares of US$0.01 each in the capital of the Company were converted into ordinary shares of US$0.01 each in the capital of the Company.

On 4 February 2015, the shares of the Company were split by 20, thus increasing the number of the issued shares from 2,844,235 to 56,884,700.

On 16 March 2015, the Company's shares were admitted for trading on the London Stock Exchange. As part of AIM market of the placing and admission, the Company issued 11,304,901 shares of US$0.0005 par value in consideration for a gross amount of US$4,621,445. Subsequent to the IPO the number of shares is 68,189,601. The share issue costs amounted to US$1.35 million. In addition, as part of the IPO, a Shareholder of the Company sold 1,683,502 shares to the public in consideration for £454,545 (about US$700,000). On 16 March 2015, trading in company's shares commenced in the Alternative Index Market ("AIM").

In March 2015, Jonathan Shkedi replaced Edit Avital as OptionFair CEO (See note 16).

On 4 February 2015 and on 1 April 2015 the Company granted 2,336,700 and 134,680 options respectively, to purchase ordinary shares of the company to 51 employees and 2 consultants under a new share-based plan adopted by the board of Directors in November 2014. The options vesting dates ranges from the date of grant and up to 4 years, and are exercisable for a period of 10 years with an exercise price that varies between US$0.083 and US$0.416 per share.

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