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The Company and the Directors, whose names, business addresses and functions appear on page 6 of this document, accept responsibility, collectively and individually, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company, who have each taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document does not comprise a prospectus within the meaning of section 85 of FSMA and has not been approved or examined by and will not be filed with the United Kingdom Financial Conduct Authority or London Stock Exchange plc (The "London Stock Exchange"). This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies and has been issued in connection with the proposed admission of all the issued and to be issued ordinary shares of the Company to trading on AIM, a market operated by the London Stock Exchange.

In accordance with the AIM Rules for Companies, application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 16 March 2015.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange. The London Stock Exchange has not itself examined or approved the contents of this document.



Placing and Admission to trading on AIM

**Grant Thornton
UK LLP**
Nominated Adviser

**Argento
Capital Markets Limited**
*Financial Adviser
and Placing Agent*

**Northland Capital
Partners Limited**
Broker

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Northland, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as broker (with effect from Admission) to the Company for the purposes of the AIM Rules for Companies and as placing agent (in relation to the Placing) to the Company in connection with Admission. Northland is acting exclusively for the Company and for no one else in connection with the Placing and Admission (whether or not a recipient of this document) and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document, the Placing or Admission.

Argento is an appointed representative of Citation Capital Management Limited, which is authorised and regulated in the United Kingdom by the FCA. Argento is acting as financial adviser and placing agent to the Company in connection with the Placing. Argento is acting exclusively for the Company and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document, the Placing or Admission.

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No legal, business, tax, investment or other advice is provided in this document. Prospective investors should consult their own professional advisers as necessary on the potential consequences of subscribing for, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

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IMPORTANT INFORMATION

Forward-looking statements

Certain statements in this document are “forward-looking statements”. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “consider”, “believe”, “will”, “may”, “should”, “would”, “could”, or other words of similar meaning. All forward-looking statements involve risks and uncertainties and are based on current expectations regarding important factors. Statements contained herein are subject to known or unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company, which may cause the actual results, financial condition, performance or achievements of the Group to differ materially from anticipated results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause forward-looking statements to differ materially from actual results include, among other things, requirements imposed by regulatory authorities, unpredictable events or circumstances, competitive factors in the industries in which the Group competes, as well as the impact of legislation and other regulations in the jurisdictions in which the Group operates. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to update any of the forward-looking statements.

Notice to all prospective investors

This document does not constitute an offer to sell, or a solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States, Canada, the Republic of Ireland, the Republic of South Africa or Japan.

The distribution of this document may be restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Prospective investors should not assume that the information in this document is accurate as of any other date than the date of this document. The Company is not providing prospective investors with any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers, as required, to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Ordinary Shares. The contents of the Company’s website, including any websites accessible from hyperlinks on the Company’s website, do not form part of this document.

Notice to prospective investors in the USA

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “US Securities Act”) or any state securities laws of the USA. The Ordinary Shares may not be offered, sold or delivered in the USA or to or for the account or benefit of US persons as defined in Regulation S under the US Securities Act (a “US Person”) unless registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and applicable state securities laws.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or any state securities laws of the USA. The Ordinary Shares may not be offered, sold or delivered in the USA or to or for the account or benefit of US Persons unless registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and applicable state securities laws.

Notice to prospective investors in Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this document is being distributed only to, and is directed only at, investors listed in the First Addendum to the Israeli Securities Law, 5728-1968 (the “First Addendum”), consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the First Addendum (as it may be amended from time to time), collectively referred to as qualified Israeli investors. Qualified Israeli investors will be required to submit written confirmation that they fall within the scope of the First Addendum.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	9 March 2015
Admission becomes effective and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 16 March 2015
CREST accounts credited (where applicable)	As soon as possible after 8.00 a.m. on 16 March 2015
Despatch of definitive share certificates for Placing Shares (where applicable)	30 March 2015

Each of the dates in the above timetable and mentioned elsewhere in this document is subject to change. Temporary documents of title will not be issued. References in this Admission Document to a time are to London time unless otherwise stated.

PLACING AND ADMISSION STATISTICS

Placing Price	27 pence
Number of Existing Ordinary Shares	56,884,700
Number of New Ordinary Shares being issued pursuant to the Placing	11,304,709
Number of Sale Shares being sold pursuant to the Placing	1,683,502
Number of Ordinary Shares in issue following Admission	68,189,409
Percentage of the Enlarged Share Capital represented by New Ordinary Shares	16.58 per cent.
Market capitalisation of the Company at the Placing Price immediately following Admission	£18.4 million
Estimated net proceeds of the Placing receivable by the Company	£2.25 million
Number of outstanding share options and warrants immediately following Admission	3,376,609
Fully diluted share capital	71,566,018
AIM ticker (TIDM)	TECH
ISIN	VGG870911077
SEDOL	BVSRZGO

EXCHANGE RATES

For reference purposes only, the following exchange rates were prevailing on 2 March 2015 (being the latest practicable day prior to the publication of this document):

US\$1 = £0.65

All amounts in this document expressed in the above currencies have, unless otherwise stated, been calculated using the above exchange rate.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Christopher Bell, <i>Independent Non-Executive Chairman</i> Asaf Lahav, <i>Group Chief Executive Officer</i> Jeremy David Lange, <i>Chief Operating Officer</i> Hillel Nissani, <i>Independent Non-Executive Director</i> Eitan Yanuv, <i>Independent Non-Executive Director</i>
Registered office and business address of the Directors:	Craigmuir Chambers PO Box 71 Road Town VG1110 Tortola British Virgin Islands
Website:	www.techfinancials.com
Company secretary:	Jeremy Lange
Nominated adviser:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom
Broker and placing agent:	Northland Capital Partners Limited 131 Finsbury Pavement London EC2A 1NT United Kingdom
Placing agent and financial adviser:	Argento Capital Markets Limited 12 Pepper Street London E14 9RP United Kingdom
Legal advisers to the Company As to English law:	K&L Gates LLP One New Change London EC4M 9AF United Kingdom
As to BVI law:	Harney, Westwood & Riegels LLP Ground Floor 5 New Street Square London EC4A 3BF United Kingdom
As to Israeli law:	Kadouch & Co. Law Offices 8B Abba Eban Blvd. P.O. Box 12695 Herzliya Pituach 4672526 Israel
As to Cypriot law:	Aristodemon Loizidis Yiolitis LLC Omrانيا Centre 313, 28 th October Avenue 3105 Limassol Cyprus
Legal advisers to Grant Thornton, Northland and Argento:	Fasken Martineau LLP 17 Hanover Square London W1S 1HU United Kingdom

Auditors:	<p>Euroglobal S.E.E. Audit Limited Cypress Centre 5 Chytron Street 1075 Lefkosia Cyprus</p>
Reporting accountants:	<p>Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH United Kingdom</p>
Financial public relations:	<p>Abchurch Communications Limited 125 Old Broad Street London EC2N 1AR United Kingdom</p>
Registrars:	<p>Capita Asset Services (a trading name of Capita Registrars Limited) The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom</p>
Depository:	<p>Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom</p>

DEFINITIONS

The following definitions apply throughout this document unless otherwise stated or the context requires otherwise:

“Admission”	admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM, such admission becoming effective in accordance with the AIM Rules for Companies;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange from time to time containing rules and guidance relating to companies whose securities are traded on AIM;
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time containing rules relating to nominated advisers of companies whose securities are traded on AIM;
“Argento”	Argento Capital Markets Limited (an appointed representative of Citation Capital Management Limited, which is authorised and regulated by the FCA to carry on investment business), which is acting as financial adviser and placing agent to the Company;
“Articles”	the articles of association of the Company;
“B.O. TradeFinancials”	B.O. TradeFinancials Limited, a wholly owned subsidiary of the Company, incorporated in Cyprus with registration number HE295102;
“Board”	the board of directors of the Company from time to time;
“BVI”	the British Virgin Islands;
“BVI Companies Act”	the BVI Business Companies Act, 2004;
“certificated” or “in certificated form”	the description of a share or other security that is not held in uncertificated form (that is, not held in CREST);
“CFTC”	the US Commodity Futures Trading Commission, an independent agency of the United States government that regulates futures and option markets;
“CIF”	Cyprus Investment Firm;
“Company” or “TechFinancials”	TechFinancials, Inc., a company incorporated in BVI with registration number 1535269;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the holding of and transfer of title to securities in uncertificated form;
“CREST Regulations”	the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supercedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“Cyprus”	the Republic of Cyprus;

“CySEC”	the Cyprus Securities and Exchange Commission;
“Deed Poll”	the deed poll dated 5 February 2015 executed by the Depositary dealing with the creation and issue of Depositary Interests;
“Depositary”	Capita IRG Trustees Limited, an associated company of the Registrar;
“Depositary Interest”	a depositary interest issued by the Depositary representing an entitlement to an Ordinary Share, which may be traded through CREST in uncertificated form;
“Directors”	the directors of the Company whose names, business addresses and functions as at the date of this document are set out on page 6 of this document (and each of them, a “Director”);
“Disclosure and Transparency Rules” or “DTRs”	the disclosure and transparency rules published by the FCA from time to time;
“EEA”	European Economic Area;
“Enlarged Share Capital”	the Existing Ordinary Shares and New Ordinary Shares;
“Existing Ordinary Shares”	the 56,884,700 Ordinary Shares in issue immediately prior to Admission including the Sale Shares;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England & Wales, being the operator of CREST;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“FFAJ”	the Financial Futures Association of Japan;
“FOREX”	foreign exchange;
“ForexMagnates Report”	the report prepared by ForexMagnates entitled “Identifying the genesis and projecting the future of the Binary Options Industry” dated 4 November 2014 and as published on www.forexmagnates.com ;
“FSMA”	the UK Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto;
“Grant Thornton”	Grant Thornton UK LLP, which is authorised and regulated by the FCA to carry on investment business, the Company’s nominated adviser as defined in and as required by the AIM Rules for Companies;
“Group” or “TechFinancials Group”	together, the Company and its Subsidiaries;
“HMRC”	UK HM Revenue and Customs;
“ISIN”	International Securities Identification Number;
“KPI”	Key Performance Indicator;
“LIBOR”	the London Interbank Offered Rate;
“Locked-in Shareholders”	Equilibrium Solutions Ltd, Fidelity Venture Capital Ltd, Evian Investment Limited, Daonit Ltd and Gigi Levy;

“Lock-in Arrangements”	the lock-in arrangements entered into by the Directors, Eyal Rosenblum, Eyal Alon, the Selling Shareholder and other Shareholders, the Company, Grant Thornton, Northland and Argento, further details of which are set out in paragraph 12.10 of Part 5 of this document;
“London Stock Exchange”	London Stock Exchange plc;
“MarketFinancials”	MarketFinancials Limited, a wholly (beneficially) owned subsidiary of the Company, incorporated in the Seychelles with number 8413711-1;
“MiFID”	the Markets in Financial Instruments Directive (2004/39/EC);
“Net Cash Generated”	net cash generated from operating activities less net cash used in investing activities;
“NetMavrik”	NetMavrik Limited;
“New Ordinary Shares”	the 11,304,709 new Ordinary Shares to be issued by the Company pursuant to the Placing;
“NIS”	New Israeli Shekel, the lawful currency of Israel;
“Northland”	Northland (UK) Limited, which is authorised and regulated by the FCA to carry on investment business, the Company’s Broker as defined in and as required by the AIM Rules for Companies from Admission;
“NYSE”	New York Stock Exchange;
“Official List”	the Official List maintained by the UKLA pursuant to Part VI of FSMA;
“Ordinary Shares”	the ordinary shares of US\$0.0005 par value in the capital of the Company;
“Placing”	the conditional placing of the Placing Shares by Northland and Argento as placing agents for and on behalf of the Company and the Selling Shareholder pursuant to the terms of the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 9 March 2015 between the Company, the Directors, Grant Thornton, Northland and Argento, relating to the Placing in respect of the New Ordinary Shares, further details of which are set out in paragraph 12.4 of Part 5 of this document;
“Placing Price”	27 pence per Placing Share;
“Placing Shares”	the New Ordinary Shares and the Sale Shares;
“Pounds Sterling” or “£”	pounds sterling, the lawful currency of the UK;
“QCA”	the Quoted Companies Alliance;
“QCA Guidelines”	the Corporate Governance Code for small and mid-size Quoted Companies published by the Quoted Companies Alliance from time to time;
“Registrar”	Capita Registrars Limited, trading as Capita Asset Services

“Relationship Agreement”	the agreement dated 9 March 2015 between Asaf Lahav, Eyal Rosenblum, Eyal Alon, Jeremy Lange, Grant Thornton, Argento, Northland and the Company, further details of which are set out in paragraph 12.12 of Part 5 of this document;
“Sale Shares”	the 1,683,502 Existing Ordinary Shares to be sold on behalf of the Selling Shareholder pursuant to the Placing;
“Selling Shareholder”	Danny (Daniel) Magen of Ben Gurion 1, Bnei Brak, Israel;
“Senior Management”	Yuval Tovias, Eyal Rosenblum, Eyal Alon, Edit Avital and Petros Loizou;
“Share Dealing Code”	the policy on trading in the Company’s securities adopted by the Company;
“Shareholder”	a holder of Ordinary Shares from time to time (and “Shareholders” shall be construed accordingly);
“Subsidiaries”	means each of B.O. TradeFinancials, TechFinancials Israel, TFI US and MarketFinancials;
“subsidiary”	have the meanings given to such terms in the UK Companies Act;
“Takeover Code”	the UK City Code on Takeovers and Mergers;
“Takeover Panel”	the UK Panel on Takeovers and Mergers;
“TechFinancials Israel”	TechFinancials (Israel) 2014 Limited, a wholly owned subsidiary of the Company, incorporated in Israel with the registration number 515127496;
“TFI US”	TradeFinancials, Inc., a wholly owned subsidiary of the Company, incorporated in the State of Delaware;
“TIDM”	Tradable Instrument Display Mnemonic;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Companies Act”	the UK Companies Act 2006, as amended;
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the UK Financial Reporting Council in September 2014;
“UKLA”	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, including by way of a Depositary Interest arrangement and title to which, by virtue of the CREST Regulations, may be held or transferred by means of CREST;
“US” or “USA”	the United States of America, its territories and possessions;
“US\$”, “USD” or “US Dollar”	US Dollars, the lawful currency of the USA; and
“VAT”	UK value added tax.

A glossary of technical terms and abbreviations is set out on page 12 of this document.

GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

"B2B"	business to business;
"B2C"	business to consumer;
"Beta mode"	a stage of product development, whereby a product is only made available to a select and discrete number of users;
"Binary Option"	a type of option that pays either a fixed amount or nothing at all, depending on whether a certain condition is fulfilled when the option expires;
"Black-Scholes"	the widely used model to determine the price of options;
"CALL"	the right to buy a financial instrument at a pre-determined price and/or at a pre-determined time;
"CFD"	a Contract For Difference, a financial derivative where the seller will pay to the buyer the difference between the current value of an asset and its value at the time the contract is entered into;
"CRM"	a customer relationship management system for managing interactions with current and future customers;
"dealing spreads"	spreads derived from the discounted profit the online broker pays to the online trader. This is represented by lower pay outs from the expected return;
"Exotic Options"	option contracts that involve more complex terms than a plain or Vanilla put and/or call options. Exotic Options generally include special features or payoff structures. An example of such options is an option contract whose payoff depends on whether or not the price of the underlying asset crosses a certain level during the option's lifetime;
"gross trading P&L"	for an online broker, the total amount invested by customers less the total amount returned to them;
"Introducing Brokers"	a party that provides investing advice or counsel to an investor, but does not actually handle transactions. Generally speaking, Introducing Brokers make recommendations while delegating the task of executing trades to someone at the same or a different firm who operates on a trading floor. The Introducing Broker and the person(s) who execute a transaction split the fees and commissions according to some agreed upon arrangement;
"Landing page"	a single web page that appears in response to clicking on a search result or an online advertisement. The landing page will usually display directed sales copy that is a logical extension of the advertisement, search result or link;
"PUT"	the right to sell a financial instrument at a pre-determined price and/or at a predetermined time;

"Simplified CFD"	trading spot stocks and indices in a simple and intuitive trading environment, hiding complexity behind the scenes and transforming complicated financial terms to the "every day" language;
"Simplified FOREX"	trading spot currency pairs in a simple and intuitive trading environment, hiding complexity behind the scenes and transforming complicated financial terms to the "every day" language;
"Simplified trading solution"	a trading platform allowing online traders to trade various instruments in a simple and intuitive trading environment, hiding complexity behind the scenes and transforming complicated financial terms to the "every day" language; and
"Vanilla Option"	a normal CALL or PUT Option that has standardised terms and no special or unusual features.

SUMMARY INFORMATION

Company summary

- Formed in 2009, the TechFinancials Group is a software developer, supplying a simplified trading solution to online brokers through whom its software is used by traders worldwide.
- Currently, TechFinancials' core product is a Binary Options trading platform accompanied by a suite of back-office modules and applications such as risk management and CRM. The worldwide Binary Options market, which the Group's simplified trading solution is designed to address, is experiencing rapid growth and is presently worth approximately US\$1 billion and growing at approximately 50 per cent. per annum.
- Income earned by the TechFinancials software division principally comes from licence fees, with licencees using TechFinancials' software generally paying a percentage of monthly trading revenues as a licence fee to the Group, subject to a minimum monthly fee.
- The Group also operates its own online broker, www.OptionFair.com which, apart from being a profit centre in its own right, enables the Group to trial and evaluate products that it has under development. OptionFair is operated by B.O. TradeFinancials as a regulated broker under the Cyprus Securities and Exchange Commission ("CySEC").
- The majority of OptionFair's revenue is generated from dealing spreads on the various trading instruments offered on the platform.
- In 2013, The Group reported a loss of US\$353,000 on revenues of US\$8.385 million, For the first half of 2014, the Group made a profit of US\$266,000 on revenues of US\$7,156 million.

Growth strategy

- The Group plans to use some of the proceeds from the Placing for OptionFair to enter new regulated markets which the Directors believe have significant growth potential, including the US and Japan.
- The Group expects to launch in 2015 a pricing engine for fixed strike Binary Options for US regulated exchanges and a fixed strike Binary Options trading platform with supporting IT systems for retail brokers planning to operate in Japan.
- In H2 2014, TechFinancials launched its second trading platform, simplified FOREX, in beta version, with the final product expected to go live in 2015. The Group's strategy is to add further trading instruments, starting with CFDs in 2015, thereby allowing online brokers' retail customers to trade a variety of instruments.
- The Group intends to expand its product offering further and has developed a multi-asset platform (also known as a multi-dealer platform) which will combine a range of trading instruments onto one trading platform.
- In 2014 the Group secured its first online broker customer in China which it currently services from its offices in Israel. The Group intends to open an office in China in 2015 to sell and support TechFinancials' software in that market.

Key strengths

The Group already has a significant position in the rapidly growing Binary Options market, where it licences the TechFinancials software to 48 brands operated by online brokers, including OptionFair (operated by B.O. TradeFinancials). Currently, around 18 per cent. of all global deposits which are made to trade Binary Options are processed using the Group's software. The Directors believe that the Group has a number of attributes which, collectively, differentiate the Group in its market, including:

- scalable technology which serves the biggest brands in the Binary Options market;
- a proprietary pricing engine which enables the Group to price short-term options effectively;

- a trading platform that is consistent across multiple operating systems and devices;
- the ability to offer Binary Option trading platforms that can be operated in the regulatory environment of the EU (with the intention to adapt to the regulatory environments of the US and Japan); and
- an established business which is growing and is revenue generating in several countries worldwide.

Reasons for the Placing

The Company has raised approximately US\$3.5 million (net of expenses and excluding funds raised from the sale of Sale Shares) through the Placing, which is intended to be applied as follows:

- US\$0.5 million to fund the continuing development of the Group's regulatory compliant solutions for the US and Japanese markets and the further development of its solutions for the European market;
- US\$2.0 million to invest in additional marketing activities to increase brand awareness;
- US\$0.5 million for corporate development activities such as acquisitions and/or joint ventures; and
- US\$0.5 million to strengthen the Group's balance sheet and to provide additional working capital.

Risk factors

The whole of the text of this document should be read and in particular your attention is drawn to the section entitled "Risk Factors" set out in Part 3 of this document which describes certain risks associated with an investment in the Company. A summary of certain of those is set out below.

The list below is not exhaustive and there are additional risk factors set out in Part 3 of the document which should be read in full.

- There is only a limited history of trading in Binary Options and the Binary Options market may decrease in size.
- The Group has a limited track record, being formed in 2009 and has experienced rapid growth since it started generating revenues in 2011. As a Group with a limited trading history, TechFinancials has a limited basis on which to forecast its future revenues and results.
- The Group operates in an intensely competitive market that includes companies which have greater financial, technical and marketing resources than the Group.
- At present, the Directors believe that there are only four companies which market software and systems to online brokers that provide significant competition to the Group. There can be no assurance that other businesses, which may have significantly larger technical and/or financial resources than the Group, do not enter the market with a view to offering competing products.
- The Group estimates that its software presently enables approximately 18 per cent. of all global deposits which are made to trade Binary Options, a performance that it attributes to the results generated by its proprietary pricing and execution engines. There can be no assurance that competitors either presently operating in the market or potential new entrants will not produce software that is more effective than that of the Group.
- The regulatory environment may change in a way which disadvantages the Group.

An investment in the Ordinary Shares may not be suitable for all investors and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this document if they are resident in the UK, or, if they are not resident in the UK, from an appropriately authorised independent adviser. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

PART 1

INFORMATION ON THE GROUP

1. Introduction

TechFinancials Group is a software developer, supplying a simplified trading solution to online brokers through whom its software is used by traders worldwide. At present the Group supplies software and services to brokers in the rapidly expanding Binary Options market and has recently launched its simplified FOREX trading platform in beta version. It also operates its own online broker, www.OptionFair.com which, apart from being a profit centre in its own right, enables the Group to trial and evaluate products that it has under development.

The Group's trading solution enables online brokers to offer their end-user clients simplified platforms on which to trade financial products. The trading platforms developed by the Group are accessible from all leading web browsers and mobile devices including smart phones and tablets (iOS and Android).

The worldwide Binary Options market, which the Group's simplified trading solution is designed to address, is experiencing rapid growth and is presently worth approximately US\$1 billion and growing at approximately 50 per cent. per annum.

The Group operates through two main business units:

- TechFinancials – a software developer which licences its simplified trading solutions and platforms to online brokers; and
- OptionFair – an online regulated broker (www.OptionFair.com) operated by B.O. TradeFinancials, utilising TechFinancials' simplified trading solution.

The Group presently employs 107 people and conducts its operations from offices located in Cyprus and Israel.

2. History and development of the Group

TechFinancials was formed in 2009 by Asaf Lahav, Eyal Rosenblum, Eyal Alon and Jeremy Lange, a group of four experienced senior executives with technology, FOREX and online marketing backgrounds. Their vision was to create an innovative "simplified trading solution" which could be utilised by online brokers to provide a platform for retail customers to trade in Binary Options.

During its first two years, the Group focused on developing its technology and building its first online trading platform to licence to online brokers. The Group's platform is based on a proprietary pricing engine, which enables online brokers to price and market short-term Binary Options and Exotic Options.

The Group launched a beta version of its platform with two online brokers; OptionFair, the Group's own online regulated broker, and www.24option.com, the largest Binary Option broker in the world today, in April and July 2010, respectively. The Group subsequently launched a live version of the platform in January 2011. In September 2010 the Group completed its first investment round, raising US\$750,000.

The Group began generating revenues from both of its business units in 2011 and reported total revenues of US\$3.8 million for the year ended 31 December 2011.

B.O. TradeFinancials was incorporated in Cyprus in order to run OptionFair as a regulated business under the supervision of the Cyprus Securities and Exchange Commission ("CySEC"). In September 2013 B.O. TradeFinancials obtained its CIF licence from CySEC.

During 2013, the Group invested in growing its online broker customer base as a result of which, as of the date of this document, it licences the TechFinancials software to brands operated by online brokers, including OptionFair and www.24option.com. Currently, around 18 per cent. of all deposits which are made to trade Binary Options globally are processed using the Group's software. The results of business development activity have started to be reflected in the growth of online brokers using the Group's software. The number of trades executed across the network of brands using the Group's software increased from approximately 3.23 million trades in H1 2013 to approximately 8 million trades in H1 2014, an increase of approximately 147 per cent. as set out in Figure 1. Trading volume across the same network of brands increased from approximately US\$323 million in H1 2013 to US\$718 million in H1 2014, an increase of approximately 122 per cent.

During H1 2014, TechFinancials began to focus on the Asian market, securing distribution in Japan and China. The Group has hired a local Japan based salesperson through whose efforts TechFinancials has licensed the software to several online brokers who are targeting the Japanese market. As a result of the Group's business development activity in Asia and the early software licence sales in those markets, alongside the organic growth of the B2C and the B2B businesses in other geographies, the Group has experienced substantial growth, with revenues of almost US\$7.2 million in H1 2014, an increase of approximately 100 per cent. compared to H1 2013. Specifically, the number of trades placed by Asian brands has grown significantly and contributed to 2.44 million of the total trades placed in H1 2014, compared to just 0.25 million trades in H1 2013, as illustrated in Figure 1.

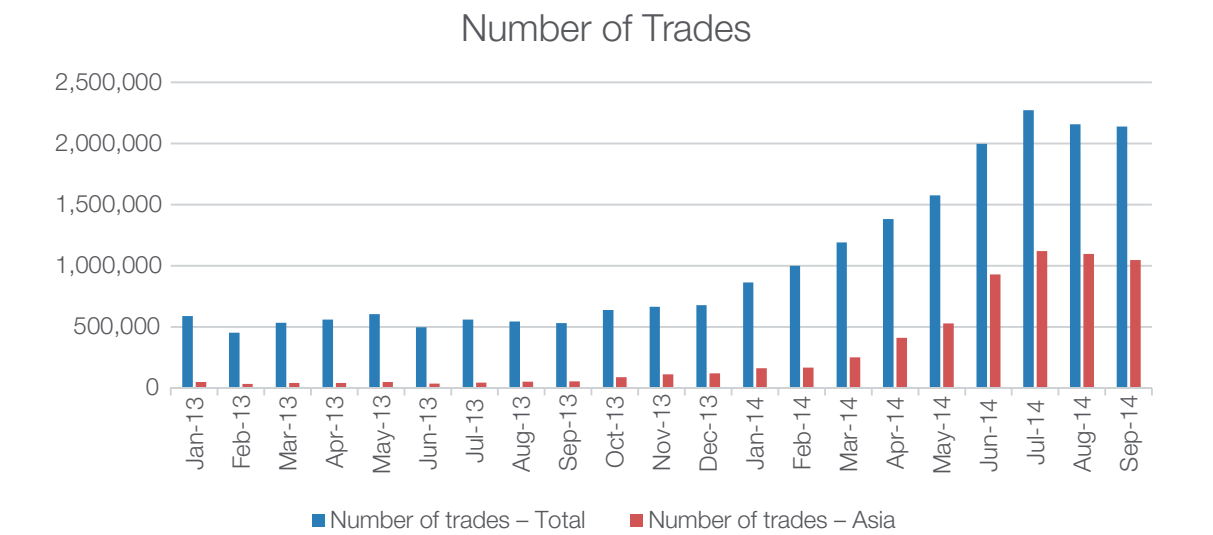


Figure 1: Number of trades executed worldwide by online brokers using TechFinancials’ software compared to the number of trades executed across Asia using TechFinancials’ software
Source: Company

3. Group Structure

The Group’s software development and marketing is undertaken through TechFinancials Israel. OptionFair is held via B.O. TradeFinancials. Both are wholly owned subsidiaries of the Company. The current Group structure is set out in Figure 2.

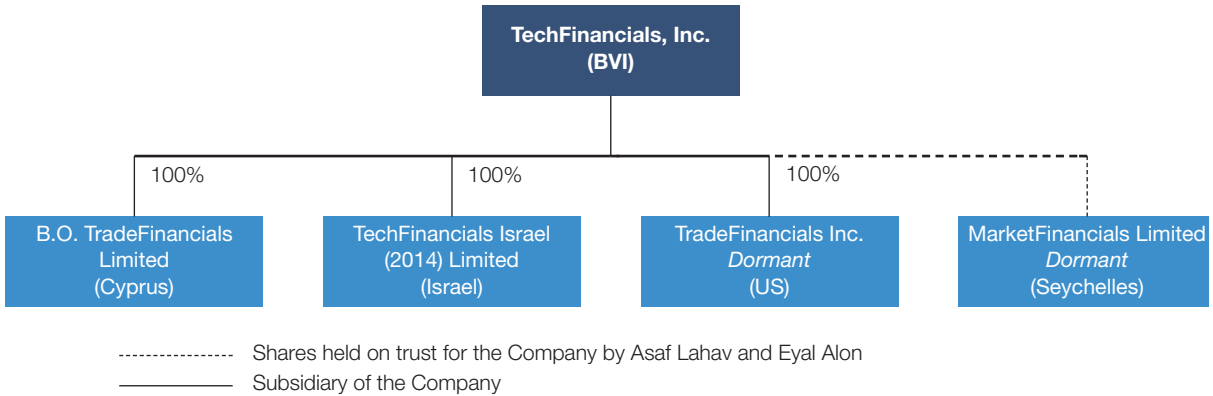


Figure 2: Group structure as at the date of this document

The Company intends to bring MarketFinancials Limited into the Group following Admission. This company’s shares are currently held in trust for the Company by Asaf Lahav and Eyal Alon.

4. The business of the Group

TechFinancials

The Group was created to establish an innovative simplified trading solution to be licensed to online brokers targeting retail customers. These solutions are designed to provide ease of use for the end user as well as providing a complete operating solution for online brokers.

The Group's current product range comprises its simplified Binary Options platform and its simplified FOREX platform.

Currently, TechFinancials' core product is a Binary Options trading platform accompanied by a suite of back-office modules and applications such as risk management and CRM, as illustrated in Figure 3. TechFinancials targets online marketers or online media businesses looking to diversify into online broking.

The end-user interface is designed to interact with the pricing engine and the back-office modules. The TechFinancials platform is able to process trades automatically and synchronises in real time with the relevant back-office modules such as the customer accounts database and the trade monitoring software. Online brokers and their customers are able to monitor open positions and trading activity continuously.

The Group's proprietary pricing engine allows online brokers licencing the TechFinancials software to limit their financial risk as a result of the complex algorithms that calculate the strike price of the Binary Options and the nature of Binary Options themselves.

The Group targets online brokers and exchanges in a number of different jurisdictions, including:

- global regulated and unregulated retail financial brokers;
- regulated and unregulated online brokers targeting the Japanese market; and
- US regulated binary exchanges.

In H2 2014, TechFinancials launched its second trading platform, simplified FOREX, in beta version, with the final product expected to go live in 2015. In addition, the Group expects to launch full versions of the following products during 2015:

- a pricing engine for fixed strike Binary Options for US regulated exchanges. This is a solution for market makers who wish to connect to a regulated exchange in the US which offers Binary Options to the retail market. The Directors anticipate that this will be added to the Group's product portfolio during Q1 2015;
- a fixed strike Binary Options trading platform with supporting IT systems for retail brokers, which has been designed to address the Japanese regulated market. The Directors anticipate this will be added to the product portfolio before the end of Q3 2015; and
- a simplified CFD trading platform through which traders will be able to trade CFDs on stocks and indices in broadly the same way as they are currently able to trade FOREX. The Directors anticipate this will be added to the product portfolio in H1 2015.

The Group's suite of products is designed to provide a complete turnkey solution which enables an online broker to both price an option and enjoy the benefits of an integrated back-office solution. In addition to the products described above, TechFinancials also offers to its licencees an integrated set of modules either developed in-house or sourced from selected third parties, including CRM, reporting and payment processing applications, as well as risk management software and other products as illustrated in Figure 3. TechFinancials does not process payments or execute trades on behalf of its online broker customers and is solely a supplier of software.

END-TO-END SOLUTIONS

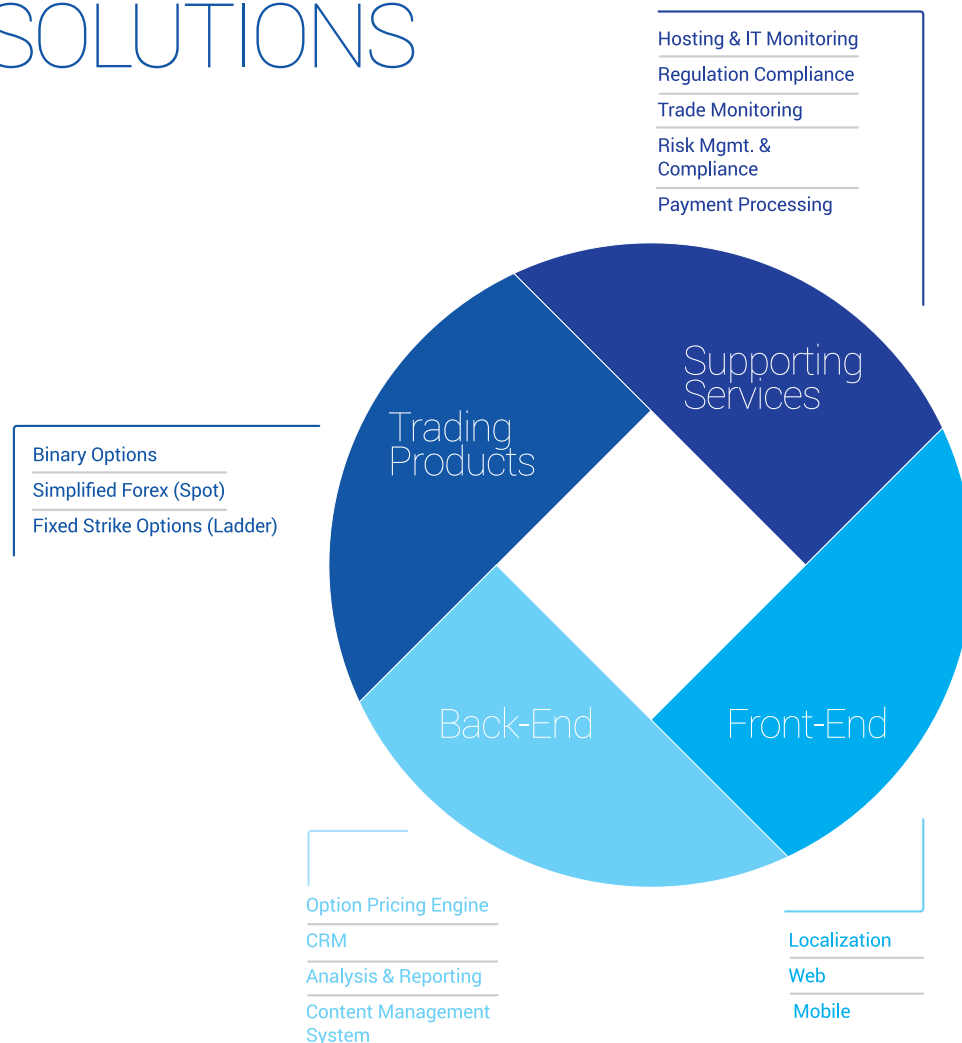


Figure 3 : The TechFinancials product suite
Source: Company

The Group provides technical support for all of its own products. In addition, the Group can integrate other systems, including back-office and accounting systems, CRM systems, business intelligence and reporting systems as well as helping clients integrate these systems with recognised marketing and affiliate management systems.

The Group intends to expand its product offering further and has developed a multi-asset platform (also known as a multi-dealer platform) which will combine a range of trading instruments onto one trading platform, allowing retail customers to trade different instruments, such as Binary Options and FOREX, via a simple and unified user interface. This anticipated future development reflects a market where a substantial and increasing proportion of trading in financial instruments is undertaken via multi-asset platforms.

A multi-asset platform, as developed by TechFinancials, benefits online brokers by offering them a range of products with which to approach the retail market and a pricing engine which obviates the need for detailed technical knowledge of FOREX and Binary Options. As a result, multi-asset platforms, such as the one developed by TechFinancials, enable online brokers to benefit from the higher customer lead conversion rate that is typical of a Binary Options trader coupled with the higher lifetime value that is typical of a FOREX trader. The current state of the market is illustrated in Figure 4.

Global Market Share in % of Volumes

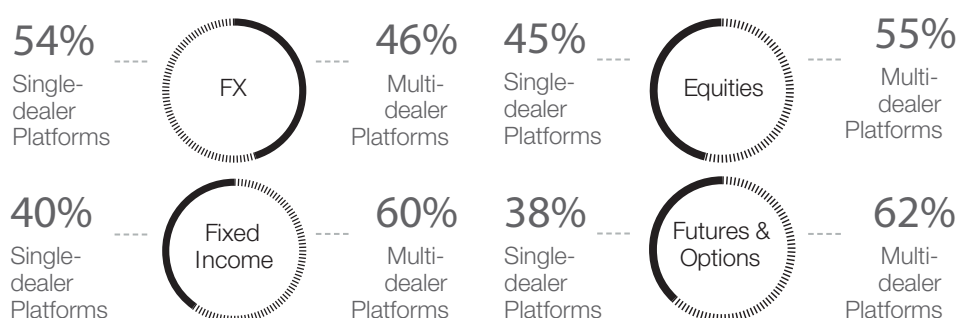


Figure 4: Global market share of single-asset platforms versus multi-asset platforms across instruments in 2013-2014

Source: ForexMagnates

OptionFair

The Group's own online broker, OptionFair (www.OptionFair.com), operates as a broker regulated by CySEC since September 2013. It serves retail customers based principally in Europe. Launched in 2010, OptionFair was one of the first online Binary Options brokers to be established and offers Binary Options referenced to a wide range of financial instruments and assets. OptionFair utilises the technology developed by TechFinancials and also assists TechFinancials in trialling and evaluating products that it has under development.

OptionFair is now one of the leading EU regulated online Binary Options brokerages, generating revenues of US\$4.1 million in H1 2014, an increase of approximately 160 per cent. compared to H1 2013. All KPIs have shown significant improvement in H1 2014 compared to H1 2013: OptionFair more than doubled the total value of its customer deposits, the number of new customers on its platform, trading volumes and its gross trading P&L. This growth was achieved by concentrating on multiple European markets, with a particular focus on the Eastern European market. In addition, in October 2014 OptionFair started to offer TechFinancials' new simplified FOREX trading platform in beta mode to a number of its customers.

The Group plans to use some of the proceeds from the Placing for OptionFair to enter new regulated markets which the Directors believe have significant growth potential, such as the US and Japan.

TechFinancials transacts with OptionFair on an arm's-length basis and provides its software on similar commercial terms as to its other brokerage clients. The Directors believe that by having its own online brokerage, the Group is able to fully trial its software in beta mode prior to introducing upgrades to existing customers and selling updated products to new customers.

5. The competitive advantages of the Group

The Directors believe that the Group has a number of attributes which, collectively, differentiate the Group in the market in which it operates, including, but not limited to:

- scalable technology which serves some of the biggest brands in the Binary Options market;
- a proprietary pricing engine which enables the Group to price short-term options effectively;
- a trading platform that is consistent across multiple operating systems and devices;
- its ability to offer Binary Option trading platforms that can be operated in the regulatory environment of the EU (with the intention to adapt to the regulatory environments of the US and Japan); and
- an established business which is growing and is revenue generating in several countries worldwide.

6. Revenue model

TechFinancials' revenues are derived as follows:

- *Set-up and maintenance* – a one-time fee is usually charged for setting up a new broker, which will vary depending on the scale of work required by the customer;
- *Ad-hoc development services* – licencees often require ad-hoc services such as the development of a new user interface or the creation of a customised landing page. These development services are charged separately from licence, set-up or maintenance fees; and
- *Software licensing* – licenseees using TechFinancials' software generally pay a percentage of monthly trading revenues as a licence fee to the Group, subject to a minimum monthly fee. The percentage varies between customers and is based on the size of the broker's trading P&L and the breadth of solutions the licensee receives from TechFinancials. TechFinancials monitors the licensee's trading activity to calculate the monthly licence fees payable. The Directors anticipate that these revenues will grow in line with the size of the market and will represent an increasing proportion of TechFinancials' income;

OptionFair's revenues are derived as follows:

- *Dealing spreads* – the majority of OptionFair's revenue is generated from dealing spreads on the various trading instruments offered on the OptionFair platform (www.OptionFair.com). The spread reflects the payout to the trader for trades expiring in the money compared with the amount invested. The Group seeks to offer competitive dealing spreads and, as trading volumes increase through OptionFair, the Group is able to generate a growing and significant proportion of OptionFair's business unit revenues from dealing spreads. OptionFair does not charge its customers any commissions on trades unless otherwise agreed by the customer;
- *Overnight premiums* – fees are charged to customers who hold certain spot FOREX positions overnight; and
- *Gains on customer trading positions* – gains (offset by losses) are derived from customers' trading positions.

7. The financial products traded using the Group's software

To date, the Group has developed, and delivers to online brokers, platforms for the trading of two financial products:

- Binary Options; and
- Simplified FOREX (in beta).

Binary Options

A Binary Option, which is sometimes referred to as an "all-or-nothing option", is an option that pays either a fixed amount or nothing at all, depending on whether a certain condition is fulfilled when the option expires. By contrast, traditional or "Vanilla" options can have a range of outcomes. An option referenced to the price of a particular share, for example, will be worth the difference between the share price at expiry and the option exercise price. A Binary Option would return a fixed amount to investors only if the share price reached a specified strike price at expiry and would return nothing if the share price did not reach that specified strike price. The payoff of a Binary Option contract is fixed and pre-determined so the potential risk and reward is known from the outset.

If a trader has made a CALL or PUT and at contract expiration has been successful with regards to the anticipated direction of the underlying financial instrument or asset price, the contract will expire 'in the money'. On the other hand, if the trader has been unsuccessful in anticipating the direction of the financial instrument or asset price, the contract will expire 'out of the money'. When the expiry level is equal to the strike price the contract will expire 'at the money' and the customer will be returned his invested amount without any gain. Normally, there will be a fixed cash settlement to be returned which is calculated as a fixed percentage of the initial investment, depending on the terms of the option contract.

The following example illustrates the differences between a Binary Option and a Vanilla Option, where the same amount is invested over the same time period.

Example plc ordinary shares

Current share price:	407 pence
Strike price:	407 pence
Amount invested:	7 pence
The return on a Binary Option if the strike price achieved at expiry (calculated by the online broker):	5.6 pence (80% of 7 pence)

The return on a Vanilla Option is the difference between the actual price at expiry and the strike price less the cost of the option.

The following example illustrates the profit line for the investor based on different expiry prices.

Price on expiry of option	Return on a Vanilla Option for an investment of 7 pence	Return on Binary Option for an investment of 7 pence
400 pence	Cash returned = 0 pence Loss = 7 pence (the cost of the option)	Cash returned = 0 pence Loss = 7 pence (the cost of the option)
407 pence	Cash returned = 0 pence Loss = 7 pence (the cost of the option)	Cash returned = 7 pence No loss/no gain
410 pence	Cash returned = 3 pence Loss = 4 pence	Cash returned = 12.6 pence Profit = 5.6 pence
420 pence	Cash returned = 13 pence Profit = 6 pence	Cash returned = 12.6 pence Profit = 5.6 pence
650 pence	Cash returned = 243 pence Profit = 236 pence	Cash returned = 12.6 pence Profit = 5.6 pence

The Directors believe that Binary Options are one of the fastest growing traded instruments because they are simple to understand and straightforward to trade. The Directors also believe that they are suited to retail customers who do not require or necessarily have in-depth knowledge of the financial markets in order to trade and, in addition, Binary Options can serve as a gateway to more professional financial trading products such as FOREX.

Binary Options instruments

High/Low



Figure 5: An example of a high low Binary Option on OptionFair
Source: Company

A high/low instrument (also known as a digital option) is one which is written around the current market price and allows the trader to decide whether the market will be higher or lower at expiry relative to the current market price. Options can be written as very short-term instruments which expire from within thirty seconds of the time at which they are bought by the trader, or as longer-dated instruments that expire, for example, at the end of the day or the end of the week.

This type of option is the most common option in the Binary Option market. It is the simplest to explain to traders and the easiest to develop since it does not require any pricing capabilities. The market price acts as the pricing engine and the current market price is set as the strike price. In comparison, the other option types which are made available through TechFinancials' software and which are described below, require a sophisticated pricing engine. Pricing these types of Binary Options requires the ability to account for short term market volatility and the use of complex pricing algorithms.

Touch/No touch



Figure 6: An example of a touch/no touch Binary Option on OptionFair
Source: Company

A touch/no touch instrument is one which is written around the target price and whose outcome depends on whether the market price reaches or does not reach the target price prior to the expiry of the option. Options can be written to expire from within 15 minutes to the end of the day.

Boundary



Figure 7: An example of a boundary Binary Option on OptionFair
Source: Company

A boundary instrument (also known as a range option) is one which is written around two target prices (a lower and an upper target) together forming a boundary range. The outcome of this option depends upon the market price at expiry relative to the boundary range and whether the trader has predicted correctly whether the expiry price will be inside or outside of the boundary range. Options can be written to expire from within 15 minutes to the end of the day.

Fixed strike

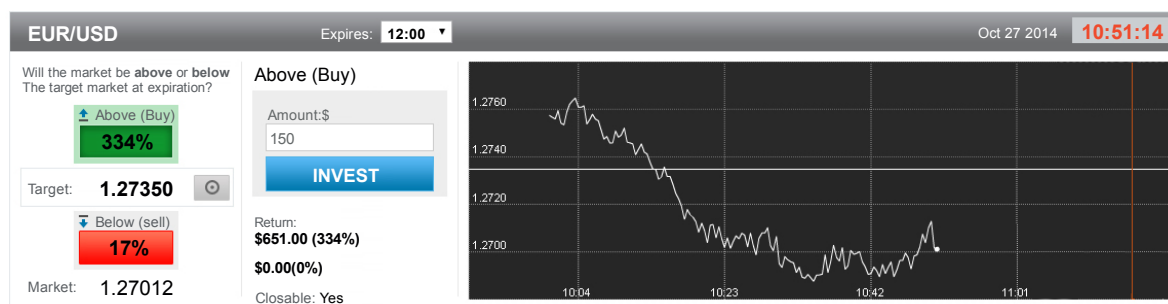


Figure 8: An example of a fixed strike Binary Option on OptionFair
Source: Company

A fixed strike option (also known in Japan as a “ladder” option), is a Binary Option where the strike price is fixed, but not necessarily around the current market price. However, the pay-out varies according to the behaviour of the asset. The greater the difference between the market price and the strike price, the higher the potential pay-out to the trader.

Fixed strike or ladder options are the newest addition to the suite of Binary Options available to trade (although they are not available on OptionFair). The US regulator, CFTC, is allowing online brokers in the US to offer only this type of Binary Option to be traded on regulated exchanges. FFAJ, the Japanese regulator, has followed the US regulator and decided with effect from 2013, that only ladder options will be allowed to be traded in Japan.

Simplified FOREX (spot trading)



Figure 9: An example of a Simplified FOREX trade on OptionFair
Source: Company

Online traders can open a FOREX trade in a similar and in an almost as straightforward a way as with a Binary Option. Online traders select a pair of currencies on which they want to trade, select the direction in which they think the market will move and open the trade with an amount they wish to invest.

The FOREX trade will pay out an amount based on the exchange rate when the trade closes.

In line with the Group's strategy of providing a simple and unified user experience, the simplified FOREX (spot) platform has been integrated into TechFinancials' Binary Options trading platform and developed in a way to offer a more straightforward and user-friendly FOREX trading experience.

Simplified CFD (spot trading)

TechFinancials is developing a simplified CFD platform which it expects to introduce to the market in Q2 2015. A CFD is a tradable instrument that mirrors the movements of the underlying asset. It allows for profits or losses to be realised when the underlying asset moves in relation to the position taken by the trader, but the actual underlying asset is never owned by the trader. Trading CFDs has several major advantages for traders, such as the ability to trade stocks in a leveraged way. These advantages have increased the popularity of the instruments over the past several years.

8. The market opportunity

Retail FOREX spot trading volumes increased by approximately US\$6 billion a day in 2001, to US\$313 billion a day in 2010, as illustrated in figure 10.

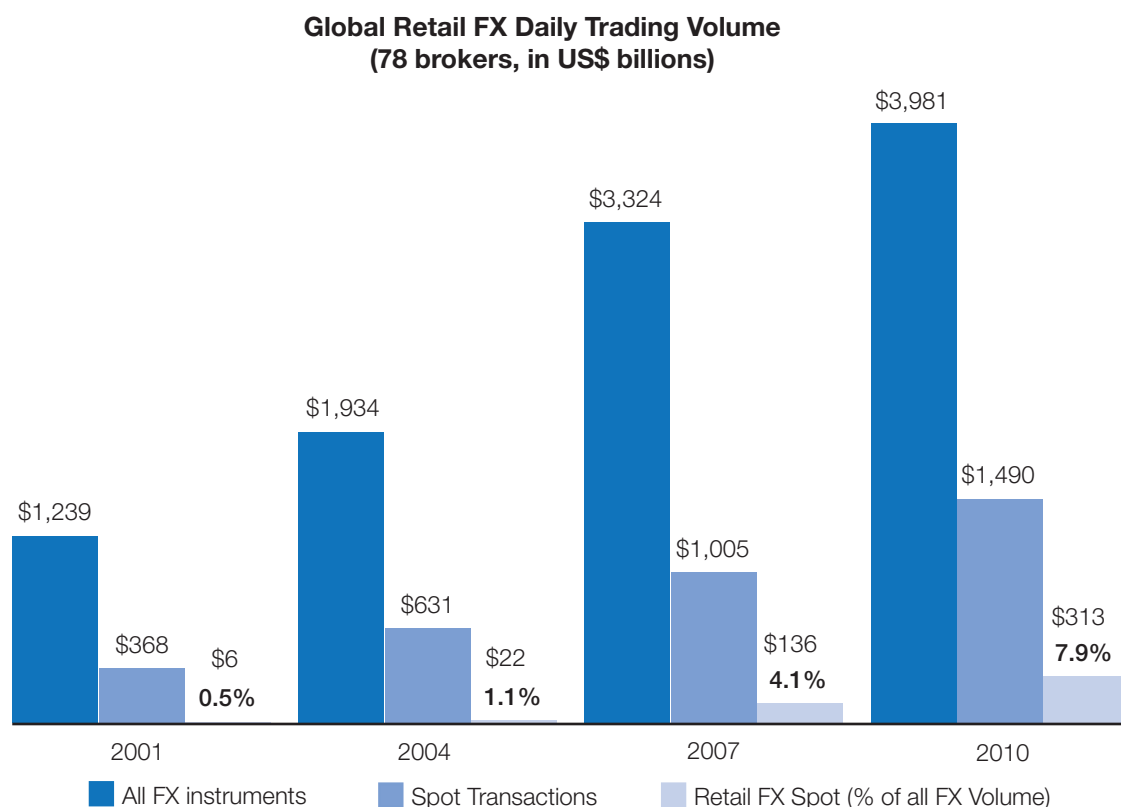


Figure 10: Global retail FOREX daily trading volumes from 2001 to 2010.

Source: Aite Group, BIS

The simplified Binary Options market was first introduced in 2008 by etrader.co.il and has since experienced significant growth, both in number of online brokers operating in the market and trading volumes. According to data derived from OptionFair, on average there is a 1:10.8 ratio of total deposits to volume traded through OptionFair. This accords to the ForexMagnates Report which estimates a range of 1:9 to 1:13 deposits to volumes ratio across the Binary Options market. Using the ForexMagnates Report estimates of global deposits in 2014 and 2016 of US\$1.26 billion and US\$2.76 billion, respectively, and the OptionFair deposits to volume traded ratio, the Directors believe the global trading of Binary Options will reach approximately US\$13.61 billion for 2014 and US\$29.81 billion in 2016.

The Directors believe that the growth of the Binary Options market, which reflects the growth shown by the FOREX market around ten years ago, is being driven by, *inter alia*:

- organic growth in Europe, which is currently the world's leading market for Binary Options;
- the entry of additional US Binary Options exchanges. The Directors believe that following the adoption of the regulated Binary Options offerings in the US, the US market will eventually grow from the current 2 per cent. global market share (based on the ForexMagnates Report);
- the adoption of new regulations in Japan; and
- the penetration of Binary Options into the Chinese market where OptionFortune, an online broker using TechFinancials' technology recently commenced trading as a Binary Options broker and Tencent QQ, one of the leading media groups in China, ran a Binary Options demo contest from April to June 2014 with the stated goal of encouraging Chinese people to learn more about Binary Options.

Responding to increasing volumes, financial regulators have started to regulate this market, with brokers required to operate under financial services licences. In January 2012, the European Commission confirmed that Binary Options are financial instruments within the remit of MiFID. Accordingly, in May 2012, CySEC introduced regulation of Binary Options under Cyprus law. In Japan the market has been regulated by the

FFAJ since 2013 and in the US it is regulated by the CFTC and the SEC. Further details of the regulatory regime in the EU to which the Group and its operations are subject, are set out in Part 2 of this document.

The Directors believe that as the online trading market becomes better established and subject to increased regulation, larger and better known financial organisations will enter the Binary Options market. Several large organisations have already either entered or intend to enter the market, for example:

- the Cantor Exchange, a new US based Binary Options trading exchange that Cantor Fitzgerald, a leading US financial services firm has recently announced it intends to launch, whose systems will be integrated with TechFinancials' software;
- the NYSE, which introduced a binary return derivatives product in 2014; and
- PlayTech, one of the largest online gaming software providers (traded on the London Stock Exchange with a market capitalisation of approximately £1.8 billion), recently announced its plans to enter the Binary Options market.

TechFinancials' technology, which is based on its proprietary pricing engine, has been designed to incorporate features that are necessary for TechFinancials' clients to comply with regulatory requirements in the various jurisdictions in which they operate. The Directors believe that this ability to comply with increased regulation gives the Group a significant advantage over its competitors.

The Directors believe that the success of the Group to date has been primarily due to the proprietary technology it has developed, and continues to develop. TechFinancials continues to adapt its products to a changing regulatory landscape. The Directors believe that increasing regulation both presents an opportunity for the Group to generate additional revenue streams and enhances the credibility of the industry as a whole.

9. Sales and marketing

TechFinancials is a B2B business supplying software to online brokers and OptionFair is a B2C business, serving retail customers. Accordingly, each of the two business units within the Group has adopted different sales and marketing methods.

(a) TechFinancials

Marketing strategy

TechFinancials has adopted a multi-layered marketing strategy, involving a global branding and profile-raising approach, specific campaigns targeted at individual geographic markets and targeted lead generation.

Global branding and profile raising

TechFinancials' global branding and profile raising activities are focused on publicising its unique product offering to a broad industry related audience through attendance at industry tradeshows such as the London Summit organized by ForexMagnates, the iFX EXPO International held in Cyprus and the iFX EXPO in Hong Kong, as well as the use of online advertising in professional media and in online performance based media networks which allow targeted advertising such as Google AdWords.

Geography specific brand awareness campaigns

In geographic regions where TechFinancials identifies significant sales potential, it undertakes additional and more localised marketing activities. Such activities include creating a dedicated website and content to suit the local language and business environment, use of affiliate networks and, where relevant, local tradeshows dedicated to online financial trading.

Targeted lead generation

Where, through its broader marketing activities, TechFinancials identifies specific targets, it will undertake a targeted lead generation exercise.

Sales activities

TechFinancials generates sales using a core internal sales team based in Israel, a sales person based in Japan and strategic partnerships with third parties where they are better suited to specific geographic regions.

Core internal sales team

The core internal sales team comprises three employees and is responsible for developing sales worldwide. The team qualifies leads generated in these territories through TechFinancials' various marketing activities and offers its customers a dedicated solution based on their specific requirements, taking account of the nature of their own target market, budgets and other criteria.

For the US market TechFinancials has adopted a different sales approach. The TechFinancials technology has been designed to integrate with regulated exchanges. Once the technology has been integrated with the Cantor Exchange in 2015, it will provide software solutions for both market makers and Introducing Brokers. TechFinancials targets those market makers and Introducing Brokers for which the Directors believe TechFinancials' technology are best suited. The responsibility for business development in the US market is currently undertaken by the TechFinancial's core internal sales team but it is intended that they will be supported by a local sales operations in the US to be established in 2015.

Japan sales team

TechFinancials established a sales office in the financial district in Tokyo in March 2014 to take advantage of the expected growth in the Japanese market and has employed a local sales professional with an in-depth knowledge of the Japanese retail financial market.

China desk

TechFinancials is currently looking to leverage its success in securing as a customer the first broker in China to use TechFinancials' technology. TechFinancials has just launched its China B2B desk and has appointed an experienced Chinese business development professional to secure contracts with online brokers and develop relationships with strategic partners.

(b) OptionFair

Marketing strategy

The Group has invested heavily in the marketing and advertising of OptionFair to attract new traders to its platform as well as using competitions and other forms of marketing to retain existing active traders.

OptionFair's results-driven marketing strategy is based around targeted marketing initiatives which are designed to provide cost-effective and measurable results for the Group. OptionFair traders are principally acquired by online marketing through the "OptionFair partners" affiliate network (www.optionfairpartners.com). Through this network, OptionFair places advertisements with affiliate marketing partners, who typically operate one or more websites where products and services focused on the online trading market are promoted.

OptionFair provides its affiliates with a range of marketing materials, via www.optionfairpartners.com, designed to direct potential customers to www.optionfair.com (OptionFair's trading platform) as well as online tracking capabilities. Affiliates are paid by results, which helps to minimise fixed marketing costs.

The Group employs a dedicated analyst to analyse marketing data in near real time and to measure each channel against profitability targets. This allows Senior Management and the Board quick and easy access to the data showing the performance of the sales and marketing team and to calculate the return on investment and the maximum price per click/price per acquisition/price per lead that the Group is willing to pay for a particular marketing campaign.

Sales activities

The Group has established a twin track sales approach for OptionFair which commences once a new lead, generated through one of the marketing channels described above, has been created in its CRM system.

The Group places equal emphasis on the acquisition of customers as it does the retention of customers and CRM activities may continue throughout the lifetime of a trader.

The process by which customers are acquired is based on a combination of automated online protocols, and contact with a multi lingual sales team which has been trained to provide potential traders with a basic introduction to online trading and to the platform itself. While approximately 34 per cent. of OptionFair's customers make their first deposit and initial online trades within the platform without contact or assistance

from the OptionFair sales team, the majority of customers only become active following an interaction with an OptionFair sales representative.

Retention of customers is the responsibility of a dedicated multi-lingual customer retention team. Their role is to provide ongoing guidance to traders and ensure that customers benefit from a high quality, personal relationship with their retention account manager.

The Group has developed an Education Centre within the OptionFair website which provides help and support to traders registered on its platform. The Education Centre includes video tutorials, eBooks, a glossary of technical terms commonly used in the Binary Options market, financial news and a financial calendar. In addition to these features, all traders are offered one-on-one telephone-based training sessions with an OptionFair team member.

10. Intellectual property

The Group's main proprietary intellectual property is its software and systems, whose principal advantages are:

- the ability to automatically calculate short-term volatility and price short-term options. Calculating short-term market volatility on hundreds of different underlying assets requires a deep understanding of both market behaviour and theoretical mathematical models. Generating pricing for a variety of short-term Exotic Options requires software engineers and theoretical mathematicians to work together with experienced derivative traders to mesh complex mathematical theory with practical market behaviour;
- its simplified trading environment and user experience combining a wide range of financial instruments into a single user interface; and
- an execution engine which enables online brokers to support large trading volumes instantaneously, as evidenced by the fact that it services the largest brokers in the industry.

The Group's intellectual property is protected by copyright and confidentiality, with knowledge of the core system restricted to a limited number of individuals who are each subject to contractually binding confidentiality provisions.

11. Growth strategy

The Directors believe that TechFinancials' principal advantage is its proprietary pricing engine which has the ability to effectively price short-term options, which is only available to TechFinancials' online broker customers. The Directors believe that the Group's existing online broker customers have the potential to grow significantly within the next five years and TechFinancials intends to support this growth by continuing to invest in its technology.

The Directors intend to expand the Group's customer base and revenues by continuing to penetrate new and existing markets, a carefully controlled merger and acquisition strategy and a focus on preparing to adapt to more highly regulated markets as described below.

(a) Penetrate new markets with high growth potential

The Group intends to focus its marketing and product development activity in three main territories:

- TechFinancials intends to launch its US solution in 2015, allowing its licencees, including OptionFair, to operate in a fully regulated environment through the Cantor Exchange. The US represents a new market for TechFinancials and its licencees.
- The Group is developing a software solution that will enable it to offer TechFinancials' suite of products to regulated online brokers targeting the Japanese market, where FFAJ, the Japanese regulator, has introduced new regulation to the Binary Option market. The Group also intends to establish OptionFair as a regulated online broker in Japan, using TechFinancials software and leveraging the Group's existing B2B sales and support presence in Japan.
- In 2014 the Group secured its first online broker customer in China which it currently services from its offices in Israel. The Group intends to open an office in China in 2015 to sell and support TechFinancials' software in that market.

(b) Grow the business through acquisition

The Directors believe that there may be a number of acquisition opportunities in the Binary Option market in the next few years in both B2B and B2C, in particular, as a result of increased regulation which the Directors believe will lead to consolidation within the Binary Options market. The Group will look to acquire businesses and/or assets that can open up new markets, enhance its product offering and/or enlarge its customer base and the Directors believe that its growing network of brokers will help identify such target acquisitions.

(c) Focus on regulated markets

Regulated markets such as the US and Japan are considered by the Directors to be the territories with the highest growth potential, along with China. The Directors also believe that, within the next five years, financial market regulators in other jurisdictions will follow Japan and the EU and will introduce regulation to the Binary Option market. Therefore, the Directors believe that the Group should protect and enhance its long-term strategic advantage by creating solutions which comply with any existing regulation in the various jurisdictions where it plans to do business. The Directors also believe that increased regulation will create a barrier to entry for new competitors, as well as competitors who currently produce only simple products for unregulated markets.

(d) Introduce new trading platforms

The Group intends to introduce new trading platforms in addition to the two platforms it currently offers (Binary Option and FOREX). The Group's strategy is to add further trading instruments, starting with CFDs in 2015, thereby allowing online brokers' retail customers to trade a variety of instruments. The Directors believe that the enlarged range of instruments on offer will allow an online broker to market its platform more widely and may potentially increase the lifetime value of its customers, thereby increasing the Group's revenues and presenting increased barriers to entry to its competitors.

(e) Continue to invest in research and development

The Group intends to maintain its advantage through continuing to invest in research and development.

12. Offices, Board, Senior Management and personnel

(a) Offices

The Group's principal places of business are Cyprus and Israel, and the Company's registered office is in the BVI.

(b) Board of Directors

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

Christopher Bell, *Independent Non-Executive Chairman*, aged 57

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.

Asaf Lahav, *Group Chief Executive Officer*, aged 48

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*, aged 50

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 OptionFair. 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*, aged 47

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.

Eitan Yanuv, *Independent Non-Executive Director*, aged 46

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.

Further information on the Directors is set out in paragraph 7 of Part 5 of this document.

(c) Senior Management

The Senior Management team comprises:

Yuval Tovias, *Chief Financial Officer*, aged 53

Yuval Tovias joined the Group and its Senior Management team in May 2014 in the role of Chief Financial Officer of the Group. Mr Tovias has 20 years' experience as a chief financial officer in various industries with public, private and start-up companies. Prior to joining the Group was chief financial officer of a start-up medical devices company. Mr Tovias holds a BA in Economics and Marketing from Haifa University and MBA in Finance and Accounting from Tel Aviv University.

Eyal Rosenblum, *Group Chief Marketing Officer and Co-Chief Executive Officer, TechFinancials*, aged 48

Eyal Rosenblum co-founded the Group and has served as its Chief Marketing Officer since 2009. Mr Rosenblum has a wide range of experience in hi-tech companies in product development and marketing positions, including at 888.com, where he worked for four years. Mr Rosenblum co-manages the TechFinancials business unit with Asaf Lahav and is responsible for its sales, marketing and business development. Mr Rosenblum holds a BSc in Chemical Engineering from Ben Gurion University and a MBA from the New York Institute of Technology.

Eyal Alon, *Head of FOREX Operations*, aged 50

Eyal Alon co-founded the Group and is responsible for the Group's FOREX operations. Mr Alon is regarded as a FOREX pioneer and served as chief executive officer of iForex between 2003 and 2006. Mr Alon holds a BA in Economics and Business Studies from Bar Ilan University and a MBA from Ben Gurion University.

Edit Avital, *Chief Executive Officer, OptionFair*, aged 39

Edit Avital joined the Group and its Senior Management team in 2012 assuming the role of Chief Executive Officer of OptionFair. Ms Avital has ten years' experience in online marketing and in the online trading and

gaming industries. Prior to joining the Group, Ms Avital was vice president of online marketing at 888.com. Ms. Avital holds a BSc in Computer Science from Hadassah Academic College, Jerusalem.

Petros Loizou, *Chief Financial Officer, B.O. TradeFinancials*, aged 33

Petros Loizou joined the Group in June 2014 and holds the position of Chief Financial Officer of the Group's subsidiary in Cyprus, B.O. TradeFinancials. Prior to joining the Group, Mr. Loizou was chief financial officer for a Cyprus based investment firm and was previously an audit and tax manager within several audit firms in Cyprus. Mr. Loizou holds a Bachelors degree in Business Administration from The University of Macedonia in Thessaloniki, Greece. He is also a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

(d) Employees

The Group had the following number of employees and full-time consulting and contracting personnel distributed across the Group's international operations.

By country

	31 December 2011	31 December 2012	31 December 2013	30 June 2014
<i>Employees</i>				
Israel	63	70	72	86
Cyprus	–	–	3	7

By function

	31 December 2011	31 December 2012	31 December 2013	30 June 2014
<i>Employees</i>				
Senior Management	4	5	5	6
Sales and marketing	35	30	31	48
Research and development	15	18	23	20
Technical support	6	11	10	11
Accounting and finance	1	2	2	3
Administration	2	4	4	5
	<u>63</u>	<u>70</u>	<u>75</u>	<u>93</u>

13. Summary financial information, current trading and prospects for the Group

The financial information set out below has been extracted without material adjustment from the historical financial information of the Group for the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

In order to make proper assessment of the Group's business, investors should not rely solely on the summary information set out below but should read the whole of this document including the historical financial information set out in Part 4 of this document.

	31 December 2011	31 December 2012	31 December 2013	30 June 2014 (six months)
<i>Period ended</i>	<i>Audited</i> <i>US\$'000</i>	<i>Audited</i> <i>US\$'000</i>	<i>Audited</i> <i>US\$'000</i>	<i>Unaudited</i> <i>US\$'000</i>
Revenue	3,798	8,895	8,385	7,156
Gross profit	2,325	6,075	5,890	4,464
Operating profit/(loss)	66	997	(315)	737
Profit/(loss) before taxation	34	915	(353)	266
Net assets	632	1,912	2,161	2,396

Revenues have continued to grow in the second half of 2014 as a result of the Group's continued business development and sales activities in Asia as well as the organic growth in the Group's existing markets.

The Directors consider that the long-term prospects for online trading are encouraging and that the Group is well positioned to benefit from the future global demand for trading in Binary Options, FOREX and CFDs as well as other trading instruments. They are particularly encouraged by the increasing levels of monthly turnover which do not yet include any income from TechFinancials' CFD product and the regulated solutions being designed for the US market, both of which are due to be released in 2015, as well as an anticipated increase in income from China once the Group has opened an office in that country, which it plans to do in 2015.

14. Reasons for Admission

The Directors' reasons for seeking Admission are as follows:

- to provide the Group with a flexible corporate and financial structure for further development and growth, both organically and through potential acquisitions and/or joint ventures;
- to improve the Group's ability to access further funding from international capital markets to finance the future growth of the business consistent with its stated strategy;
- to raise the profile of the Group amongst investor groups, its customers, other stakeholders and the community at large;
- to help the Group acquire businesses and/or assets through increased access to finance and the ability to offer securities in the Company as part or full consideration for such acquisitions;
- to enable the Group to access a wide range of potential investors and broaden its investor base;
- to assist the Group in recruiting, retaining and incentivising skilled employees; and
- to enhance the Group's reputation and financial standing with its key partners and suppliers and with potential vendors of acquisition opportunities.

The Company has raised approximately US\$3.5 million (net of expenses and excluding funds raised from the sale of the Sale Shares) through the Placing, which is intended to be applied as follows:

- US\$0.5 million to fund the continuing development of the Group's regulatory compliant solutions for the US and Japanese markets and the further development of its solutions for the European market;
- US\$2.0 million to invest in additional marketing activities including to increase brand awareness;
- US\$0.5 million for corporate development activities such as acquisitions and/or joint ventures; and
- US\$0.5 million to strengthen the Group's balance sheet and to provide additional working capital.

15. Dividend policy

The Directors intend to implement a progressive dividend policy subject to the discretion of the Board and subject to the Company having adequate distributable reserves. It is the Directors' intention, based on their expectations of current and future trading and track record of the business, to pay a dividend in respect of the year ending 31 December 2014 equating to 25 per cent. of the net cash generated in the period. In addition, the Directors intend to pay a dividend in respect of the year ending 31 December 2015 equating to 33 per cent. of the net cash generated in that period, and furthermore the Directors intend to pay a dividend in respect of the year ending 31 December 2016 equating to up to 50 per cent. of the net cash generated in that period.

16. Corporate governance

The Directors recognise the importance of sound corporate governance and confirm that, following Admission, they intend to comply as far as practicable, with the recommendations in the QCA Guidelines, which have become a widely recognised benchmark for the corporate governance of small and mid-size quoted companies, particularly AIM companies.

The independent non-executive directors of the Company, namely Christopher Bell, Hillik Nissani and Eitan Yanuv, have confirmed that they are able to discharge their respective responsibilities as independent non-executive directors of the Company and have undertaken to ensure that sufficient time and attention

will be given to the Company's affairs. None of the independent non-executive directors sits on the board of any of the subsidiaries of the Company.

The Group has established audit and remuneration committees, and has adopted a share trading policy and an anti-bribery and corruption policy, details of which are set out below.

The Board is responsible for the overall management of the Group. The Board is required to meet on a monthly basis, or more frequently as required, to review and monitor the Group's operations. Matters specifically reserved to the Board for decision include matters relating to management structure and appointments, strategy and policy considerations, corporate transactions and finance.

(a) Audit committee

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and reports from the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee will meet not less than three times in each financial year, with the Group's Chief Financial Officer Yuval Tovias in attendance, and will have unrestricted access to the Company's auditors. Members of the audit committee are Eitan Yanuv, who will chair the committee, Christopher Bell, and Hillik Nissani.

(b) Remuneration committee

The remuneration committee will review the performance of the executive directors and make recommendations to the Board as to their remuneration and terms of employment. The committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The committee will meet as and when necessary to assess the suitability of candidates proposed for appointment by the Board. In exercising this role, the Directors shall have regard to the recommendations put forward in the UK Corporate Governance Code. Members of the remuneration committee are Hillik Nissani, who will chair the committee, Christopher Bell and Eitan Yanuv.

(c) Share Dealing Code

The Group has adopted a Share Dealing Code for Directors, employees and their associates which is appropriate for a company whose shares are admitted to trading on AIM (in order to ensure, *inter alia*, compliance with Rule 21 of the AIM Rules for Companies). The Group will take all reasonable steps to ensure compliance with the terms of the Share Dealing Code by the Directors and all other relevant persons.

(d) Anti-bribery and corruption policy

The Board has adopted an anti-bribery and corruption policy, published on the Group's website, which is a high level statement by the Board committing the Company to carrying out its business fairly, openly and honestly and to preventing bribery and corruption by persons associated with the Group. The Board has also adopted an anti-bribery and corruption procedure in order to implement this policy. It is based on industry best practice and all employees of the Group are required to comply with this procedure.

17. Takeover regulation

The Group is not resident in the UK, Channel Islands or the Isle of Man and is therefore not subject to the Takeover Code. However, the Company has incorporated certain provisions in its Articles which are broadly similar to those of Rules 4, 5, 6 and 9 of the Takeover Code, and which are further described in paragraph 5.13 of Part 5 of this document. It should however be noted that as the Takeover Panel will have no role in the interpretation of these provisions, Shareholders will not necessarily be afforded the same level of protection as is available to a company subject to the Takeover Code. The Directors have the right to waive the application of these provisions.

The laws of the British Virgin Islands do not contain equivalent legislation to the Takeover Code nor do they contain any other takeover regime having equivalent effect. Any takeover offer for the Company or consolidation of control will not, therefore, be regulated by the Takeover Code or any other takeover regime, other than the provisions contained in the Articles.

18. Relationship Agreement

The Company has entered into a relationship agreement dated 9 March 2015 with Asaf Lahav, Eyal Rosenblum, Eyal Alon and Jeremy Lange, Grant Thornton, Northland and Argento for the purposes of regulating the relationship between the Company and each of Asaf Lahav, Eyal Rosenblum, Eyal Alon and Jeremy Lange and their applicable associates as significant shareholders of the Company. Further information on the Relationship Agreement is set out in paragraph 12.12 of Part 5 of this document.

19. Placing Agreement

The Company, the Directors, Eyal Alon and Eyal Rosenblum, Yuval Tovias, Grant Thornton, Argento and Northland have entered into the Placing Agreement dated 9 March 2015, pursuant to which Argento and Northland have agreed to use their reasonable endeavours to procure placees for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company, the Directors, Eyal Alon and Eyal Rosenblum have given certain warranties (and the Company has given an indemnity) to Argento, Northland and Grant Thornton, all of which are customary for this type of agreement. The Placing, which is not underwritten, is conditional, *inter alia*, on the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission. Further details of the Placing Agreement are set out in paragraph 12.4 of Part 5 of this document.

20. Lock-in arrangements

Each of the Directors, the Locked-in Shareholders, the Selling Shareholder, Eyal Alon and Eyal Rosenblum has agreed with each of the Company, Grant Thornton, Argento and Northland not to dispose of any of their interests in Ordinary Shares held directly and acquired prior to Admission, prior to the first anniversary of Admission, save in the limited circumstances specified in Rule 7 of the AIM Rules for Companies.

In addition, the Directors and Eyal Alon and Eyal Rosenblum have agreed that for 12 months following the first anniversary of Admission, they will not dispose of their interests in Ordinary Shares other than through Northland (or the Company's broker from time to time) or through a broker nominated by Argento, save in certain circumstances.

The aggregate interests following Admission which shall be subject to the Lock-in Arrangements, as described previously, will amount to 49,494,498 Ordinary Shares, which is equivalent to approximately 72.58 per cent. of the Ordinary Shares in issue following Admission. The Shares held by NetMavrik, comprising 2.14 per cent. of the Ordinary Shares in issue following Admission, will not be subject to the Lock-in Arrangements. The shareholders of NetMavrik include certain persons who are subject to the Lock-in Arrangements in respect of the Shares they hold otherwise than through NetMavrik. In addition, Placing Shares purchased by existing Shareholders are not subject to the Lock-in Arrangements. Further details of the Lock-in Arrangements are set out in paragraph 12.10 of Part 5 of this document.

21. Settlement, dealings and CREST

To be traded on AIM, securities must be able to be transferred and settled through the CREST system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including Depositary Interests, to be held in electronic rather than in paper form.

To enable investors to settle the securities of non-UK registered companies through CREST, a depositary or custodian in the United Kingdom can and must hold the relevant securities and issue dematerialised Depositary Interests representing the underlying securities which are held in trust for the holder of the Depositary Interests. With effect from Admission, it will be possible for CREST members to hold and transfer Depositary Interests in respect of Ordinary Shares within CREST pursuant to a Depositary Interest agreement established between the Company and the Depositary. From a practical perspective, Depositary Interests can be credited to the same member account as all of the other CREST investments of a particular investor and held and transferred in the same way as the securities of any other companies participating in CREST.

Holders of the Depositary Interests will be entitled to receive notices of meetings and other notices issued by the Company, exercise the voting rights attached to the underlying Ordinary Shares and receive any dividends paid by the Company from time to time to the Shareholders. Shareholders who hold their Ordinary Shares in uncertificated form through the Depositary Interest facility will be bound by the terms of the Deed Poll, the terms of which are described in paragraph 13 of Part 5 of this document.

CREST is a voluntary system and holders of Ordinary Shares who wish to have them held outside of CREST will have their details recorded on the Company's register maintained in Guernsey. The Depositary will hold the underlying Ordinary Shares that support the issuance of the Depositary Interests in the UK. Further information about the Depositary Interests is set out in paragraph 13 of Part 5 of this document.

Application will be made for the Ordinary Shares to be admitted to AIM. Admission is expected to take place and dealings in the Ordinary Shares to commence, at 8.00 a.m. on 16 March 2015. Where Placees have requested to receive their Ordinary Shares in certificated form, share certificates will be despatched by first class post within 10 working days of Admission. No temporary documents of title will be issued. Pending receipt of definitive share certificates in respect of the Placing Shares (other than in respect of Depositary Interests representing shares settled through CREST), transfers will be certified against the register of members of the Group.

For further information concerning CREST, Shareholders should contact their brokers or Euroclear at 33 Cannon Street, London, EC4M 5SS or by telephone on +44 (0)20 7849 0000.

22. Management incentive arrangements

The Board considers that it is important that employees of the Group, including executive directors, are appropriately and properly motivated and rewarded, with the remuneration of the executive management team dependent, to a significant degree, on the future performance of the Group.

Further details of the management incentive arrangements and share option plans are set out in paragraph 14 of Part 5 of this document.

23. Taxation

The attention of investors is drawn to certain information regarding UK taxation insofar as it may be applicable to UK tax residents in relation to an investment in the Company set out in paragraph 17 of Part 5 of this document.

All information in this document in relation to taxation is intended only as a general guide to the current tax position for UK resident investors as at the date of this document and is not intended to constitute personal tax advice for any person. Prospective investors are strongly advised to consult their own independent professional tax advisers regarding the tax consequences of purchasing and owning Ordinary Shares. No information is being provided as to any taxation matters outside the UK.

24. Further information

Your attention is drawn to Parts 2 to 5 of this document which contain additional information on the Group. In particular, your attention is drawn to the Risk Factors set out in Part 3 of this document.

PART 2

REGULATORY INFORMATION

1. Financial services regulation – overview

The Group has one subsidiary which has been granted licences and is subject to ongoing supervision by an EU financial services regulator: B.O. TradeFinancials, which is authorised and regulated in Cyprus by the CySEC and has obtained a “passport” allowing it to provide the services, for which it has been authorised in Cyprus by CySEC, throughout the EEA including Gibraltar.

Failure to operate in accordance with required authorisations, approvals, licences, permits and/or the regulatory framework as a whole in any jurisdiction gives rise to a number of significant risks. Your attention is drawn to the Risk Factors in Part 3 of this document which contains certain risk factors relating to regulation.

2. Regulatory framework within Cyprus

2.1 *Authorisation and supervision by CySEC*

In Cyprus, any person providing financial services is subject to authorisation and regulation. Having regard to the services offered by it, B.O. TradeFinancials is subject to authorisation and regulation by CySEC pursuant to the Law 144 I/2007 on Investment Services and Activities and Regulated Markets (the “**CIF Law**”) as amended, which incorporates MiFID into Cypriot law.

Under the CIF Law, persons carrying on “investment services and activities”, within the meaning of the CIF Law, on a professional basis in Cyprus require, in the absence of an exemption or exclusion, authorisation by CySEC. Carrying on “investment services and activities”, within the meaning of the CIF Law, on a professional basis without authorisation by CySEC is a criminal offence. Agreements made in the course of the carrying on of such regulated activities by unauthorised persons are unenforceable to the detriment of the unauthorised person.

The business undertaken by B.O. TradeFinancials involves carrying on the investment services of “Reception and Transmission of Orders” and of “Execution of Orders”, within the meaning of the CIF Law, for which B.O. TradeFinancials has obtained authorisation by CySEC on 27 September 2013 (Nr. 216/13) to operate as a Cyprus Investment Firm (“**CIF**”).

In order for a firm to be authorised and regulated by CySEC as a CIF, CySEC must be fully satisfied that the firm meets certain authorisation conditions prescribed by the CIF Law. In considering an authorisation, CySEC will have regard to: (a) the firm’s legal status, including the existence of a prescribed minimum regulatory capital, the amount of which depends on the regulated services to be offered by the firm; (b) the location of its offices, requiring that both the firm’s registered and head office are located in Cyprus; (c) whether it has any close links to other persons as a result of influence or control, in particular in non-EU countries, which will prevent CySEC from effectively supervising the firm; (d) the ability of CySEC to supervise the firm more generally; (e) the appropriateness and reputation of the firm’s personnel, in particular of two persons nominated as “conducting officers” of the CIF. The conducting officers are required to be approved by CySEC and must for this reason be approved by CySEC during the authorisation process; (f) the suitability of the firm’s shareholders’ (which will include disclosure of all persons holding shares in the firm and approval of the persons and/or legal entities that directly or indirectly control or influence it) and (g) completion and submission of an authorisation questionnaire and documentation, including a manual containing details of a firm’s operating policies and procedures. The firm must also satisfy CySEC that it has a viable and sustainable business model described in a business plan that is required to be submitted together with the rest of the authorisation documentation. In order to remain authorised as a CIF, the firm needs to demonstrate its continuing compliance with the conditions of authorisation.

The members of B.O. TradeFinancials’ management currently approved as conducting officers are Jeremy David Lange, Petros Loizou, Christos Ioannides and Chrystalla Neophytou.

2.2 **Organisational requirements**

Following its authorisation, a CIF has to ensure that it complies with the CIF Law and the Directives and Circulars applicable to CIFs issued by CySEC (collectively referred to as the “**CIF Rules**”). The CIF Rules seek to ensure that CIFs have appropriate staff, are managed and controlled by fit and proper persons and have an appropriate organisational structure. CIFs are also required to have a permanent and independent compliance function in place and that the departments of the CIF are segregated from each other, if appropriate. The CIF Rules further require that the “four-eyes principle” applies, clearly defined reporting lines, systems and controls are in place and CIFs have appropriate safeguards to protect client money and assets and is able to comply with certain minimum conduct of business standards. Under the CIF Rules, a CIF must maintain, at all times, appropriate financial resources to ensure that it is able to meet its regulatory capital requirements and have sufficient liquidity to demonstrate that it is able to meet its liabilities as they fall due.

The CIF Rules also impose requirements on a CIF to observe proper standards of market conduct, to ensure that its employees are adequately trained and that they remain competent to act in their designated roles. The CIF must further ensure that it has proper safeguards to prevent money laundering, including systems to report suspicious activity in compliance with the CIF’s anti-money laundering obligations under the CIF Rules.

CySEC assesses the regulatory capital requirements of the CIF on a standalone basis and on a group basis. B.O. TradeFinancials is subject to the capital requirements of CIFs, as set out in the CIF Rules. B.O. TradeFinancials must ensure that it maintains regulatory capital to meet: (a) the base capital requirement of €200,000 for the regulated services provided by B.O. TradeFinancials; and (b) any additional sums required to meet its credit, market and operational risk exposures, calculated in accordance with the CIF Rules on capital adequacy.

“Qualifying holdings” of a CIF are subject to rules that determine the way in which a person or persons acquire or increase certain control over a CIF. A person having “qualifying holdings” for the purposes of the CIF Rules is a person who alone, or a group of persons acting in concert hold, directly or indirectly, 10 per cent. or more of the shares or voting rights in, or are able to exercise significant influence in relation to, a CIF or its parent undertaking. A person who intends to acquire or increase control over a CIF, as described above, must give advance written notice to CySEC which will then decide whether or not to approve the acquisition, either conditionally or unconditionally. There is also a general duty to give prior notification to CySEC of any proposal for a controller to relinquish control over a CIF or to reduce an existing level of control from specified thresholds.

2.3 **Conduct of business according to the CIF Rules**

The CIF Rules also regulate the conduct of a CIF’s business in areas including advertisements and marketing communications, selling, best execution requirements, inducements, managing conflicts of interest, reporting to CySEC, record-keeping and client reporting. Of particular importance are the provisions within the CIF Rules relating to client categorisation and on the conduct of “appropriateness tests”. The CIF Rules require a CIF to categorise a client as a retail client, a professional client or as an eligible counterparty. The purpose of client categorisation is to ensure that clients are given an appropriate level of protection under the CIF Rules depending on their ability to make investment decisions and to understand the risks associated with them. Retail clients enjoy the highest level of protection under the CIF Rules.

In conducting the “appropriateness test” a CIF must determine whether a client has the necessary experience and knowledge in order to understand the risks involved in relation to the product and to the regulated services offered or requested.

The CIF Rules also require a CIF to provide each of its clients with a client services agreement which complies with the CIF Rules, including the requirement under the CIF Rules that customers are treated fairly.

The CIF Rules on marketing communications determine what B.O. TradeFinancials may or may not display on its website and in all other marketing material, and require that the communications with clients must be fair, clear and not misleading.

When executing client orders a CIF is required under the CIF Rules to obtain the best possible result for a client by satisfying a series of criteria laid down in the CIF Rules. For retail clients, best execution is determined both by price and the costs of execution. The CIF must have a written best execution policy (which forms part of its overall order execution policy and is available to clients on a CIF website), which articulates how it will seek to obtain the best possible result for its client. Following execution of a customer trade, a CIF must report the transaction to CySEC in accordance with the requirements of the CIF Rules.

In respect of retail clients, it is further required that communications with them comply with a number of additional requirements including that communications include the CIF's name, are accurate and do not emphasise any potential benefits of the business or investments referred to without providing a fair and prominent indication of any risks involved; that such communications are appropriate for, and presented in a way that is likely to be understood by the average person to whom they are directed or who is likely to receive them; and that they are not misleading and contain all relevant information including the appropriate risk warnings prominently displayed or do not obscure important items, statements or warnings. In addition, the CIF Rules relating to conduct of a CIF's business require a CIF to disclose details of the products and services it offers, including details as to risk, costs and third party inducements.

In addition to the CIF Rules, Law 242(I)/2004 on Distance Marketing of Financial Services as amended, also applies to any distance marketing, including selling of services which is conducted by B.O. TradeFinancials within Cyprus or directed into any other EEA state. This Law offers additional protection, when a contract is concluded by means of distant communication such as the Internet. In such a case the client has the right, among other things, to be granted a right to suspend the performance of the contract for a fourteen days' period.

2.4 *Other ongoing obligations of B.O. TradeFinancials pursuant to the CIF Rules*

The CIF Rules also require a CIF to have in place proper systems for ensuring that client money is segregated without undue delay from that of the CIF, that reconciliations are performed on a regular basis and that any discrepancies are made good whilst being investigated.

The CIF Rules also require a CIF to have in place proper procedures for dealing with client complaints, including a complaints' handling policy and arrangements for logging complaints.

Any changes to the members of the management of a CIF, including its directors and conducting officers, have to be approved by CySEC. For other key members of a CIF's staff, the CIF has to make sure that they have the necessary expertise and that they are fit and proper persons to execute the entrusted function. For some key roles this also includes being registered in a public certified persons register kept by CySEC for certified persons.

These regulatory requirements are designed to ensure that a CIF's clients, are provided with an appropriate degree of protection. By complying with the CIF Rules, a CIF is able to manage regulatory and compliance risk, and help to maintain confidence in the financial system.

2.5 *Supervisory powers and investor protection*

In addition to the power to authorise CIFs, the CIF Law gives CySEC the power to monitor and supervise CIFs, including the power to receive and consider complaints from a CIF's clients, make supervisory visits and to interview a CIF's management and staff. As part of the supervision process, CIFs are required to make regular reports to CySEC which are analysed and reviewed to monitor firms' compliance with regulatory requirements.

If a CIF breaches any of the CIF Rules, CySEC has various powers under the CIF Law to deal with these breaches. These include the power to impose administrative fines, to suspend or withdraw a CIF's licence, to ban the CIF from selling particular products and the power to issue public warnings. In addition, CySEC may take action against the directors, senior management and other persons with responsibility within a CIF and which includes the power to impose administrative fines against them, if the individuals are personally at fault.

Law 84(I)/2010 on the Creation of a Single Body for Out of Court Settlement of Financial Disputes has also created a Financial Ombudsman to adjudicate financial disputes, including disputes that arise from services provided by CIFs.

The CIF Law provides for an Investor Compensation Fund for Clients of CIFs and of other Investment Firms (“**ICF**”), whose creation is provided under the CIF Law, and to which a CIF contributes through a levy paid to CySEC. The ICF constitutes a legal entity and its administration is exercised by an Administrative Committee of five members, who are appointed for a three-year term. Those clients of B.O. TradeFinancials that qualify as “Covered Clients”, within the meaning of the Regulations on the Establishment and Operation of an Investor Compensation Fund for Clients of CIFs of 2004 may receive a certain amount of compensation from the ICF, provided failure by a member of the ICF to fulfil its obligations has been determined. This will generally be the case if a CIF fails to either return to its Covered Clients funds belonging or owed to them or to hand over to such Covered Clients financial instruments which belong to them and which are held by the CIF.

2.6 Anti-money laundering and terrorism financing obligations

As part of client take-on procedures, a CIF must undertake adequate due diligence in order to discharge its obligations under the Cyprus anti-money laundering and counter-terrorist financing regime as set out in the Law 188 I/2007 against money laundering and terrorism financing as amended, and in the CIF Rules. CySEC monitors and supervises a CIF’s compliance with anti-money laundering and counter-terrorist financing obligations

The due diligence process is sometimes known as “Know Your Client”, “KYC” or “customer due diligence”. B.O. TradeFinancials has established policies and procedures to assist compliance with its customer due diligence responsibilities.

2.7 Market abuse obligations

In addition, B.O. TradeFinancials needs to have systems in place to prevent and detect market abuse and report suspicious transactions to CySEC, as required under the Law 116 (I)/2005 on Insider Dealing and Market Manipulation of 2005 as amended.

2.8 B.O. TradeFinancials’ regulatory compliance status

CIFs are subject to extensive regulation and ongoing supervision by CySEC which may, from time to time, result in regulatory investigations or proceedings against it, if it is found to be in breach of the CIF Rules. Where the “passport” is exercised, failure to comply with the legal or regulatory requirements in any jurisdiction in which the B.O. TradeFinancials operates may have a significant adverse effect on the business and operations of B.O. TradeFinancials. No regulatory sanctions have been imposed against B.O. TradeFinancials and no regulatory proceedings have been brought against B.O. TradeFinancials, save for the matter referred to in paragraph 16 of Part 5 of this document to date.

3. Regulatory framework within the rest of the EEA and Gibraltar

In parallel with the Cypriot regulatory framework applying to CIFs as described above, there is a pan-European regime established by MiFID which regulates the provision of investment services and activities, within the meaning of MiFID throughout the EEA, in relation to those assets classified by MiFID, as financial instruments. MiFID requires all EEA persons who qualify as “investment firms” (i.e. persons whose regular occupation or business is the provision of one or more investment services or activities on a professional basis) to be authorised in their state of incorporation (their “home member state”). Thus, B.O. TradeFinancials is an authorised MiFID investment firm.

MiFID investment firms have the right, by virtue of the said “passport” to be able to provide the investment services to clients and perform investment activities on a crossborder basis in other member states of the EEA (“host member states”) without the need for separate authorisation by the competent authorities in those host member states; they have only to notify their intention of providing investment services and performing investment activities across borders basis to their home member state regulator. MiFID allows for MiFID investment firms to do business across borders either by establishing a branch in those host member states or through providing services there. The rights to provide cross-border investment services

and perform investment activities by establishing branches or on a freedom of services basis are commonly referred to as the MiFID “passport”.

B.O. TradeFinancials has made the required notifications to allow it to provide investment services on a cross-border basis into the EU. The scope of the “passport” covers the MiFID investment services of reception and transmission of orders and of execution of orders for all assets that qualify as financial instruments, within the meaning of MiFID as well as the ancillary services for which B.O. TradeFinancials has been authorised by CySEC.

MiFID investment firms making use of the MiFID passport are subject to home member state rules regarding their conduct of business. It is possible, however, for some host member states to apply some consumer protection measures which are not part of the harmonised framework established by MiFID but constitute nationally initiated regulatory requirements, with which a MiFID investment firm has to comply, if passporting its business into that host member state by virtue of the MiFID “passport”.

The MiFID regime will be subject to change, since MiFID is set to be repealed by EU Directive MiFID II (2014/65/EU). MiFID II has been published in the Official Journal of the European Union and the transposition process by EU member states has to be completed by July 2016. Except for certain provisions, MiFID shall apply in full with effect from 3 January 2017.

4. European Markets and Infrastructure Regulations

On 4 July 2012, the European Parliament and the Council adopted Regulation 648/2012 relating to over the counter (“**OTC**”) derivatives, central counterparties and trade repositories (European Markets Infrastructure Regulation or “**EMIR**”). In general, EMIR lays down conditions for mitigating risks and improving the transparency of OTC derivative contracts, including binary options. EMIR applies to any entity established in the EU that has entered into an OTC derivative contract. For the purposes of EMIR, the Company is considered as a “Financial Counterparty” and is subject to reporting and record-keeping obligations under EMIR as well risk mitigation techniques.

In respect of its reporting obligations, the Company must ensure that the details of any derivative contract concluded (including of intra-group contracts) as well as the modification or termination thereof, is reported to a registered/recognised Trade Repository within one working day of conclusion, modification or termination of such contract. Reporting obligations to such repositories have been in place since February 2014 and require disclosure of details include those on the counterparty, the type of contract including the underlying assets, the transaction itself and on risk mitigation reporting (see below). Performance of reporting obligations may be delegated. However, when delegating such duties, the Company must ensure that the details for such derivative contracts are not reported twice. Irrespective of any delegation, it is noted that the responsibility to report remains with the Financial Counterparty.

Risk mitigation refers to timely confirmation of the terms of the relevant derivative contract and formalised processes which are robust, resilient and auditable in order to reconcile portfolios, to manage the associated risks, to identify disputes between parties early and resolve them, and to monitor the value of outstanding contracts.

Following the adoptions of amendments to EMIR and related measures at EU level, it is likely that the Company will be subject to additional obligations under this regime.

5. BVI regulatory information

TechFinancials is a BVI business company. It is not regulated in the BVI and it is not required to be regulated as its business does not constitute investment business for which a licence or any other authorisation is required to be obtained from the Financial Services Commission (the regulator in the BVI), pursuant to the Securities and Investment Business Act, 2010 of the BVI.

On 7 January 2013, the BVI Financial Services Commission issued an advisory warning and a cease and desist order against TechFinancials. TechFinancials was ordered to cease and desist from offering online trading with financial binary options, commodities, stock and FOREX whilst falsely purporting to be licenced or regulated in the BVI. Following representations made by TechFinancials on 19 September 2014, the BVI Financial Services Commission issued a letter confirming the advisory warning had been removed.

PART 3

RISK FACTORS

An investment in the Ordinary Shares may not be suitable for all investors and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this document if they are resident in the UK, or, if they are not resident in the UK, from an appropriately authorised independent adviser. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

In addition to the other relevant information set out in this document, the Directors consider that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to the Group's activities and to any investment in the Company.

It should be noted that the factors listed in this Part 3 are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is, or may be, exposed or all those associated with an investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors, or which they currently consider to be immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

If any of the risks referred to in this Part 3 were to crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of the Ordinary Shares could decline and investors may lose part or all of their investment.

1. Risks relating to the Group's business

The Group has a limited track record

The Group was formed in 2009 and has experienced rapid growth since it started generating revenues in 2011. As a business with a limited trading history, the Group has a limited basis on which to forecast its future revenues and results. Whilst its forecasts are based upon recent trading and current observed growth rates in the industry, its trading performance is more likely to differ from its own forecasts than a longer established company in an older, more established industry. Revenues and profits could differ in a material adverse way as well as a material positive way from budgets and forecasts.

The Group operates in an intensely competitive market that includes companies which have greater financial, technical and marketing resources than the Group

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.

Technology risks

The Group estimates that its software presently enables approximately 18 per cent. of the total amount invested annually in Binary Option trading, a performance that it attributes to the results generated by its proprietary pricing and execution engines. There can be no assurance that competitors either presently operating in the market or potential new entrants will not 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 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 the UK and other 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.

There is a risk that the Group is infringing or may in the future infringe the proprietary rights of third parties. Other persons might have been first to develop the technology used by the Group and might have filed patent applications or sought copyright protection for these inventions. In addition, because the patent application process can take several years to complete, there may be currently pending applications, unknown to the Group, that may later result in patents that cover, in whole or in part, the technology utilised by the Group.

Generally, if third parties are successful in their claims, the Group might have to pay substantial damages, account for profits derived from the alleged infringing acts, cease to use certain technologies or take other actions that could be detrimental to its business. As a result of intellectual property infringement claims, or to avoid claims, the Group might be prohibited from selling or licensing to others any product that it may develop unless the patent or copyright holder grants a licence of the relevant intellectual property to the Group, which the patent or copyright holder is not obliged to do.

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 be 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. There can be no assurance that other businesses, which may have significantly larger technical and/or financial resources than the Group, do not 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.

Competition risks – OptionFair

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 OptionFair 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 OptionFair, 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, 24option.com, and there is no guarantee that TechFinancials will retain this customer in the future. The Directors understand that 24option.com has developed high/low Binary Option software of its own and believe that should 24option.com 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 a material adverse effect on its revenues, financial performance and prospects.

Dependence on key personnel

The Group's future growth and success depends, in part, upon the leadership and performance of its Executive Directors and Senior Management, and other key employees, including technical personnel, many of whom have significant experience in the technology and/or financial sectors and would be difficult to replace. The loss of executive officers, any members of the Senior Management or other key employees, the inability to recruit sufficiently qualified personnel, or the inability to replace departing employees in a timely manner could have a material adverse effect on the Group's ability to run its business and, accordingly, on its financial condition and operating results. The Group has no key man insurance in place.

The Company is currently subject to an administrative sanction procedure

The Company is currently subject to an administrative sanction procedure brought by the Halran Consumer Protection Division of Commissione Nazionale per le Società e la Borsa ("Consob"). There is a risk that Consob could conclude that the Company provided investment services and activities in Italy in the absence of the required authorisations. The maximum penalty for such an offence for which the Company is severally liable is €500,000. Further information on the administrative sanction is set out in paragraph 16 of Part 5 of this document.

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.

There are no other claims of sanctions of which the Directors are aware. However, there can be no assurance that regulatory actions and claims will not be brought against the Group in respect of its past or future activities.

The Group needs to comply with regulations in key markets

OptionFair is able to operate in the EU by virtue of B.O. TradeFinancials' CIF licence authorised by CySEC. Should OptionFair lose its licence, it would have a material adverse effect on the Group's financial performance. In addition, should any of the Group companies breach any regulations relevant to their activities, there could be adverse financial consequences for the Group.

TechFinancials intends to launch its solution for the US market in 2015, allowing its licensees, including OptionFair, to operate in a fully regulated environment through the Cantor Exchange, a new US based Binary Options trading exchange that Cantor Fitzgerald, a leading US financial services firm, has recently announced it intends to launch. Should Cantor Exchange choose not to open this exchange or cancel its agreement with the Group or should the US regulators prohibit the opening of this exchange, the Group would be unable to develop its business in the United States without identifying a suitable regulatory solution and there can be no assurance that such a regulatory solution would be found. This would have a material impact on the Group's potential future revenues.

Other 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.

The Group's systems and controls to restrict access to its products may not be adequate

OptionFair relies on technological systems and controls to block customers from certain jurisdictions. These systems and controls are intended to ensure that OptionFair does not accept investment from retail customers located in those jurisdictions where it has made a decision not to offer all or certain of its products and services. These systems and controls could fail or otherwise be found to be inadequate, either currently or as a result of future technological developments. This could result in violations of applicable laws or regulations. Any claims in respect of any such violations could damage the Group's reputation and force the Group to incur legal and other costs and possibly financial penalties, any of which could have a material and adverse effect on the Group's operations, financial performance and prospects.

The Group may fail to detect money laundering and fraudulent activities of customers or employees

Online transactions may be subject to sophisticated schemes or collusion to defraud, launder money or other illegal activities and there is a risk that the Group's online platform, OptionFair may be used for those purposes either by the Group's customers or employees. Failure to protect itself and its customers from fraudulent activity either by customers or employees could result in reputational damage to the Group and could materially and adversely affect the Group's operations, financial performance and prospects. In addition, failure to adequately monitor and prevent money laundering and other fraudulent activity could result in civil or criminal liability for the Group.

Failure to adequately protect customer account information could have a material adverse effect on the Group

The Group processes personal customer data as part of its business and therefore must comply with strict data protection and privacy laws in the EU and certain other jurisdictions in which the Group operates. Those laws restrict the Group's ability to collect and use personal information relating to customers and potential customers. There is a risk that personal data could in the future be wrongfully accessed and/or used by third parties, or otherwise lost or disclosed or processed in breach of data protection regulation. If the Group or any of the third party service providers on which it relies fails to transmit customer information and payment details online in a secure manner or if any such theft or loss of personal customer data were

otherwise to occur, the Group could face liability under data protection laws. This could also result in the loss of the goodwill of its customers and deter new customers. Each of these factors could harm the Group's reputation and have a material adverse effect on the Group's operations, financial performance and prospects.

Dependence on suppliers

TechFinancials is dependent on outside suppliers for certain key services including storage, data back-up, data feeds, financial charting and integration with electronic wallets. OptionFair is dependent, *inter alia*, on its liquidity providers, High Moon International and BELFX in Belize. Should any of its key suppliers fail to supply these services and the Group fails to secure such services from an alternative supplier, its ability to trade could be diminished or it might not be able to trade at all. Further, its reputation and financial position could be materially and adversely affected. It may also be that any alternative suppliers will only make available their services at a significantly higher price than the Group is presently paying, thereby reducing the Group's profitability.

The Group may suffer losses if its reputation is harmed

The Group's ability to attract and retain customers and employees may be materially adversely affected to the extent its reputation is damaged. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements in any jurisdiction (which may result, *inter alia*, in the issuance of a warning notice or sanction by a regulator) or the commission of an offence (whether civil, criminal, regulatory or other) by the Group or any of its directors, money-laundering, bribery and corruption, factually incorrect reporting, staff difficulties, fraud, technological delays or malfunctions, the inability to respond to a disaster, privacy, record-keeping (including compliance with data protection legislation), sales and trading practices, the credit, liquidity and market risks inherent in the Group's business and the activities of the Group's affiliates.

The growth of the Group depends on maintaining, developing and enhancing its brand

As the Binary Option, FOREX and CFD trading markets becomes increasingly competitive, the success of the Group will depend on the maintenance, development and enhancement of the Group's brands, particularly the consumer facing optionFair. If the Group is unable to maintain, develop and enhance its brands, its ability to implement its strategic goals may be adversely affected. As a result, the Group's operating results would be adversely affected. In addition, increased competition may require more management time and resource and greater levels of expenditure to maintain, develop and enhance the Group's brands, which may have a material adverse effect on the Group's operations, financial performance and prospects.

The success of the Group depends on the effectiveness of its marketing

Customer acquisition and retention, and therefore the Group's business, depend significantly upon the effectiveness of its marketing activities. Ineffective and/or inefficient marketing activity undertaken by the Group, including, in particular, the wasted costs and missed opportunities associated therewith, may also have a material adverse effect on the operations, financial performance and prospects of the Group.

The Group may be unsuccessful if it undertakes future acquisitions, joint ventures or alliances

The Group may seek to acquire or invest in other businesses should appropriate opportunities become available. Any future acquisition may pose regulatory, antitrust and other risks, as well as integration risks. Any of these factors could significantly affect the financial outcome of such acquisitions or investments and consequently the Group's results or operations. Furthermore, any new acquisitions will require significant time and resources of management and may require the diversion of resources from other activities. The Group may be unable to manage future acquisitions profitably or to integrate such acquisitions successfully without substantial costs, anticipated delays or other problems. In addition, any companies or businesses acquired or invested in by the Group may not achieve levels of anticipated profitability or revenue.

The Group's efforts to expand its customer base in those markets from which it generates revenue may not be successful

The Group's efforts to expand its customer base in those markets where it presently generates revenue may not be successful. The Group intends to expand its customer base by seeking new licencees for

TechFinancials where available and improving its product offering for customers, and increasing its marketing activities where possible. However, such efforts may not be successful, potentially resulting in a material adverse effect on the Group's operations, financial performance and prospects.

The Group's efforts to expand into in new geographic markets may not be successful.

The Group intends to sell its products and services in markets which it does not presently serve. The Group intends offering solutions to regulated markets such as Japan and the United States followed by other countries. However, there can be no assurance that such efforts will be successful.

Management of growth

If the Group continues to grow as the Directors anticipate, it must successfully increase and implement additional resources to support its operations. If growth cannot be managed effectively, the Group's financial condition could be adversely affected.

Raising of future finance by the Group

The Directors believe that the Group may need to raise additional funds in the future and believe that any future fundraisings would be by way of a placing of shares in the Company. Further equity financing may be dilutive to existing Shareholders or result in the issue of securities whose rights, preference and privileges are senior to those of the owners of Ordinary Shares.

If any future funding requirements are met through debt financing, the Group may be required to adhere to covenants restricting its future operational and financial activities.

If the Company is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, it may be unable to expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on its business and the results of its operations.

Financial controls and internal reporting procedures

The Group has established financial controls and internal reporting procedures that the Directors consider appropriate for its current size and stage of development. As the Group grows, it may be necessary to adopt systems and controls more appropriate for a larger organisation, including the implementation of appropriate procedures to manage the risk emanating from foreign currency fluctuations as well as establishment of an internal audit function. Any failure by management to manage effectively the implementation of these systems and controls as the Group grows could have an adverse effect on its business and financial performance and hinder its ability to prepare reliable financial statements in the future.

Accounting risks

The Company's consolidated financial statements as at 30 June 2014 include capitalised development costs of US\$1.55 million. Should the development projects be cancelled or fail to result in revenue generating activities for the Group, its financial results could include a write-off of that amount and any amounts subsequently incurred.

2. Risks relating to the Binary Options, FOREX and CFD trading sectors

There is only a limited history of trading in Binary Options

The simplified Binary Option market (which was first introduced in 2008 by etrader.co.il) is expected to grow rapidly. Although the Group currently estimates that 18 per cent. of the total amounts invested annually in Binary Option trading is processed using the Group's software, there can be no assurance that the Group will continue to service that proportion of the market and that it will not lose market share. As the market develops, it could attract larger, better funded firms of brokers and other organisations which opt to use software from other suppliers.

The Binary Option market may decrease in size

Although the Binary Option market is growing, the market has declined in certain markets such as France owing to the negative sentiment which has resulted from malpractices by unregulated entities. Other national

markets may decline as may the global market. Should markets fall in size, the Group's business would suffer. The Binary Option market may also fail to grow and even decline if stock and/or foreign exchange markets generally were to enjoy a period of limited volatility, which could make Binary Option trading less attractive to retail customers.

The regulatory environment may change in a way which disadvantages the Group

At present, the trading of Binary Options and FOREX is regulated as a financial activity in the EU, the US and Japan. Other markets worldwide are not so regulated. Regulation in the EU, the US and Japan may change such that the Group's products are no longer compliant or require the expenditure of substantial amounts of time and money to become compliant. In addition, markets which are presently not regulated could introduce regulations with which TechFinancials' systems do not comply or which would require expensive modification to comply. Such eventualities could have a material adverse financial effect on the Group.

OptionFair could lose money on trades

OptionFair earns the majority of its revenues from dealing spreads on the various trading instruments offered on the platform. It is possible that OptionFair could suffer losses on trades by particularly skilled or successful retail customers, thereby adversely affecting the financial position of the Group. Retail customers may have access to unpublished price sensitive information or seek to manipulate share prices through market abuse or have access to information before that information is known to OptionFair, any of which might enable them to earn substantial amounts from their trading, to the detriment of the Group.

3. Risks relating to the countries in which the Group operates

Security, political and economic instability in the Middle East and Israel in particular may harm the Group's business

The Group has offices and key personnel located in Israel. Accordingly, security, political and economic conditions in the Middle East in general, and in Israel in particular, directly affect its business. Any armed conflicts or political instability in the region, including acts of terrorism or any other hostilities involving or threatening Israel, would be likely to have a negative effect on business conditions and could make it more difficult for the Group to conduct its operations in Israel and/or increase its costs and adversely affect its financial results.

Furthermore, some neighbouring countries, as well as certain companies and organisations, continue to participate in a boycott of Israeli firms and others doing business with Israel or with Israeli companies. Restrictive laws, policies or practices directed towards Israel or Israeli businesses could have an adverse impact on the expansion of the Group's business.

The Group's operations could be disrupted by the absence for significant periods of one or more of its executive officers, key employees or a significant number of other employees because of military service. A number of the Group's executive officers and the majority of its male employees in Israel are obliged to perform military reserve duty, which accumulates annually from several days to up to two months in special cases and circumstances. The length of such reserve duty depends, among other factors, on an individual's age and prior position in the military. In addition, if a military conflict occurs, these persons could be required to serve in the military for extended periods of time. Any disruption in the Group's operations as the result of military service by key personnel could harm its business.

Changes to regulation in countries where the Group operates may have an adverse impact on the Group

A number of unregulated online brokers are accepting deposits in Japan. Should the FFAJ take legal action against unregulated online brokers operating in the Japanese Binary Options market and/or restrict payment providers from providing services to unregulated online brokers, this would have a material adverse impact on the financial performance of the Group.

Changes in the Russian market

OptionFair presently generates a substantial proportion of its revenues in Russia, where the Binary Options market is not subject to regulation. However, there is no guarantee that this will remain the case and should

Russia introduce unfavourable regulation into the Binary Options market then OptionFair's financial performance could be materially and adversely affected.

The rights and responsibilities of the Group's shareholders are governed by BVI law and differ in some respects from the rights and responsibilities of shareholders under English law

The Group's parent company is a BVI registered company limited by shares incorporated in the BVI on 16 June 2009 under the BVI Companies Act. There are a number of differences between the Company and a public limited company incorporated in England and Wales under the UK Companies Act 2006. A description of the principal relevant differences is set out below.

- (i) Pre-emption rights: there are statutory pre-emption rights under the BVI Companies Act which only apply if a company expressly incorporates such provisions into its articles of association. The Group has done so.
- (ii) Takeovers: the BVI Companies Act does not contain provisions similar to those in the Takeover Code which, inter alia, oblige a person or persons acquiring at least 30 per cent. of voting rights in a company to which the UK Takeover Code applies, to make an offer to acquire the rest of the voting rights. As a result, neither a takeover of the Company nor certain stake-building activities of a Shareholder would be governed by the UK Takeover Code. The Articles incorporate provisions similar to that of the UK Takeover Code but may be amended by a resolution of the Shareholders in accordance with the Articles, or the provisions of the Articles may be waived by the Directors.
- (iii) Disclosure of interests in shares: under the BVI Companies Act, shareholders are not obliged to disclose their interests in a company in the same way as shareholders of certain public companies incorporated in the United Kingdom are required to do. In particular, the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 ("DTR") does not apply. The Articles incorporate provisions equivalent to those contained in the DTR, but may be amended by a resolution of the Shareholders or the Directors in accordance with the Articles. The inclusion of the above mentioned provisions in the Articles will not necessarily ensure compliance with Rule 17 of the AIM Rules for Companies.

Your attention is drawn to the summary of the Company's Memorandum and Articles of Association set out in paragraph 5 of Part 5 of this document.

Currency risks

The Group reports its financial results in US Dollars. However, the Group could enter into sale contracts in foreign currency and incur certain operating expenses in local currency. Additionally, the Company's Shares are quoted in Pounds Sterling. Consequently, fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results and may have an adverse effect on income and/or asset values.

Economic conditions may impact the markets and/or the regulatory regimes in the countries in which the Group operates

Economic conditions in each of the countries in which the Group operates, has operated or may operate in the future may change rapidly and/or significantly as a result of domestic or global circumstances or events such as the recent global financial crisis. Such changes in conditions may be as a result of a number of factors including population growth rates, rates of GDP growth, changes in per capita wealth, interest and inflation rates, political or policy changes, and technology changes. Lower levels of economic activity in any of the jurisdictions where the Group offers its services would adversely affect the level of sales and margins, thereby reducing the profitability of the Group. The Group operates in, and may expand its operation in the future to, certain countries that present additional risks.

Taxation risk

Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change. Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of an investment in the Company, the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

4. Risks relating to the Ordinary Shares

An investment in an AIM quoted company may entail a higher degree of risk and lower liquidity than a company listed on the Official List or on the main board of other leading exchanges

AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other leading stock exchanges. The Ordinary Shares may, therefore, be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might be the case for a similar company listed on the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of shareholders and a significant number of Ordinary Shares will be subject to the Lock-in Arrangements. The market for shares in smaller public companies, such as the Company, is less liquid than for larger public companies. Lack of liquidity of the Ordinary Shares may have an adverse effect on the market price of the Ordinary Shares. Any substantial disposals of Ordinary Shares, or the perception that these sales could occur, may make it more difficult for the Company to raise funds by issuing equity securities for cash.

The Ordinary Shares may not be suitable as an investment for all recipients of this document

The Group is principally aiming to achieve long term profitability and may not generate profits in the short or medium term; accordingly, the Ordinary Shares may not be suitable as a short-term investment. The Company's share price may be subject to large fluctuations on small volumes of shares traded and the Ordinary Shares may be difficult to sell at the quoted market price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. The price at which the Shares are traded on Admission may not be indicative of prices that will continue to prevail in the trading market. Prospective investors may not be able to resell their Ordinary Shares at a price that is attractive to them or at all.

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities who have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time and are able to suffer the complete loss of their investment.

The market price of the Ordinary Shares may fluctuate widely

The share prices of publicly quoted companies can be highly volatile. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market related, others which are sector related and others which are specific to the Group and its operations.

These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Group. The market price of the Ordinary Shares could be subject to fluctuations in response to variations in the Group's results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Group, its customers or its competitors, changes in financial estimates by securities analysts, the operating and share price performance of other companies, press and other speculation and other events or factors, many of which are beyond the Group's control. Volatility in the price of the Ordinary Shares may be unrelated or disproportionate to the Group's operating results.

Exchange rate fluctuations between Pounds Sterling and other currencies will affect the equivalent value of the Ordinary Shares in currencies other than Pounds Sterling

The Group's business is transacted and recorded in US Dollars. Irrespective of the performance of the Group and the quoted price of Ordinary Shares, Shareholders whose assets are denominated principally in other currencies, may suffer substantial losses in their investment in Ordinary Shares should the US Dollar depreciate in value relative to their own currency.

The Company may be unable to pay dividends

No cash or other dividends have ever been declared or paid on the Ordinary Shares. The Company intends to implement a progressive dividend policy as set out in paragraph 15 of Part 1 of this document, however prospective investors should not rely on receiving dividend income from the Ordinary Shares and any return on a prospective investor's investment in the Ordinary Shares may depend entirely on their appreciation in value, which cannot be assured.

The declaration, timing and payment of dividends in future periods, if any, will be completely within the discretion of the Board. Any future dividends will also depend on the Company's future financial performance, which, in turn, depends on its commercial performance, on the implementation of its growth strategy, on general economic conditions and on competitive, regulatory, technical and other factors, many of which are beyond the Company's control.

Future sales, or the anticipation of future sales, of a substantial number of the Ordinary Shares may depress the price of the Ordinary Shares

Following the expiry of the provisions of the Lock-In Arrangements entered into by the Company with certain shareholders, the sale of a substantial number of Ordinary Shares could have an adverse effect on the trading prices of the Ordinary Shares or could affect the Company's ability to obtain further capital through an offering of equity securities.

The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market following Admission. Any such sales, or the perception that such sales might occur, could result in a material fall in the market price of the Ordinary Shares.

The Company may issue additional shares or other securities convertible or exchangeable into Ordinary Shares to employees or third parties. Any such issue could result in dilution for existing investors and/or adversely affect the market price of the Ordinary Shares.

Shareholders may be unable to participate in future equity issues by the Company, which could lead to an automatic dilution of their ownership stake in the Company

In common with many AIM companies, the Company may choose to raise future funds through placing shares to investors who are not Shareholders. Any such placing could dilute the interests of existing investors. If the Company offers to Shareholders rights to subscribe for additional Ordinary Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making the rights available to Shareholders or in disposing of the rights for the benefit of Shareholders and making the net proceeds available to Shareholders. The Company may choose not to offer the rights to Shareholders in certain jurisdictions, in particular where it is illegal to do so. The Company may also not extend any future rights offerings or equity issues to jurisdictions where it would be difficult or unduly onerous to comply with the applicable securities laws.

Moreover, the further issue of Ordinary Shares could have a negative impact on and/or increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate result in dilution of the proportion of the Company's share capital in which investors are interested.

5. Forward looking statements

This document contains forward looking statements, including, without limitation, statements containing the words "believe", "anticipated", "expected" and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this Part 3. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. To the extent lawfully permitted, the Group disclaims any obligations to update any such forward looking statements in this document to reflect future events or developments.

PART 4(a)

ACCOUNTANTS' REPORT ON THE AUDITED COMBINED FINANCIAL INFORMATION ON THE GROUP



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9 March 2015

Dear Sirs

Introduction

We report on the audited combined financial information of TechFinancials Inc (the "Company") and its subsidiaries (the "Group") set out below (the "Financial Information"). The Financial Information has been prepared for inclusion in Part 4 of the AIM Admission Document dated 9 March 2015 (the "Document"), on the basis of the accounting policies set out in Notes 2 to 3 to the Financial Information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in Note 2.1 below and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the financial information as to whether the Financial Information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the underlying financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Group as at the dates stated and of the results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2.1 to the Financial Information and has been prepared in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

Chartered Accountants

Crowe Clark Whitehill LLP

STATEMENTS OF COMBINED FINANCIAL POSITION

The statements of combined financial position of the Group at the end of 31 December 2011, 2012 and 2013 are set out below:

		31 December 2011 US\$'000	31 December 2012 US\$'000	31 December 2013 US\$'000
	Note			
Non-current assets				
Intangible assets	4	–	–	873
Property and equipment	5	105	163	149
		<u>105</u>	<u>163</u>	<u>1,022</u>
Current assets				
Trade and other receivables	6	128	612	1,576
Restricted bank deposits	7	–	223	160
Cash and bank balances	8	1,684	2,332	982
		<u>1,812</u>	<u>3,167</u>	<u>2,718</u>
Total Assets		1,917	3,330	3,740
Current liabilities				
Trade and other payables	9	1,268	1,278	1,453
Income tax payable		17	140	126
		<u>1,285</u>	<u>1,418</u>	<u>1,579</u>
Share capital	10	26	27	36
Share premium account		1,148	1,649	1,919
Share-based payment reserve	11	–	–	446
Accumulated profits/(losses)		(542)	236	(240)
		<u>632</u>	<u>1,912</u>	<u>2,161</u>
Total Equity and Liabilities		<u>1,917</u>	<u>3,330</u>	<u>3,740</u>

STATEMENTS OF COMBINED COMPREHENSIVE INCOME

The statements of combined comprehensive income of the Group for each of the three years ended 31 December are set out below:

		Year ended 31 December		
	Note	2011 US\$'000	2012 US\$'000	2013 US\$'000
Continuing Operations				
Revenue		3,798	8,895	8,385
Cost of sales		(1,473)	(2,820)	(2,495)
Gross profit		2,325	6,075	5,890
Other income		125	–	462
Research and development		(480)	(1,104)	(2,277)
Selling and marketing expenses		(1,164)	(2,341)	(2,374)
Administrative expenses		(740)	(1,633)	(2,016)
Operating profit/(loss)		66	997	(315)
Finance costs		(32)	(82)	(38)
Profit/(loss) on ordinary activities before taxation		34	915	(353)
Income tax expense	12	(52)	(137)	(123)
Profit/(loss) after taxation		(18)	778	(476)
Profit/(loss) for the period		(18)	778	(476)
Other comprehensive income		–	–	–
Total comprehensive income/(loss) attributable to equity shareholders of the Company		(18)	778	(476)
Pro forma earnings/(loss) per share attributable to owners of the Parent:				
Basic and diluted (cents)	13	(0.03)	1.37	(0.84)

STATEMENTS OF COMBINED CHANGES IN EQUITY

The statements of combined changes in equity of the Group for each of the three years ended 31 December are set out below:

	<i>Share capital US\$'000</i>	<i>Share premium US\$'000</i>	<i>Share based payment reserve US\$'000</i>	<i>Accumulated profits/ (losses) US\$'000</i>	<i>Total US\$'000</i>
Balance at 1 January 2011	18	554	–	(524)	48
Total comprehensive loss for the year	–	–	–	(18)	(18)
Issue of shares	8	594	–	–	602
Balance at 31 December 2011	26	1,148	–	(542)	632
Total comprehensive income for the year	–	–	–	778	778
Issue of shares	1	501	–	–	502
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	9	270	–	–	279
Balance at 31 December 2013	36	1,919	446	(240)	2,161

COMBINED STATEMENTS OF CASH FLOWS

The combined statements of cash flow for the Group for each of the three years ended 31 December 2013 are set out below:

	<i>Years ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash Flow from operating activities			
Profit/(loss) before tax for the period	34	915	(353)
Adjustment for:			
Depreciation of property, plant and equipment	15	43	56
Share option charge	–	–	446
Operating cash flows before movements in working capital			
Increase in trade and other receivables	(43)	(385)	(954)
Increase in trade and other payables	903	10	175
Income tax paid	(16)	(137)	(123)
Net cash generated from/(used in) operating activities	<u>893</u>	<u>446</u>	<u>(753)</u>
Cash flow from investing activities			
Proceeds from disposal of property, plant and equipment	4	–	–
Redemption/(payment) of restricted bank deposits	–	(223)	63
Development of intangible assets	–	–	(873)
Acquisition of property, plant and equipment	(115)	(101)	(42)
Net cash used in investing activities	<u>(111)</u>	<u>(324)</u>	<u>(852)</u>
Cash flow from financing activities			
Issuance of share capital	602	502	279
Net cash used in financing activities	<u>602</u>	<u>502</u>	<u>279</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,384</u>	<u>624</u>	<u>(1,326)</u>
Cash and equivalent at beginning of period	345	1,684	2,332
Effect of changes in exchange rates on Cash	(45)	24	(24)
Cash and equivalent at end of period	<u><u>1,684</u></u>	<u><u>2,332</u></u>	<u><u>982</u></u>

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The Financial Information presents the combined results of the Group, following the reorganisation described in note 2.1, for each of the three years ended 31 December.

1.1 The Group

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

The Financial Information of the Group includes the financial statements of entities with common direct or indirect shareholders of the Company, details of which are set out below:

<i>Entity</i>	<i>County of registration or incorporation</i>	<i>Principal activity</i>
The Company	British Virgin Islands	Development and licencing of financial trading platforms.
B.O. TradeFinancials Limited ("B.O. TradeFinancials")	Cyprus	The provision of investment services, being the operation of the OptionFair trading platform.
NetMavrik Limited ("NetMavrik")	Israel	The provision of services to the Group.

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

The Company: Craigmuir Chambers, PO Box 71, Road Town, VG1110 Tortola, British Virgin Islands.

B.O. Trade: Ioanni Stylianou, 6, 2nd Floor, 2003, Nicosia, Cyprus.

NetMavrik 1 Shenkar 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 licencing 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 Financial Information has 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 pro forma financial information has been prepared in a manner consistent with the accounting policies to be adopted by the Company in its financial statements.

The Company entered into an agreement to acquire the entire issued share capital of B.O. Trade and form a new entity TechFinancials Israel (2014) Limited to assume the role of NetMavrik on 1 November 2014. B.O. TradeFinancials and NetMavrik were previously held by parties under common control and a reorganisation has been effected in advance of the proposed admission to AIM of the Company. The pro forma combined financial information was prepared on the basis of presenting the results for the Company and subsidiaries on a combined basis, as though they had been owned with effect from 1 January 2011.

In accordance with Statement for Investment Reporting 2000 (Revised) Investment reporting standards applicable to public reporting engagements on historical financial information for entities under common control, this financial information has been prepared on a combined basis. Under this method, the results and net assets are aggregated (with eliminations for intercompany transaction and balances), as are the related share capital and reserves. No fair value adjustments have been made as a result of the combination.

Therefore, although the group reconstruction did not become unconditional until 31 October 2014 and as each of the combined entities had the same management as well as majority shareholders throughout the period, the pro forma combined financial information is presented as if the Group structure had been in place since 1 January 2011.

The individual financial information 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 combined financial information of the Group is presented in US Dollars, which is the presentation currency for the Combined Financial Information. The functional currency of each of the group entities is the local currency of each individual entity.

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

At the date of authorisation of this combined financial information, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date.

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferred Accounts

IFRS 15 Revenue from Contracts with Customers

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

IFRS 14 Regulatory Deferral Accounts

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

Amendments to IAS 16 and IAS 41: Agriculture – Bearer Plants

2.3 Basis of combined reporting

The combined financial information incorporates the financial information of the Group.

The combined financial information presents the results of the Group as if it formed a single entity.

Intra-Group balances and transactions and any income and expenses arising from intra-Group transactions are eliminated on consolidation. Unrealised gains and losses arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

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 2013. 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 not yet. 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.

2.5 **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;
- (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 straight line 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 from use or disposal. Gains or losses arising from derecognition 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.

2.6 **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property and equipment. Depreciation of property and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in comprehensive income statement.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.7 *Impairment of tangible and intangible assets excluding goodwill*

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the comprehensive income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the comprehensive income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 *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 information 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 acquire'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.

2.9 **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through the comprehensive income statement.

Financial assets

Financial assets within the scope of IAS 39 are classified as either:

- (i) financial assets at fair value through profit or loss;
- (ii) loans and receivables;
- (iii) held-to-maturity investments;
- (iv) available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date. As at the balance sheet date, the Group did not have any financial assets at fair value through profit or loss, and in the categories of held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified in this category if they are acquired for the purpose of selling in the short term. Gains or losses on investments held for trading are recognised in the comprehensive income statement.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the comprehensive income statement.

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 loss was recognised, the previously recognised impairment loss is reversed through the comprehensive income statement to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivable.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through the comprehensive income statement or other financial liabilities.

Financial liabilities are classified as at fair value through the comprehensive income statement if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.11 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.

2.12 Leases

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.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the comprehensive income statement when the changes arise.

2.14 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.

2.15 Revenue recognition

Revenue

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

Licencing income

Licencing income is recognised when the right to receive payment is established.

Income from trading activities

Income from trading activities are recognised when the right to receive the payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.16 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.

2.17 Foreign currency transactions and translation

In preparing the consolidated financial information, transactions in currencies other than the entity's functional currency are recorded at the end of month rate of exchange prevailing on the month of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the comprehensive income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the comprehensive income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical

experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going 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.

3.1 Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial information.

3.2 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/period, 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.

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.

Provision for income taxes

The amount of income tax is being calculated on estimated assessable profits based on the completed contract method which is in accordance with the tax rules and regulations applicable in the operating countries. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables as at 31 December 2011, 2012 and 2013 were US\$17,000, US\$140,000 and US\$126,000, respectively.

4. Intangible assets – development expenditure

	<i>Project A US\$'000</i>	<i>Project B US\$'000</i>	<i>Project C US\$'000</i>	<i>Total US\$'000</i>
As at 31 December 2011				
Cost				
At 1 January 2011	–	–	–	–
Additions	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	–	–	–	–
Accumulated amortization				
At 1 January 2011	–	–	–	–
Charge for the year	–	–	–	–
At 31 December 2011	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2011	–	–	–	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 December 2012				
Cost				
At 1 January 2012	–	–	–	–
Additions	–	–	–	–
At 31 December 2012	–	–	–	–
Accumulated amortization				
At 1 January 2012	–	–	–	–
Charge for the year	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2012	–	–	–	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 December 2013				
Cost				
At 1 January 2013	–	–	–	–
Additions	305	306	262	873
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	305	306	262	873
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortization				
At 1 January 2013	–	–	–	–
Charge for the year	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2013	305	306	262	873
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Project A – Forex trading solution.

Project B – Mobile and Tablet native applications adjusted to different screen sizes.

Project C – US Exchange – integration the current software into the exchange in order to support the US regulation.

Development costs principally comprise 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.

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. These cash flow forecasts extend to the year 2024 to ensure the full benefit of all current projects is realised. 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.

The discount rate applied to the cash flow projections is 15 per cent.

A 15 per cent. 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 2013, no impairment was recorded.

5. Property and equipment

	<i>Lease US\$'000</i>	<i>Computer equipment US\$'000</i>	<i>Office equipment US\$'000</i>	<i>Total US\$'000</i>
As at 31 December 2011				
Cost	–	3	3	6
At 1 January 2011				
Additions	3	66	46	115
At 31 December 2011	3	69	49	121
Accumulated depreciation				
At 1 January 2011	–	–	1	1
Charge for the year	–	12	3	15
At 31 December 2011	–	12	4	16
Net book value				
At 31 December 2011	3	57	45	105
As at 31 December 2012				
Cost				
At 1 January 2012	3	69	49	121
Additions	1	51	49	101
At 31 December 2012	4	120	98	222
Accumulated depreciation				
At 1 January 2012	–	12	4	16
Charge for the year	2	35	6	43
At 31 December 2012	2	47	10	59
Net book value				
At 31 December 2012	2	73	88	163
As at 31 December 2013				
Cost				
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

6. Trade and other receivables

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	93	459	1,353
Prepayments	14	61	66
Other receivable	21	92	157
	<u>128</u>	<u>612</u>	<u>1,576</u>

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

7. Restricted Bank Deposits

Restricted bank deposits represent cash held by the Company 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

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash at banks	1,636	1,537	982
Short term deposits	48	795	–
	<u>1,684</u>	<u>2,332</u>	<u>982</u>

9. Trade and other payables

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	614	572	778
Other payables	10	1	–
Government authorities	26	2	90
Employees and institution for payroll and related tax	265	394	536
Accrued liabilities	65	21	23
Amounts due to a shareholder	288	288	26
	<u>1,268</u>	<u>1,278</u>	<u>1,453</u>

The amounts due to a shareholder are 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

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
	<i>of Shares</i>	<i>of Shares</i>	<i>of Shares</i>
Authorised:			
The Company Ordinary share of US\$1	30,000	30,000	30,000
The Company Ordinary A share of US\$1	20,000	20,000	20,000
B.O. TradeFinancials Ordinary share of €1	–	1,000	5,000
NetMavrik Ordinary share of ILS 1	10,000	10,000	50,000
	<u>60,000</u>	<u>61,000</u>	<u>105,000</u>

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Issued and fully paid			
The Company Ordinary share of US\$1 each	12	12	12
Ordinary A share of US\$1 each	13	14	14
B.O. TradeFinancials Ordinary share of €1	–	–	3
NetMavrik Ordinary share of ILS 1	1	1	7
	<u>26</u>	<u>27</u>	<u>36</u>

On 24 April 2013, the Company issued to its existing shareholders 28 Ordinary A shares with a nominal value of US\$1.00 each.

11. Share-based payment transactions

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

Employee Stock Option Plan

	<i>Year ended</i>	
	<i>31 December 2013</i>	
	<i>Number</i>	<i>Weighted</i>
	<i>of Options</i>	<i>Average</i>
		<i>Exercise</i>
		<i>Price (US\$)</i>
Balance at the beginning of period	–	–
Granted	1,857	1
Lapsed during the period	–	–
Balance at the end of period	<u>1,857</u>	<u>–</u>

Type of arrangement

Employee Stock Option Plan (ESOP)

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

Date of Grant: 15 October 2013

Number Granted: 1,857

Contractual life: 6 years

Vesting conditions: 1,207 on the date of grant, 125 option a year after the date of grant and 525 vest on monthly equal quantity over a period of 3 years.

Earliest Exercise date 15 October 2013

Exercise price US\$1

The estimated fair value of each share option granted in the senior employee share option plan is US\$352

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;
- exercise prices of US\$1;
- 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 was US\$446k.

12. Income tax expenses

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current income tax	<u>52</u>	<u>137</u>	<u>123</u>

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:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit (Loss) before taxation	34	915	(353)
Profit multiplied by standard rate of EIT of 0%	–	–	–
<i>Effect of:</i>			
Different tax rates in different countries	52	137	123
Israeli tax rates 2011: 24%, 2012 and 2013: 25%.			
Cyprus tax rates 2011 and 2012 : 10% 2013: 12.5%.			
	<u>52</u>	<u>137</u>	<u>123</u>

13. Pro Forma Earnings per share

It is of limited significance to calculate earnings per share on the historical equity of the Company. Accordingly, a pro forma earnings/(loss) per share has been included based on the relevant number of shares in the Company following the group reorganisation. The calculation of earnings per share is based on the following earnings and number of shares:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) attributable to equity holders	(18)	778	(476)
Number of shares	56,884,700	56,884,700	56,884,700
Earnings/(loss) per share (basic and diluted) (cents)	(0.03)	1.37	(0.84)

14. Operating lease commitments

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:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within one year	209	216	284
After one year but before five years	401	157	76
After five years	—	—	—
	610	373	360

Operating lease payments represent rent payable.

15. 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 this combined financial information. 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 this combined financial information, the following significant transactions took place at terms agreed between the parties:

(a) Payables to controlling Shareholders

Compensation of controlling shareholders employed by the Group is analysed as follows:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Salaries and post employment benefits	262	436	456
Other long-term employee benefits	48	48	63

(b) **Balances with controlling shareholders**

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

	As at 31 December		
	2011	2012	2013
	US\$'000	US\$'000	US\$'000
Current Accounts Credit	(288)	(288)	(26)
Current Accounts Debit	<u>2</u>	<u>2</u>	<u>2</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

(c) **Intercompany balances with controlling related parties**

Related parties balances are analysed as follows:

	As at 31 December		
	2011	2012	2013
	US\$'000	US\$'000	US\$'000
NetMavrik	17	(199)	(851)
B.O. TradeFinancials	<u>–</u>	<u>–</u>	<u>(140)</u>

(d) **Intercompany services**

	As at 31 December		
	2011	2012	2013
	US\$'000	US\$'000	US\$'000
NetMavrik – technical support	1,972	4,775	5,360
B.O. TradeFinancials – renting agreement	–	8	8
B.O. TradeFinancials – revenue from licencing	<u>–</u>	<u>–</u>	<u>3,687</u>

(e) **Intercompany loans**

	As at 31 December		
	2011	2012	2013
	US\$'000	US\$'000	US\$'000
B.O. TradeFinancials –			
Interest rate 6 month Libor + 4%, maturity 23/10/2015	<u>–</u>	<u>73</u>	<u>66</u>

16. Key management remuneration

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

<i>Director</i>	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Asaf Lahav			
Wages and salaries	60	96	111
Post-employment benefits	7	16	16
Other long term benefits	12	12	16
	<u>79</u>	<u>124</u>	<u>143</u>
Jeremy Lange			
Wages and salaries	54	96	111
Post-employment benefits	7	16	16
Other long term benefits	12	12	16
	<u>73</u>	<u>124</u>	<u>143</u>
Eyal Rosenblum			
Wages and salaries	60	96	111
Post-employment benefits	7	5	16
Other long term benefits	12	12	16
	<u>79</u>	<u>113</u>	<u>143</u>
Eyal Alon			
Wages and salaries	60	96	70
Post-employment benefits	7	15	5
Other long term benefits	12	12	15
	<u>79</u>	<u>123</u>	<u>90</u>
Edit Avital			
Wages and salaries	–	56	148
Post-employment benefits	–	5	10
Other long term benefits	–	16	48
	<u>–</u>	<u>77</u>	<u>206</u>
Total	<u>310</u>	<u>561</u>	<u>725</u>

17. 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. 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 2011, 2012, and 2013, substantially all the cash and bank balances as detailed in Note 8 to the consolidated financial information 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:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash and cash equivalents	1,684	2,332	982
Trade receivables and others	128	612	1,576
Amounts due from a shareholder	2	2	2
	<u>1,814</u>	<u>2,946</u>	<u>2,560</u>

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

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

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current	93	240	1,212
31 – 60 days	35	372	317
61 – 90 days	–	–	47
91 to 120 days	–	–	–
	<u>128</u>	<u>612</u>	<u>1,576</u>

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

	<i>Liabilities</i>		<i>Assets</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Euro	214	1,707	1,162	2,404
Israeli New Shekel	651	617	862	835
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 short term 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, real time 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 Trade 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, these 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.

Capital risk management

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 2013.

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:

	<i>As at 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current			
31 – 60 days	1,268	1,278	1,453
61 – 90 days	–	–	–
	<u>1,268</u>	<u>1,278</u>	<u>1,453</u>

18. Fair value of financial instruments

The carrying amount of the financial assets and financial liabilities in the financial information 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 information.

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.

19. Segment Information

Business segment

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

The Group's business segments are organised as follows:

The segment information provided to management for the reportable segments for the year ended 31 December 2011 is as follows:

Year ended 31 December 2011

	<i>Trading platform US\$'000</i>	<i>Licence income US\$'000</i>	<i>Total US\$'000</i>
Revenue and results:			
Revenues from external customers	2,869	929	3,798
Segment profit/(loss)	382	(348)	34
Unallocated other income and expenses	–	–	–
Profit/(loss) before tax	382	(348)	34
Assets and liabilities			
Assets	855	1,062	1,917
Liabilities	(597)	(688)	(1,285)
Depreciation and additions			
Depreciation	7	8	15
Additions to property, plant and equipment	57	58	115

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

The segment information provided to management for the reportable segments for the year ended 31 December 2012 is as follows:

Year ended 31 December 2012

	<i>Trading platform US\$'000</i>	<i>Licence income US\$'000</i>	<i>Total US\$'000</i>
Revenue and results:			
Revenues from external customers	5,927	2,968	8,895
Segment profit/(loss)	1,001	(86)	915
Unallocated other income and expenses	–	–	–
Profit/(loss) before tax	1,001	(86)	915
Assets and liabilities			
Assets	1,110	2,220	3,330
Liabilities	(780)	(638)	(1,418)
Depreciation and additions			
Depreciation	21	22	43
Additions to property, plant and equipment	51	50	101

Revenues from the Group's top three customers represent approximately 22 per cent. of the total revenues.

The segment information provided to management for the reportable segments for the year ended 31 December 2013 is as follows:

Year ended 31 December 2013

	<i>Trading platform US\$'000</i>	<i>Licence income US\$'000</i>	<i>Total US\$'000</i>
Revenue and results:			
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)
Assets and liabilities			
Assets	1,154	2,586	3,740
Liabilities	(1,093)	(486)	(1,579)
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 per cent. of the total revenues.

20. Commitments

The Group had no capital or other commitments as at 31 December 2013.

21. 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 considerable risk that Consob might impose an administrative sanction on Jeremy Lange and Eyal Rosenblum.

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.

22. Subsequent events

On 31 October 2014 the Company acquired the entire issued share capital of B.O. TradeFinancials Limited by way of a transfer of 2,000 ordinary shares.

On 4 September 2014, the Company established a wholly owned subsidiary incorporated in Israel under the name of TechFinancials (Israel) 2014 Limited.

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

An asset purchase agreement was entered into on 14 November 2014, by and between NetMavrik and the Company under which NetMavrik sold, transferred, assigned and delivered to the Company all right, title and interest in and to certain assets listed in the agreement, in consideration for a price of NIS 107,993.

An asset purchase agreement between the Company and TechFinancials Israel was entered into on 14 November 2014 by and between the Company and TechFinancials Israel under which the Company sold, transferred, assigned and delivered to TechFinancials Israel all right, title and interest in and to certain assets listed in the Agreement, in consideration for a price of NIS 107,993).

Pursuant to a loan facility agreement dated between the Company and TechFinancials Israel, the Company agreed to extend the loan facility to TechFinancials Israel, the Company agreed to extend the loan facility to TechFinancials Israel in the amount of up to USD 1,000,000 (“**Total Loan Facility**”).

The loan or any unsettled amount of it shall bear a fixed interest at an annual rate of 5 per cent. Interest is calculated as of the transfer date of each draw down on the basis of 30/360 day count convention method and shall be paid together with the repayment of the principal amount within 30 days following receipt from the Company of a written demand for repayment, in whole or in part, as the case may be. in any event the loan together with the accrued interest shall be repaid in full by no later than 30 days following written demand.

The Company entered into an escrow agreement with Asaf Lahav and Eyal Alon (together, the “**Trustees**”) on 3 April 2014 pursuant to which the Company appoints the Trustees to hold all of the issued and outstanding shares in MarketFinancials in trust for the Company. The Trustees have undertaken, amongst others, to execute the Company’s instructions. The Company, has undertaken, inter alia, to ensure that the Trustees have all the required means, including proper funding, to perform their duties under the agreement as registered owner of the escrow shares. The Company indemnifies the Trustees against any losses, claims or damages or liabilities, joint or several, to which they or anyone on their behalf may become subject under the agreement.

In November 2014 the Company entered into a deed of assignment (the “**Deed of Assignment**”) with NetMavrik to clarify the ownership of intellectual property rights pursuant to a development agreement entered into between the parties on 14 July 2009. The Deed of Assignment confirms the parties’ original intention that ownership of all intellectual property rights arising pursuant to the original agreement between the parties is to be transferred to the Company, to the extent that it has not already been done.

A loan agreement was entered into on 15 October 2014 by and between the Company and each of Asaf Lahav, Jeremy Lange and Eyal Alon.

<i>Lender</i>	<i>Loan in US\$</i>
Asaf Lahav	69,468
Jeremy Lange	84,595
Eyal Alon	121,450

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.

23. Nature of financial information

The financial information presented above does not constitute statutory financial statements for the period under review.

PART 4(b)

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF COMBINED NET ASSETS



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The Directors
TechFinancials Inc
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VG1110 Tortola
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Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

9 March 2015

Dear Sirs

Introduction

We report on the unaudited pro forma statement of combined net assets of TechFinancials Inc (the "Company") and its subsidiaries (together, the "Group") (the "Pro Forma Financial Information") set out in Part 4(b) of the Company's AIM admission document dated 9 March 2015 (the "Document"). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the placing and admission of the Company and its securities to trading on AIM, might have affected the financial information presented on the basis of the accounting policies adopted by the Company as at 30 June 2014. This report is required by Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents,

considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Crowe Clark Whitehill LLP

Chartered Accountants

Set out below is an unaudited pro-forma statement of combined net assets of the Company (the “Pro-Forma Financial Information”), which has been prepared on the basis of the Company’s combined financial information at 30 June 2014, as adjusted for the Placing proceeds, as set out in the notes below. The unaudited pro forma statement has been prepared for illustrative purposes only and because of its nature will not represent the actual consolidated financial position of the Company at the date of Admission.

Unaudited pro-forma statement of combined net assets

	<i>Group (Unaudited) (Note 1) US\$'000</i>	<i>Placing proceeds (Note 2) US\$'000</i>	<i>Combined pro forma net assets (Unaudited) US\$'000</i>
Non-current assets			
Intangible assets	1,550	–	1,550
Property, plant and equipment	182	–	182
	<u>1,732</u>	<u>–</u>	<u>1,732</u>
Current assets			
Trade and other receivables	893	–	893
Restricted bank deposits	160	–	160
Cash and cash equivalents	2,291	3,500	5,791
	<u>3,344</u>	<u>3,500</u>	<u>6,844</u>
Total assets	<u>5,076</u>	<u>3,500</u>	<u>8,576</u>
Current liabilities			
Trade and other payables	2,437	–	2,437
Income tax payable	52	–	52
	<u>2,489</u>	<u>–</u>	<u>2,489</u>
Non-current liabilities			
Long-term borrowings	191	–	191
	<u>191</u>	<u>–</u>	<u>191</u>
Total liabilities	<u>2,680</u>	<u>–</u>	<u>2,680</u>
Net assets	<u>2,396</u>	<u>3,500</u>	<u>5,896</u>

Notes:

1. The unaudited combined statement of financial position of the Company as at 30 June 2014 has been extracted, without further adjustment, from its financial information set out in Part 4(c) of the Document. No account has been taken of the activities of the Group subsequent to 30 June 2014.
2. The Company raised approximately US\$4.7 million (gross) from the Placing. Associated cash costs of the Placing were approximately US\$1.2 million (excluding VAT). The net proceeds from the Placing received by the Company were approximately US\$3.5 million.

PART 4(c)

ACCOUNTANTS' REPORT ON THE UNAUDITED INTERIM HISTORICAL FINANCIAL INFORMATION ON THE GROUP



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The Directors
TechFinancials Inc
PO Box 71
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VG1110 Tortola
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9 March 2015

Dear Sirs

Introduction

We have been engaged by TechFinancials Inc (the "Company") to review the condensed set of combined financial information of TechFinancials Inc and its subsidiaries (the "Group") for the six month period ended 30 June 2014 which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes.

This report is made solely to the Company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have reached.

Directors' Responsibilities

The financial report is the responsibility of, and has been approved by, the directors of the Company. The directors are responsible for preparing the financial information.

As disclosed in Note 1, the accountants' report on the condensed set of financial information of the Group is prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial information in the financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information

consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of combined financial information on the Group for the six month period ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Chartered Accountants

Crowe Clark Whitehill LLP

STATEMENTS OF FINANCIAL POSITION

		<i>Unaudited</i> <i>30 June</i> <i>2013</i> <i>US\$'000</i>	<i>Unaudited</i> <i>30 June</i> <i>2014</i> <i>US\$'000</i>
	<i>Note</i>		
Non-current assets			
Intangible assets		–	1,550
Property and equipment		157	182
		<u>157</u>	<u>1,732</u>
Current assets			
Trade and other receivables		706	893
Restricted bank deposits		234	160
Cash and bank balances		1,217	2,291
		<u>2,157</u>	<u>3,344</u>
Total Assets		<u>2,314</u>	<u>5,076</u>
Non-current liabilities		<u>–</u>	<u>191</u>
Current liabilities			
Trade and other payables		1,244	2,437
Income tax payable		80	52
		<u>1,324</u>	<u>2,489</u>
Share capital	5	27	36
Share premium account		1,649	1,919
Share-based payment reserve		–	478
Accumulated losses		(686)	(37)
		<u>990</u>	<u>2,396</u>
Total Equity and Liabilities		<u><u>2,314</u></u>	<u><u>5,076</u></u>

STATEMENTS OF COMBINED COMPREHENSIVE INCOME

		<i>Unaudited six months ended 30 June 2013 US\$'000</i>	<i>Unaudited six months ended 30 June 2014 US\$'000</i>
	<i>Note</i>		
Revenue		3,571	7,156
Cost of sales		(1,106)	(2,692)
Gross profit		<u>2,465</u>	<u>4,464</u>
Other income		22	–
Research and development		(962)	(623)
Selling and marketing expenses		(1,336)	(1,817)
Administrative expenses		(969)	(1,287)
Operating profit/(loss)		<u>(780)</u>	<u>737</u>
Finance expenses		(82)	(471)
Profit (loss) on ordinary activities before taxation		<u>(862)</u>	<u>266</u>
Income tax expense	4	(60)	(63)
Profit (loss) after taxation		<u>(922)</u>	<u>203</u>
Profit (loss) for the period		<u>(922)</u>	<u>203</u>
Other comprehensive income		–	–
Total comprehensive income/(loss) attributable to owners of the parent		<u><u>(922)</u></u>	<u><u>203</u></u>
Pro forma earnings/(loss) per share attributable to owners of the Company:			
Basic and diluted (cents)		<u><u>(1.62)</u></u>	<u><u>0.36</u></u>

STATEMENTS OF COMBINED CHANGES IN EQUITY

	<i>Share capital US\$'000</i>	<i>Share premium US\$'000</i>	<i>Share based payment reserve US\$'000</i>	<i>Accumulated profits/ (losses) US\$'000</i>	<i>Total US\$'000</i>
Balance at 31 December 2012	27	1,649	–	236	1,912
Total comprehensive loss for the period	–	–	–	(922)	(922)
Balance at 30 June 2013	27	1,649	–	(686)	990
Total comprehensive profit for the period	–	–	–	446	446
Issue of shares	9	270	–	–	279
Share-based payments	–	–	446	–	446
Balance at 31 December 2013	36	1,919	446	(240)	2,161
Total comprehensive income for the period	–	–	–	203	203
Share based payment	–	–	32	–	32
Balance 30 June 2014	36	1,919	478	(37)	2,396

STATEMENT OF COMBINED CASH FLOW

	<i>Unaudited 6 months ended 30 June 2013 US\$'000</i>	<i>Unaudited 6 months ended 30 June 2014 US\$'000</i>
Cash flow from operating activities		
Profit/(loss) before tax for the period	(862)	266
<i>Adjustment for:</i>		
Depreciation of property and equipment	28	33
Share option charge	–	32
Operating cash flows before movements in working capital		
(Increase)/decrease in trade and other receivables	(214)	566
Increase/(decrease) in trade and other payables	(109)	984
Net cash generated from/(used in) operating activities	<u>(1,157)</u>	<u>1,881</u>
Redemption of restricted bank deposits	11	–
Development of intangible assets	–	(677)
Acquisition of property and equipment	(17)	(59)
Net cash used in investing activities	<u>(6)</u>	<u>(736)</u>
Cash flow from financing activities		
Proceeds from long term loan	–	191
Net cash used in financing activities	<u>–</u>	<u>191</u>
Net Increase/(decrease) in cash & cash equivalents	(1,163)	1,336
Cash and equivalents at beginning of period	2,332	982
Effect of changes in exchange rates on cash	48	(27)
Cash and equivalents at end of period	<u>1,217</u>	<u>2,291</u>

1. Basis of preparation

The Company was incorporated in the British Virgin Islands on 16 June 2009 as a BVI company under the BVI Business Companies Act, 2004 and is the designated holding company for the Group.

The combined unaudited financial information for the Group includes the financial information of entities with common direct or indirect shareholders of the Company, details of which are set out below:

<i>Entity</i>	<i>County of registration or incorporation</i>	<i>Principal activity</i>
The Company	British Virgin Islands	Development and licensing of financial trading platforms.
B.O. TradeFinancials	Cyprus	The provision of investment services, being the operation of the OptionFair trading platform.
NetMavrik	Israel	The provision of services to the Group.

The combined unaudited interim financial information of the Group for the six months ended 30 June 2014 has been prepared using the same accounting policies, presentation, method of computation and estimation techniques as are expected to be adopted in the financial information of the Group for the year ending 31 December 2014.

The Financial Information has 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 pro forma financial information has been prepared in a manner consistent with the accounting policies to be adopted by the Company in its financial statements.

The Company entered into an agreement to acquire the entire issued share capital of B.O. TradeFinancials and form a new entity TechFinancials Israel to assume the role of NetMavrik on 1 November 2014. B.O. TradeFinancials and NetMavrik were previously held by parties under common control and a reorganisation has been effected in advance of the proposed admission to AIM of the Company.

The pro forma combined financial information was prepared on the basis of presenting the results for the Company and subsidiaries on a combined basis, as though they had been owned with effect from 1 January 2011.

In accordance with Statement for Investment Reporting 2000 (Revised) Investment reporting standards applicable to public reporting engagements on historical financial information for entities under common control, this financial information has been prepared on a combined basis. Under this method, the results and net assets are aggregated (with eliminations for intercompany transaction and balances), as are the related share capital and reserves. No fair value adjustments have been made as a result of the combination.

Therefore, although the Group reconstruction did not become unconditional until 31 October 2014 and as each of the combined entities had the same management as well as majority shareholders throughout the period, the pro forma combined financial information is presented as if the Group structure had been in place since 1 January 2011.

The individual financial information 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 combined financial information of the Group is presented in US Dollars, which is the presentation currency for the Combined Financial Information. The functional currency of each of the group entities is the local currency of each individual entity.

2. Proforma earnings per share

It is of limited significance to calculate earnings per share on the historical equity of the Company. Accordingly, a pro forma earnings/(loss) per share has been included based on the relevant number of shares in the Company following the Group reorganisation. The calculation of earnings per share is based on the following earnings and number of shares:

	<i>Unaudited 6 months ended 30 June 2013 US\$'000</i>	<i>Unaudited 6 months ended 30 June 2014 US\$'000</i>
Profit/(loss) attributable to equity holders	(922)	203
Number of shares	56,884,700	56,884,700
Earnings/(loss) per share (basic and diluted) (cents)	(1.62)	0.36

3. Segment Information

6 months ended 30 June 2013

	<i>Trading platform US\$'000</i>	<i>License income US\$'000</i>	<i>Total US\$'000</i>
Revenue and results:			
Revenues from external customers	1,598	1,973	3,571
Segment profit/(loss)	(476)	(386)	(862)
Unallocated other income and expenses	—	—	—
Loss before tax	(476)	(386)	(862)
Assets and liabilities			
Assets	1,376	938	2,314
Liabilities	765	559	1,324
Depreciation and additions			
Depreciation	14	13	27
Additions to property and equipment	8	9	17

Revenues from the Group's top three customers represented approximately 37 per cent. of the total revenues, during the period.

6 months ended 30 June 2014

	<i>Trading platform US\$'000</i>	<i>License income US\$'000</i>	<i>Total US\$'000</i>
Revenue and results:			
Revenues from external customers	4,123	3,033	7,156
Segment profit/(loss)	(437)	703	266
Unallocated other income and expenses	—	—	—
Profit/(loss) before tax	(437)	703	266
Assets and liabilities			
Assets	1,552	3,524	5,076
Liabilities	937	1,743	2,680
Depreciation and additions			
Depreciation	17	16	33
Additions to property and equipment	29	30	59

Revenues from the Group's top three customers represented approximately 23 per cent. of the total revenues, during the period.

4. Income Tax expense

The tax charge on profits assessable has been calculated at the rates of tax prevailing, based on existing legislation, interpretation and practices in respect thereof.

5. Share capital

	<i>Unaudited 6 months ended 30 June 2013 Number of Shares</i>	<i>Unaudited 6 months ended 30 June 2014 Number of Shares</i>
Authorised:		
The Company Ordinary shares of US\$1:		
B.O. Trade Ordinary share of €1	1,000	5,000
NetMavrik Ordinary share of ILS 1	50,000	50,000
	<hr/>	<hr/>
	US\$'000	US\$'000
Issued and fully paid:	26	26
The Company Ordinary shares of US\$1		
B.O. Trade Ordinary share of €1	–	3
NetMavrik Ordinary share of ILS 1	1	7
	<hr/>	<hr/>
	27	36
	<hr/>	<hr/>

6. Subsequent events

On 31 October 2014 the Company acquired the entire issued share capital of B.O. TradeFinancials Limited by way of a transfer of 2,000 ordinary shares.

On 4 September 2014, the Company established a wholly owned subsidiary incorporated in Israel under the name of TechFinancials (Israel) 2014 Limited.

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

An asset purchase agreement was entered into on 14 November 2014, by and between NetMavrik and the Company under which NetMavrik sold, transferred, assigned and delivered to the Company all right, title and interest in and to certain assets listed in the agreement, in consideration for a price of NIS 107,993.

An asset purchase agreement between the Company and TechFinancials Israel was entered into on 14 November 2014 by and between the Company and TechFinancials Israel under which the Company sold, transferred, assigned and delivered to TechFinancials Israel all right, title and interest in and to certain assets listed in the Agreement, in consideration for a price of NIS 107,993).

Pursuant to a loan facility agreement dated between the Company and TechFinancials Israel, the Company agreed to extend the loan facility to TechFinancials Israel, the Company agreed to extend the loan facility to TechFinancials Israel in the amount of up to USD 1,000,000 ("**Total Loan Facility**").

The loan or any unsettled amount of it shall bear a fixed interest at an annual rate of 5 per cent. Interest is calculated as of the transfer date of each draw down on the basis of 30/360 day count convention method and shall be paid together with the repayment of the principal amount within 30 days following receipt from the Company of a written demand for repayment, in whole or in part, as the case may be. in any event the

loan together with the accrued interest shall be repaid in full by no later than 30 days following written demand.

In November 2014 the Company entered into a deed of assignment (the “**Deed of Assignment**”) with NetMavrik to clarify the ownership of intellectual property rights pursuant to a development agreement entered into between the parties on 14 July 2009. The Deed of Assignment confirms the parties’ original intention that ownership of all intellectual property rights arising pursuant to the original agreement between the parties is to be transferred to the Company, to the extent that it has not already been done.

A loan agreement was entered into on 15 October 2014 by and between the Company and each of Asaf Lahav, Jeremy Lange and Eyal Alon.

<i>Lender</i>	<i>Loan in \$</i>
Asaf Lahav	69,468
Jeremy Lange	84,595
Eyal Alon	121,450

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.

7. Related party transaction

On 13 March 2014 NetMavrik obtained a long term loan in the amount of 700,000 Israeli New Sheqel (NIS) (approximately USD 206,000).

The loan bears interest rate of 5.25 per cent. payable in 60 monthly equal instalments. In addition to the loan agreement the related party secured a credit facility on the amount of 300,000 NIS (approximately USD88,000).

In return for the loan and the credit facility received, a related company, NetMavrik granted the bank a lien on a deposit of 300,000 NIS (approximately USD88,000).

8. 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 considerable risk that Consob might impose an administrative sanction on Jeremy Lange and Eyal Rosenblum.

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.

9. Nature of the Financial Information

The financial information does not constitute statutory accounts for the periods under review.

PART 5

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names and functions are set out on page 6 of this document, and the Company, accept responsibility, both individually and collectively, for all of the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors and the Company, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registration

- 2.1 The Company was incorporated on 16 June 2009 under the name MIKA Holdings, Inc. and changed its name to TechFinancials, Inc. on 9 September 2013.
- 2.2 The Company's registered office is the office of its registered agent, Harneys Corporate Services Limited, Craigmuir Chambers, PO Box 71, Road Town, Tortola, VG1110, British Virgin Islands.
- 2.3 The Company's principal place of business is City House, 3rd Floor, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus. The telephone number of the Company's principal place of business is +357 25503164. The address of the Company's corporate website on which the information required by Rule 26 of the AIM Rules for Companies is www.techfinancials.com.
- 2.4 The principal activity of the Company is to act as the ultimate holding company of the Group, whose principal activities are described in more detail at Part 1 of this document.
- 2.5 The Company has no administrative, management or supervisory bodies other than the Board and the audit and remuneration committees, further details of which are set out in paragraph 16 of Part 1 of this document.
- 2.6 The Company is governed by British Virgin Islands legislation and the principal legislation under which the Company operates is the BVI Companies Act and the regulations made thereunder.
- 2.7 The Company's auditor, which has audited the financial statements of the Company for each of the years ended 31 December 2011, 2012 and 2013, is Euroglobal S.E.E. Audit Limited, which is a member of the Institute of Certified Public Accountants of Cyprus.
- 2.8 None of the audit reports for the three years ended 31 December 2011, 2012 or 2013 have contained qualifications or disclaimer.
- 2.9 No auditors of the Company have resigned or been removed or not re-appointed during the years ended 31 December 2011, 2012 and 2013.
- 2.10 The accounting reference date of the Company is 31 December.
- 2.11 Save for the undertakings set out in paragraph 3 of this Part 5, there are no undertakings in which the Company holds a proportion of the capital of another company that have a significant effect on an assessment of its assets and liabilities, financial position or profits.

3. Group organisation

- 3.1 The Company is the ultimate holding company of the Group and has the following subsidiary undertakings:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Percentage owned</i>
B.O. TradeFinancials Limited	Cyprus	B.O. TradeFinancials is a broker, authorised by CySEC as a Cypriot investment firm	100%
TechFinancials Israel (2014) Limited	Israel	Core software development, sales, marketing and administration	100%
TradeFinancials, Inc.	U.S.	Currently dormant	100%
MarketFinancials Limited	Seychelles	Currently dormant	100%

The shares in MarketFinancials Limited are legally owned by Asaf Lahav and Eyal Alon who hold them in trust for the Company. This is a historical arrangement. It is intended that such shares will be transferred to be held legally and beneficially by the Company as soon as MarketFinancials starts trading in the US.

4. Share capital of the Company

The history of the Company's share capital from incorporation to the date of this document is as follows:

4.1 Issued 16 June 2009 (on incorporation)

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Eyal Rosenblum	Ordinary USD 1.00	1,000
Jeremy Lange	Ordinary USD 1.00	2,000
Eyal Alon	Ordinary USD 1.00	2,000
Asaf Lahav	Ordinary USD 1.00	2,000
Total		<u>7,000</u>

4.2 Issued 1 August 2010

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Eyal Rosenblum	Ordinary USD 1.00	1,043
Jeremy Lange	Ordinary USD 1.00	759
Eyal Alon	Ordinary USD 1.00	1,762
Asaf Lahav	Ordinary USD 1.00	1,436
Total		<u>5,000</u>

4.3 Issued 21 September 2010

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Danny Magen	Ordinary USD 1.00	<u>3,200</u>
Total		<u>3,200</u>

4.4 Issued 15 December 2010

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Daonit Limited	Ordinary A USD 1.00	600
Fidelity Venture Capital Limited	Ordinary A USD 1.00	800
Equilibrium Solutions Limited	Ordinary A USD 1.00	1,200
Ran Steinman	Ordinary A USD 1.00	200
Ohad Berman	Ordinary A USD 1.00	240
Total		<u>3,040</u>

4.5 Issued 4 February 2011

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Eyal Alon	Ordinary USD 1.00	878
Asaf Lahav	Ordinary USD 1.00	802
Jeremy Lange	Ordinary USD 1.00	644
Eyal Rosenblum	Ordinary USD 1.00	477
Total		<u>2,801</u>

4.6 Issued 11 July 2011

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Danny Magen	Ordinary A USD 1.00	231
Daonit Limited	Ordinary A USD 1.00	244
Fidelity Venture Capital Limited	Ordinary A USD 1.00	579
Equilibrium Solutions Limited	Ordinary A USD 1.00	2,314
Ran Steinman	Ordinary A USD 1.00	114
Ohad Berman	Ordinary A USD 1.00	122
Total		<u>3,604</u>

4.7 Issued 24 February 2012

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Avner Lewenstein	Ordinary A USD 1.00	125
Total		<u>125</u>

4.8 Issued 1 May 2012

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Danny Magen	Ordinary A USD 1.00	197
Daonit Limited	Ordinary A USD 1.00	141
Fidelity Venture Capital Limited	Ordinary A USD 1.00	282
Ran Steinman	Ordinary A USD 1.00	70
Gigi Levi	Ordinary A USD 1.00	563
Aviv Mor	Ordinary A USD 1.00	70
Asaf Lahav	Ordinary A USD 1.00	28
Jeremy Lange	Ordinary A USD 1.00	28
Eyal Alon	Ordinary A USD 1.00	28
Total		<u>1,407</u>

4.9 Issued 12 March 2013

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Ohad Berman	Ordinary A USD 1.00	20
Ran Steinman	Ordinary A USD 1.00	8
Total		<u>28</u>

4.10 Share transfers

<i>Transferor</i>	<i>Transferee</i>	<i>Number of Shares</i>	<i>Class</i>	<i>Date</i>
Ohad Berman	Shimon Mashiach	282	Ordinary A USD 1.00	9 April 2013
Equilibrium Solutions Limited	Evian Investments Limited	1,521	Ordinary A USD 1.00	29 July 2014

- 4.11 On 14 November 2014, all ordinary shares of USD 1.00 each and ordinary A shares of USD 1.00 each of TechFinancials were split by 100, thus increasing the number of the issued shares from 26,205 to 2,620,500.

4.12 Issued 14 November 2014

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
NetMavrik	Ordinary USD 0.01	73,035

4.13 Issued 4 February 2015

<i>Shareholder</i>	<i>Class</i>	<i>Number of shares</i>
Gigi Levy	Ordinary USD 0.01	35,300
Avner Lewenstein	Ordinary USD 0.01	21,000
Allen Langer	Ordinary USD 0.01	69,400
Aviv Mor	Ordinary USD 0.01	10,000
Aviv Balasiano	Ordinary USD 0.01	10,000
Maya Raviv	Ordinary USD 0.01	5,000

- 4.14 On 4 February 2015, all ordinary A shares of USD 0.01 each in the capital of TechFinancials were converted into ordinary shares of USD 0.01 each in the capital of TechFinancials.

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

- 4.16 The issued fully paid up share capital of TechFinancials as at the date of this document and as it is expected to be immediately prior to Admission is 56,884,700 Ordinary Shares.

- 4.17 Save as disclosed in paragraphs 12.4, 12.25, 13 and 14 of this Part 5:

- 4.17.1 no share or loan capital in the Company or any other member of the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 4.17.2 no person or entity has any preferential subscription rights for any share capital of the Company or in any other member of the Group;
- 4.17.3 the Company does not hold any of its own Ordinary Shares and none of the Company's subsidiaries hold any of the Ordinary Shares;
- 4.17.4 the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and

- 4.17.5 there are no acquisition rights or obligations over the share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 4.18 The ISIN of the Ordinary Shares is VGG870911077.
- 4.19 The Ordinary Shares have been created under the BVI Companies Act.
- 4.20 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form (in the form of Depositary Interests) through CREST. The Ordinary Shares may not be held directly through CREST and may only be held through CREST in the form of Depositary Interests.
- 4.21 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.22 The Company does not have in issue any shares not representing capital.
- 4.23 As at 9 March 2015 (being the latest practicable date before the publication of this document), warrants, options and other rights to subscribe for shares were outstanding over a total of 3,160,980 Ordinary Shares the terms of such warrants, options or other rights are set out at paragraph 14 of this Part 5 of the document. Conditional upon Admission, the Company will issue warrants in respect of a further 215,629 Ordinary Shares to Northland, as set out in paragraph 12.4 of this Part 5.
- 4.24 There are no issued Ordinary Shares not fully paid.

5. Summary of the Memorandum and Articles of Association (the “Articles”)

5.1 Powers of the Company

Subject to the BVI Companies Act, the Company has, irrespective of corporate benefit, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and has full rights, powers and privileges for these purposes.

However the Company may not carry on the following business: banking or trust business unless licensed to do so under the BVI Banking and Trust Companies Act 1990; insurance or reinsurance company, insurance agent or insurance broker, unless licensed under the BVI Insurance Act 2008; company management unless licensed under the BVI Management Act 1990; providing the registered office or registered agent for companies unless incorporated in the British Virgin Islands; or the business of a mutual fund, mutual fund manager or mutual fund administrator without a licence under the BVI Mutual Fund Act 1996.

Powers of the Directors

The Directors have all the power necessary for managing, and for directing and supervising the business and affairs, of the Company subject to the BVI Companies Act and any powers required to be exercised by the Shareholders under the Articles.

The Articles provide for the Directors to exercise their powers by means of Resolutions of Directors. A “**Resolution of Directors**” is defined in the Articles and comprises the affirmative vote of a majority of in excess of 50 per cent. of the Directors (or committee of Directors) present and entitled to vote thereon at a duly convened meeting, or a resolution consented to in writing by all Directors or by all members of a committee of Directors (as the case may be).

5.2 Appointment of Directors

The Directors shall be elected by Resolution of Shareholders (defined below) or by Resolution of Directors. No person shall be appointed as a Director unless he has consented in writing to be a Director. The minimum number of Directors shall be one and the maximum number shall be five.

No person other than a Director retiring by rotation shall be appointed or reappointed a Director at any Annual General Meeting unless:

- (a) he or she is recommended by the Directors; or
- (b) not less than fourteen nor more than thirty-five clear days before the date appointed for the Annual General Meeting, notice executed by a member qualified to vote at the Annual General Meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he or she were so appointed or reappointed, be required to be included in the Company's register of Directors together with notice executed by that person of his or her willingness to be appointed or reappointed.

The Directors may at any time appoint any person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where the Directors appoint a person as Director to fill a vacancy, the term shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold office. A Director so appointed shall hold office only until the next following Annual General Meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the Annual General Meeting. If not reappointed at such Annual General Meeting, he or she shall vacate office at the conclusion thereof.

A Director who retires at an Annual General Meeting may, if willing to act, be reappointed. If he or she is not reappointed, he or she shall retain office until the Annual General Meeting appoints someone in his or her place, or if it does not do so, until the end of the Annual General Meeting.

5.3 Retirement and removal of Directors

Each Director holds office for the term, if any, fixed by the Resolution of Shareholders or the Resolution of Directors appointing him or her, or until the earlier of his or her death, resignation or removal. If no term is fixed on the appointment of a Director, the Director serves indefinitely until his or her earlier death, resignation or removal.

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 who are 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; but, if there is only one Director who is subject to retirement by rotation, he or she shall retire.

Subject to the provisions of the BVI Companies Act, 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 by lot.

If the Company does not fill the vacancy at the Annual General Meeting at which a Director retires by rotation the retiring Director shall, if willing to act, be deemed to have been reappointed, unless at the Annual General Meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the Annual General Meeting and lost.

A Director may be removed from office:

- (a) with or without cause, by a 75 per cent. Resolution of Shareholders (as defined below) passed at a meeting of Shareholders called for the purposes of removing the Director or for purposes including the removal of the Director or by a 75 per cent. Resolution of Shareholders consented to in writing; or
- (b) with cause, by Resolution of Directors passed at a meeting of Directors called for the purpose of removing the Director or for purposes including the removal of the Director.

A Director may resign his or her office by giving written notice of his or her resignation to the Company and the resignation has effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A Director shall resign forthwith as a Director if he or she is, or becomes, disqualified from acting as a Director under the BVI Companies Act.

A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of his or her term of office.

5.4 **Voting rights**

Each share in the Company confers upon the Shareholder the right to one vote on any Resolution of Shareholders or 75 per cent. Resolution of Shareholders. At a meeting of Shareholders, any shareholder present in person or by proxy may demand a poll at any time.

A “**Resolution of Shareholders**” is defined in the Articles and comprises the affirmative vote of a majority of in excess of 50 per cent. of the votes of issued shares in the capital of the Company entitled to vote thereon at a duly convened meeting or in writing.

A “**75 per cent. Resolution of Shareholders**” is defined in the Articles and comprises the affirmative vote of a majority in excess of 75 per cent. of the votes of the issued shares in the capital in the Company entitled to vote thereon at a duly convened meeting or in writing.

The Director convening a meeting of Shareholders shall give not less than 14 clear days’ notice of the meeting to those Shareholders whose names on the date the notice is given appear as Shareholders in the register of members of the Company and are entitled to vote at the meeting. The Director convening the meeting may specify such other date in the notice of the meeting as the record date for determining those Shareholders entitled to vote at the meeting, being a date not earlier than the date of the notice.

5.5 **Dividend rights**

Each share in the Company confers upon the shareholder the right to an equal share in any dividend paid by the Company.

The Company has a first and paramount lien on every share for any debt or liability owed to the Company by the relevant shareholder or his estate. The Directors may waive any such lien at any time.

All dividends unclaimed for 3 years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.

No dividend shall bear interest as against the Company and no dividend shall be paid on treasury shares.

5.6 **Disclosure of interests in shares**

The Company may serve a disclosure and direction notice on a Shareholder (or any person appearing to be interested in a share) in respect of disclosure information required on such shares. Where this is not complied with, the Company may direct that in respect of the shares in relation to which the default occurred, the Shareholder shall not be entitled to vote at an annual general meeting of the Company or exercise any other right conferred by membership in relation to meetings of the Company. Where this is not complied with and the default shares represent at least ¼ per cent. of the total number of shares of the class concerned (less treasury shares), then the Company may additionally direct that, except in a liquidation of the Company, no payment shall be made on any sums due from the Company on the default shares in respect of a dividend (or other distribution) and may also restrict the transfer of shares.

5.7 **Winding-up**

Each share in the Company confers upon the Shareholder the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

5.8 **Transfer of shares**

Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company for registration. The transfer of a share is effective when the name of the transferee is entered on the register of members.

Nothing in the Articles requires title to any shares or other securities to be evidenced by a certificate if the Act and the rules (as defined in the CREST Regulations) permit otherwise. If within the discretion

of the Directors a certificate is issued it shall be issued under seal of the Company or in such other manner as the Directors may authorise.

The Directors may only resolve to refuse or delay the transfer of a share if the Shareholder has failed to pay an amount due in respect of the share or if the transfer otherwise breaches any of the provisions of the BVI Companies Act or the Articles of the Company.

5.9 **Variation of rights**

If at any time the shares are divided into different classes, the rights attached to any class may only be varied, whether or not the Company is in liquidation, with the consent in writing of the holders of not less than 75 per cent. of the issued shares in that class or by a resolution passed at a meeting by a majority in excess of 75 per cent. of the votes cast by those present and voting in person or by proxy at a meeting of the holders of the issued shares in that class.

5.10 **Liens over shares**

The Company has a first and paramount lien on every share issued for a promissory note or for any other binding obligation to contribute money or property or any combination thereof to the Company, and the Company shall also have a first and paramount lien on every share standing registered in the name of a member, whether singly or jointly with any other person or persons, for all the debts and liabilities of such member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Company's lien on a share shall extend to all dividends payable thereon. The Directors may at any time either generally, or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions above.

5.11 **Issue of shares and pre-emption rights**

The Directors may not exercise any power of the Company to issue shares or to grant rights to subscribe for or to convert security into shares unless they are authorised to do so by the Articles or by a Resolution of Shareholders.

The Articles provide that the Directors are generally and unconditionally authorised to exercise any power of the Company by Resolution of Directors to:

- (a) offer or issue shares;
- (b) grant any right to subscribe for, or to convert any security (including any debt securities) into, shares; or
- (c) otherwise deal in, or dispose of any shares.

The Articles disapply the pre-emption rights under section 46 of the BVI Companies Act.

With effect from Admission, the following pre-emptive provisions (the “**Pre-emptive Provisions**”) apply to any issue of shares by the Company:

- (a) if the Company, at any time, authorises the issuance of any shares, the Company shall, prior to such issuance, first offer to issue to each Shareholder a pro rata portion of such shares, based on the number of shares held by such Shareholders at the time of such issuance (a “**Pre-emptive Rights Shareholder**”), as compared to aggregate number of shares then outstanding (the “**New Shares**”);
- (b) in order to exercise their purchase rights hereunder, Shareholders must, within 15 days or such longer period of time approved by Resolution of Directors (the “**Pre-emptive Acceptance Period**”) after receipt of written notice from the Company describing in reasonable detail the New Shares, the purchase price thereof and the payment terms, deliver a written notice to the Company describing their election hereunder, which shall specify the number of shares such Shareholder will subscribe for. The Company shall give the Shareholders no less than 20 days or such longer period of time, if any, approved by Resolution of Directors, notice of the closing of the issuance of such shares;

- (c) all issuances of shares pursuant to these provisions shall be consummated contemporaneously at the principal offices of the Company on the later of (i) a mutually satisfactory business day within 30 days after the expiration of the Pre-emptive Acceptance Period, (ii) the fifth business day following the expiration or termination of all waiting periods, if any, required by applicable law, or (iii) at such other time and/or place as the Company and the Shareholders may agree. The delivery of certificates or other instruments evidencing such new shares shall be made by the Company on such date against payment of the purchase price for such shares together with all other documents which are necessary to effect such issuance; and
- (d) upon the expiration of the Pre-emptive Acceptance Period, the Company shall be entitled to issue such shares which the Pre-emptive Rights Shareholders have elected not to subscribe for during the 120 days on terms and conditions no more favourable to the purchasers thereof than those offered to the Pre-emptive Rights Shareholders. Any shares issued by the Company to any person after such 120 day period must be reoffered to the Pre-emptive Rights Shareholder pursuant to the terms of these provisions.

The Pre-emptive Provisions above do not apply to:

- (a) the issue of shares representing up to 15 per cent. of the issued share capital of the Company, on an annual basis, as determined by a Resolution of Shareholders. Such Resolution of Shareholders may determine minimum terms and conditions (including price) for such issues, up to a 15 per cent. discount of the average mid-market price for the shares of the Company on AIM over the 5 trading days prior to any such issue;
- (b) shares issued, or any right to subscribe for or convert any security into share granted, in any such case as part of any offering of shares which culminates in Admission;
- (c) shares issued pursuant to any right granted or offer or agreement made before Admission (whether or not such right offer or agreement was expressed to be conditional on Admission);
- (d) shares issued pursuant to any employee share scheme;
- (e) any right to subscribe for, or to convert any security (including debt securities) into shares issued pursuant to any employee share scheme; or
- (f) the issue of any shares, or the grant of any right to subscribe for or convert any security into shares, up to an aggregate number of 8,532,705 shares for the period of 12 months following the date of Admission.

5.12 **Related Parties**

Any Shareholder of the Company holding at least 5 per cent. of the issued shares of the Company shall be deemed to be a "Related Party" and any transaction with a Related Party with an aggregate value of US\$50,000 or more, excluding employee and director compensation, share option schemes and (without prejudice to the foregoing) all other director/employee matters, shall require the approval of a Resolution of Shareholders, excluding the vote of such Related Party.

5.13 **Takeover provisions and CySEC restrictions on share dealings**

A person must not (other than solely as Depositary, as defined below) (the "**Offeror**"):

- (a) whether by himself or with persons determined by the Directors to be acting in concert with him, acquire after the date of Admission (the "**Effective Date**") an interest in shares which, taken together with shares in which persons determined by the Directors to be acting in concert with him have become interested since the Effective Date, carry 30 per cent. or more of the voting rights attributable to all the shares of the Company except as a result of a Permitted Acquisition (as defined below); or
- (b) whilst he, together with persons determined by the Directors to be acting in concert with him, is interested in shares which in aggregate carry 30 per cent or more of the voting rights attributable to all the shares in the Company but does not hold shares carrying more than 50 per cent. of such voting rights, acquire after the Effective Date, whether by himself or with persons determined by the Directors to be acting in concert with him, an interest in additional shares which, taken together with shares in which persons determined by the Directors to be acting in concert with him are interested, increases the percentage of shares carrying voting rights in which he is interested, except as a result of a Permitted Acquisition; or

- (c) whether by himself or with those acting in concert with him, acquire after the Effective Date 10 per cent. or more of the shares or voting rights in the shares, or be able to exercise significant influence in relation to, a Cyprus Investment Firm (“**CIF**”) or its parent undertaking without giving advance written notice to the Cyprus Securities and Exchange Commission (“**CySEC**”) which will then decide whether to approve the acquisition, either conditionally or unconditionally, or to object to it. Should CySEC approve such an acquisition (and where the approval is conditional, the condition(s) remain satisfied), then the acquisition shall constitute a Permitted Acquisition. There is also a general duty to give prior notification to the CySEC of any proposal for a controller to cease to have control over a CIF or to reduce an existing level of control from specified thresholds; or
- (d) effect or purport to effect a Prohibited Acquisition (as defined below).

For the purposes of this paragraph 5.13:

- (a) “Depositary” means any person who is a shareholder by virtue of its holding shares in the Company as trustee for those individuals who have elected to hold shares in the Company in dematerialised form through depositary interests;
- (b) an acquisition is a “**Permitted Acquisition**” if:
 - (i) the Directors consent to the acquisition (even if, in the absence of such consent, the acquisition would be a Prohibited Acquisition) save in relation to paragraph 5.13(c) above which cannot be consented to by the Directors for the purposes of satisfying the requirements of CySEC;
 - (ii) the acquisition is made in circumstances in which the Takeover Code (as defined below), if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the Takeover Code, as if it so applied; or
 - (iii) if the acquisition arises from repayment of a stock borrowing arrangement (on arm’s length commercial terms); or
 - (iv) only in relation to an acquisition which is relevant to paragraph (c) above, if CySEC has provided its approval and where such approval is conditional, the condition(s) remain satisfied; and
- (c) an acquisition is a “**Prohibited Acquisition**” if Rules 4, 5, 6 or 9 of the Takeover Code would in whole or part apply to the acquisition if the Company was subject to the Takeover Code and the acquisition was made (or, if not yet made, would when made be) in breach of or otherwise not comply with Rules 4, 5, 6 or 9 of the Takeover Code or for the purposes of paragraph 5.13(c) above CySEC has not provided its approval or the condition(s) of such approval do not remain satisfied. Where these provisions are not complied with, the Directors may direct that the Shareholder is not entitled to vote at meetings of the Company or receive dividends or distributions in respect of the shares in default, may sell excess shares on the Shareholders’ behalf and may require the Shareholder to make an offer as if Rule 9 of the Takeover Code applied to the Company.

This summary is neither exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders as the case may be. A full copy of the Articles is available on the Company’s website www.techfinancials.com.

6. Takeover protections

- 6.1 The Takeover Code applies to all offers for companies and Societas Europaea which have their registered offices in the United Kingdom, the Channel Islands or the Isle of Man if any of their securities are admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The Company is incorporated in the BVI and the Takeover Code will not therefore apply to the Company.
- 6.2 The laws of the BVI do not contain equivalent legislation to the Takeover Code nor do they contain any other takeover regime having equivalent effect.

- 6.3 Any takeover offer for the Company or consolidation of control in the Company will not, therefore, be regulated by the Takeover Code or any other takeover regime.
- 6.4 Although the Articles contain certain limited takeover protections (summarised in paragraph 5 of this Part 5 in such circumstances, they do not provide the full protections afforded by the Takeover Code.
- 6.5 Generally the merger or consolidation of a BVI company requires majority shareholder approval (however a BVI parent company may merge with one or more BVI subsidiaries without shareholder approval, provided that the surviving company is also a BVI company). Shareholders dissenting from a merger are entitled to payment of the fair value of their shares unless the company is the surviving company and the shareholder continues to hold a similar interest in the surviving company. The BVI Companies Act permits BVI companies to merge with companies incorporated outside the BVI, provided the merger is lawful under the laws of the jurisdiction in which the non-BVI company is incorporated. Further, on a merger, shareholders holding 90 per cent. of the outstanding shares may direct the company to redeem the remaining 10 per cent. of shares. Under the BVI Companies Act, following a statutory merger, one of the companies is subsumed into the other (the surviving company) or both are subsumed into a third company (a consolidation). In either case, with effect from the effective date of the merger, the surviving company assumes all of the assets and liabilities of the other entity(ies) by operation of law and the other entities cease to exist.

7. Directors

- 7.1 The full names and the functions of the Directors are set out on page 6 of this document. Each of the Directors can be contacted at the Company's principal place of business at City House, 3rd Floor, 6 Karaïskakis Str. CY-3032 Limassol, Cyprus.
- 7.2 Save for the Directors and Senior Management, whose details are set out in paragraph 12 of Part 1 of this document, the Board does not consider that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.
- 7.3 The Directors (in addition to their directorships of the Company) are or have been members of the administrative, management or supervisory bodies, or directors or partners of the following companies or partnerships within the five years prior to the publication of this document:

<i>Name</i>	<i>Current Directorships/ Partnerships</i>	<i>Past Directorships/ Partnerships</i>
Asaf Lahav	MarketFinancials Limited TechFinancials (Israel) 2014 Limited	None
Jeremy Lange	NetMavrik Limited B.O. TradeFinancials Limited	None
Hillel (Hillik) Nissani	CC Habaneros Limited	None
Eitan Yanuv	Starcom plc Implement Limited SerVision plc PeerTv plc	Digitek Holdings Limited
Christopher Bell	Star Tea Limited Quintain Estates and Development plc Spirit Pub Company plc Northern Racing College	Ladbrokes plc Business in Sport and Leisure Limited The Game Group plc Association of British Bookmakers Limited Betclearer Limited

- 7.3.1 Christopher Bell was a director of The Game Group Plc until 24 March 2012, which company had an administrator appointed on 26 March 2012. He was also a director of Betclearer Limited until 19 December 2013, which was placed into creditors' voluntary liquidation on 20 October 2014 with an estimated deficit to creditors of approximately £2 million.
- 7.3.2 Yuval Tovias was a non-executive director of Landmark Group Limited ("**Landmark**") at the time of its initial public offering in February 2007 until he stepped down from the board in June 2009. In December 2012, the district court in Israel agreed that a claim that the Landmark prospectus contained a misleading statement within a description of a contract, could proceed as a class action against the company, its managers and directors and the underwriters who signed the prospectus. The defendants deny the claim and have filed a motion with the supreme court in Israel to appeal the decision for the class action to be proceed and the hearing is scheduled for March 2015.
- 7.3.3 Yuval Tovias was chief financial officer of Tesoua 10 Limited ("**Tesoua**") between 26 March 2007 and 20 June 2007 and rejoined the board as a non-executive director on 28 August 2007, a post he relinquished on 4 January 2010. The trustee for the creditors has filed a claim against a number of shareholders, directors and officers of Tesoua alleging fraud and against other former directors, including Mr Tovias of, inter alia, negligence. The former directors deny the claim.
- 7.4 Save as disclosed above as at the date of this document, none of the Directors has:
- 7.4.1 any unspent convictions in relation to indictable offences;
- 7.4.2 been declared bankrupt or been subject to any individual voluntary arrangement;
- 7.4.3 been a director of any company or been a member of the administrative, management or supervisory body of a company or a senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to be so acting;
- 7.4.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;
- 7.4.5 been the owner of any asset placed in receivership or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or
- 7.4.6 been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.
- 7.5 In the case of those Directors who have roles as directors of companies other than the Company, it is possible that the fiduciary and statutory duties owed by those Directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Company.
- 7.6 Save as disclosed in this paragraph 7, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their duties to third parties.
- 7.7 None of the Directors has been interested, whether directly or indirectly, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Group and remains in any respect outstanding or unperformed.
- 7.8 None of the Directors has or has had any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to the Group or which are proposed to be acquired by, disposed of by, or leased to the Group.

- 7.9 Save as disclosed in paragraph 8 of this Part 5, there are no contracts, existing or proposed, between any Director and the Company.

8. Directors' service agreements and letters of appointment

- 8.1 The following agreements have been entered into between the Directors and Senior Management and the Company:
- 8.1.1 Asaf Lahav has entered into a service agreement with TechFinancials Israel dated 1 November 2014 setting out the terms of his appointment as Group chief executive officer. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Asaf Lahav of a salary of NIS 600,000 per annum. Under the agreement, Asaf Lahav is also entitled to social benefits up to an aggregate 20 per cent. of salary and 20 days holiday per annum. Either party may terminate the agreement on three months' notice. The agreement imposes certain restrictions on Asaf Lahav as regards the use of confidential information and intellectual property. In addition, Asaf Lahav will be subject to certain restrictive covenants following the termination of the agreement;
- 8.1.2 Jeremy Lange has entered into a service agreement with TechFinancials Israel dated 1 November 2014 setting out the terms of his appointment as Group chief operating officer. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Jeremy Lange of a salary of NIS 480,000 per annum. Under the agreement, Jeremy Lange is also entitled to social benefits up to an aggregate 20 per cent. of salary and 20 days holiday per annum. Either party may terminate the agreement on three months' notice. The agreement imposes certain restrictions on Jeremy Lange as regards the use of confidential information and intellectual property. In addition, Jeremy Lange will be subject to certain restrictive covenants following the termination of the agreement;
- 8.1.3 Hillel (Hillik) Nissani has entered into a letter of appointment with the Company dated 24 November 2014 setting out the terms of his appointment as non-executive Director. The letter of appointment is conditional on Admission. Under the letter of appointment, Hillel (Hillik) Nissani is entitled to an annual fee of £24,000 and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving three months' notice. The agreement imposes certain restrictions on Hillel (Hillik) Nissani as regards the use of confidential information and intellectual property;
- 8.1.4 Eitan Yanuv has entered into a letter of appointment with the Company dated 24 November 2014 setting out the terms of his appointment as non-executive Director. The letter of appointment is conditional on Admission. Under the letter of appointment, Eitan Yanuv is entitled to an annual fee of £24,000 and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving three months' notice. The agreement imposes certain restrictions on Eitan Yanuv as regards the use of confidential information and intellectual property; and
- 8.1.5 Christopher Bell has entered into a letter of appointment with the Company dated 24 November 2014 setting out the terms of his appointment as chairman. The letter of appointment is conditional on Admission. Under the letter of appointment, Christopher Bell is entitled to an annual fee of £50,000 and reimbursement of reasonable expenses. He may also be paid a bonus of up to three months' fees if the Company's turnover and profits achieve certain thresholds. The appointment may be terminated at any time by either party giving three months' notice. The agreement imposes certain restrictions on Christopher Bell as regards the use of confidential information and intellectual property.
- 8.2 The aggregate remuneration and benefits in kind paid or payable to the Directors by members of the Group for the current financial year under the arrangements that are in force and that will come into effect on Admission are estimated to be approximately £321,000.
- 8.3 Save as disclosed in paragraph 8.1 of this Part 5, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and any member of the Group which provide benefits upon termination of employment or otherwise.

- 8.4 As at the date of this document, the Group has not set aside or accrued any amount to provide pension, retirement, Share Option Plan or other benefits to the Directors or any employees of the Group.

9. Directors' shareholdings and other interests

- 9.1 The interests of the Directors and Senior Management and, so far as is known to the Directors having made appropriate enquiries, persons connected with them, which expression shall be construed in accordance with the AIM Rules for Companies, (all of which are beneficial except as shown), in the existing share capital of the Company as at 9 March 2015, being the last practicable date prior to the publication of this document, and as expected to be immediately following Admission, are as follows (on an outstanding basis):

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>As at the date of this document Percentage</i>	<i>Number of Ordinary Shares</i>	<i>Following Admission Percentage</i>
Eyal Alon ¹	9,596,200	16.87%	9,905,260	14.53%
Asaf Lahav ¹	8,769,800	15.42%	9,052,245	13.28%
Jeremy Lange ¹	7,053,240	12.40%	7,280,401	10.68%
Eyal Rosenblum ¹	5,180,460	9.11%	5,300,710	7.77%
Christopher Bell	—	—	185,185	0.27%

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

- 9.2 On Admission, the Directors and Senior Management and, so far as is known to the Directors having made appropriate enquiries, persons connected with them, which expression shall be construed in accordance with the AIM Rules for Companies, will have the following options over Ordinary Shares:

<i>Name</i>	<i>Date of grant</i>	<i>Number</i>	<i>Percentage of Share Capital under option</i>	<i>Exercise price per share</i>	<i>Expiration Date</i>
Yuval Tovias		240,300	0.4%	USD 0.167	4 February 2025
Edit Avital		480,580	0.8%	USD 0.167	4 February 2025

- 9.3 Save as disclosed in this paragraph 9, none of the Directors has any interest, whether beneficial or non-beneficial, in the issued share capital or loan capital of any member of the Group nor do, so far as is known to the Directors having made appropriate enquiries, persons connected with them, which expression shall be construed in accordance with the AIM Rules for Companies.
- 9.4 There are no outstanding loans granted by any member of the Group to any of the Directors and there are no guarantees provided by any member of the Group for the benefit of any of the Directors.
- 9.5 Save as disclosed in this paragraph 9, no Director nor any member of his family nor any person connected with him has a related financial product, as defined in the AIM Rules for Companies, referenced to the Ordinary Shares or any other securities in the Company.
- 9.6 Details of any restrictions agreed by the Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 12.10 of this Part 5.

10. Related party transactions

- 10.1 Related party transactions in the period 1 January 2011 to 31 December 2013 are disclosed in the Group's Annual Reports for the three years ended 31 December 2013 which are set out in Part 4 of this document. Save for the transactions set out in the Annual Reports, in this paragraph 10 and in paragraphs 12.9, 12.16, 12.24, 12.26 and 12.27 of this Part 5 between 31 December 2013 and the date of this document, none of the members of the Group have entered into any related party transactions (as set out in the standards adopted according to Regulation EC1606/2002).

10.2 Netting agreement between the Company and B.O. TradeFinancials

A netting agreement dated 3 April 2014 has been entered into between B.O. TradeFinancials, the Company and Asaf Lahav, Eyal Alon, Eyal Rosenblum and Jeremy Lange as the ultimate beneficial owners.

The purpose of the agreement was to permit the parties to set off certain mutual payment obligations in order to resolve an accounting discrepancy. Pursuant to the terms of the agreement, B.O. TradeFinancials owed the Company EUR 102,606 as of 31 December 2013. At the date of the agreement, this payment was deemed to have been fulfilled and the parties agreed that there were no material or other claims due to each other under the agreement or in relation to payment.

10.3 Software licence agreement – Manx Online Trading Limited (“Manx”)

The Company entered into a software licence agreement with Manx, incorporated in Israel, on 26 April 2010. Manx was previously owned by Eyal Alon. Pursuant to the terms of the agreement, Manx is to pay a 10 per cent. royalty fee to the Company for use of the TechFinancials software. Under the terms of a side agreement made between Manx and Eyal Alon half of the royalty paid by Manx to the Company (5 per cent.) is paid as a commission to Eyal Alon.

11. Significant shareholdings

- 11.1 As at 9 March 2015, being the latest practicable date prior to the publication of this document, save as set out in the following table, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, have an interest of three per cent. or more in the issued share capital or voting rights of the Company or exercise or could exercise control over the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>As at the date of this document Percentage</i>	<i>Number of Ordinary Shares</i>	<i>Following Admission Percentage</i>
Eyal Alon ¹	9,596,200	16.87%	9,905,260	14.53%
Asaf Lahav ¹	8,769,800	15.42%	9,052,245	13.28%
Danny Magen ¹	7,458,220	13.11%	5,774,738	8.47%
Jeremy Lange ¹	7,053,240	12.40%	7,280,401	10.68%
Eyal Rosenblum ¹	5,180,460	9.11%	5,300,710	7.77%
Equilibrium Solutions Ltd ¹	4,181,880	7.35%	4,414,536	6.47%
Fidelity Venture Capital Ltd ¹	3,414,580	6.00%	3,524,552	5.17%
Evian Investment Limited	3,042,000	5.35%	3,042,000	4.46%
Daonit Ltd ¹	2,024,900	3.56%	2,171,100	3.18%
Gigi Levy ¹	1,863,380	3.28%	1,947,200	2.86%
Miton Group plc	–	–	6,012,506	8.82%

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

- 11.2 Save as disclosed in this paragraph 11, the Directors are not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 11.3 The Directors are not aware of any arrangements in place or under negotiation the operation of which may, at a subsequent date, result in a change of control of the Company.

- 11.4 No Shareholder has voting rights which are different from the other Shareholders.

12. Material contracts

The following material contracts are those contracts which have been entered into by a member of the Group (a) in the two years immediately preceding the date of this document (other than in the ordinary course of business); (b) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document (other than those entered into in the ordinary course of business); (c) any other material subsisting agreement which relates to the assets and liabilities of the Group (notwithstanding whether such agreements are within the ordinary course of

business or were entered into outside of the two years immediately preceding the date of this document); and (d) any other material contract which the Directors consider will enable readers to better understand the formation and history of the Group:

12.1 Engagement letter with Grant Thornton

An engagement letter dated 17 September 2014 was entered into by the Company and Grant Thornton pursuant to which the Company appointed Grant Thornton to act as nominated adviser to the Company in connection with Admission and in accordance with the requirements of the AIM Rules for Companies. Under this agreement, the Company gave certain customary undertakings and indemnities to Grant Thornton in connection with its engagement.

12.2 Corporate broker agreement with Northland

On 9 March 2015 the Company entered into an agreement with Northland pursuant to which the Company appointed Northland to act as broker to the Company with effect from Admission. The agreement is for a minimum period of one year from the date of Admission and continues thereafter until terminated by either party giving not less than three months' notice. Under the agreement, the Company has agreed to pay Northland an annual fee for its services (plus applicable VAT and reasonable out of pocket expenses).

12.3 Nominated adviser agreement with Grant Thornton

Pursuant to a nominated adviser agreement between the Company and Grant Thornton dated 9 March 2015, the Company has appointed Grant Thornton to act as nominated adviser to the Company for the purposes of the AIM Rules for Companies with effect from Admission to provide, *inter alia*, all the services specified from time to time in the AIM Rules for Companies relating to a company trading on AIM as being the responsibility of a nominated adviser. The Company has agreed to pay Grant Thornton an annual retainer fee (plus VAT where applicable and expenses) quarterly in advance.

12.4 Placing Agreement

A placing agreement dated 9 March 2015 between the Company, the Directors, Eyal Alon and Eyal Rosenblum, Yuval Tovias, Grant Thornton, Argento and Northland was entered into pursuant to which Grant Thornton has been appointed as the Company's nominated adviser, to make an application for admission to AIM and Argento and Northland were appointed as agents for the Company to procure placees for the Placing Shares at the Placing Price. The Company has agreed to pay to Grant Thornton the fees set out in its engagement letter. Under the terms of the Placing Agreement, the Company, the Directors and the Founders have given certain customary warranties to Grant Thornton, Argento and Northland and the Company has given certain customary indemnities and undertakings to Grant Thornton, Argento and Northland in connection with Admission and other matters relating to the Company and its affairs. Grant Thornton, Argento and Northland may terminate the Placing Agreement in certain specified circumstances prior to Admission, principally if any of the warranties ceases to be true and accurate or shall have become misleading in any material respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with the Admission.

In connection with the Placing, the Company has agreed to issue 215,629 warrants in respect of Ordinary Shares to Northland at the Placing Price, which are valid and exercisable for 5 years following Admission.

12.5 Engagement letter with Argento

On 18 September 2014, the Company entered into an agreement with Argento pursuant to which the Company appointed Argento as financial adviser and placing agent in connection with the Admission. Under this agreement, the Company gave certain customary undertakings and indemnities to Argento in connection with its engagement.

12.6 Argento financial adviser agreement

On 9 March 2015, the Company entered into an agreement with Argento pursuant to which the Company appointed Argento to act as financial adviser to the Company with effect from Admission. The agreement is for a minimum period of 12 months and can be terminated by either party giving

the other not less than 25 days' notice thereafter. Under the agreement, the Company has agreed to pay Argento an annual fee for its services.

12.7 **Registrar agreement**

The Company has entered into an agreement with Capita Registrars Limited ("**Capita**") on 9 March 2015 whereby the Company appoints Capita as its share registrar.

The agreement is in force for a period of three years from the date of the agreement. At the expiry of the initial period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party in accordance with the terms of the agreement.

12.8 **Depository agreement**

On 9 March 2015 the Company entered into a depository agreement with Capita IRG Trustees Limited ("**the Depository**") pursuant to which the Company appoints the Depository to act as its depository, upon the terms of a deed poll entered into between the parties on or around the date of the agreement (which is summarised in paragraph 13 below).

The agreement is in force for a period of three years from the date of the agreement. At the expiry of the initial period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party in accordance with the terms of the agreement.

12.9 **Shareholder purchase agreements**

Investments in the Company have been made pursuant to the following "**Share Purchase Agreements**":

- (a) 19 September 2010 between the Company, NetMavrik, and Eyal Alon, Asaf Lahav, Jeremy Lange, Eyal Rosenblum, Danny Magen, Daonit Limited, Fidelity Venture Capital Limited, Equilibrium, and Ran Steinman;
- (b) 1 March 2011 between the Company, NetMavrik and Strive Capital; and
- (c) 1 May 2012 between TechFinancials, NetMavrik and Danny Magen, Daonit Limited, Fidelity Venture Capital Limited, Ran Steinman, Gigi Levi, Aviv Mor, Asaf Lahav, Jeremy Lange and Eyal Alon.

Pursuant to the terms of the Share Purchase Agreements, the investors received equal amounts of shares in both the Company and NetMavrik.

All provisions of the Share Purchase Agreements were terminated on 4 February 2015 save for the investors' right to hold the shares issued pursuant to the agreements.

12.10 **Lock-in Arrangements**

Lock-in deeds dated 9 March 2015 have been entered into by the Directors, the Locked-in Shareholders, the Selling Shareholder, Eyal Alon and Eyal Rosenblum with each of the Company, Grant Thornton, Argento and Northland pursuant to which each of the Directors, Locked-in Shareholders, the Selling Shareholder, Eyal Alon and Eyal Rosenblum has agreed not to dispose of any of their interests in Ordinary Shares held directly and acquired prior to Admission, prior to the first anniversary of Admission, save in certain limited circumstances specified in Rule 7 of the AIM Rules for Companies.

In addition, the Directors and Eyal Alon and Eyal Rosenblum have agreed that, for 12 months following the first anniversary of Admission, they will not dispose of their interests in the Ordinary Shares other than through Northland (or the Company's broker from time to time) or Argento, provided that the price quoted and commission rates charged by the broker shall be competitive with the price being quoted by any other broker and if Northland or Argento (through a nominated broker) shall be unable to complete the sale of the Ordinary Shares within five business days of request to do so, the Directors and Eyal Alon and Eyal Rosenblum shall be free to dispose of such Ordinary Shares on such terms through any other broker.

The aggregate interests following Admission which shall be subject to the Lock-in Arrangements, as described previously, will amount to 49,494,498 Ordinary Shares, which is equivalent to approximately

72.58 per cent. of the Ordinary Shares in issue following Admission. The Shares held by NetMavrik, comprising 2.14 per cent. of the Ordinary Shares in issue following Admission, will not be subject to the Lock-in Arrangements. The shareholders of NetMavrik include certain persons who are subject to the Lock-in Arrangements in respect of the Shares they hold otherwise than through NetMavrik. In addition, Placing Shares purchased by existing Shareholders are not subject to the Lock-in Arrangements.

12.11 **Relationship Agreement**

On Admission, Asaf Lahav, Eyal Rosenblum, Eyal Alon and Jeremy Lange (each a “**Founder**”) will together hold 46.65 per cent. of the Company’s share capital. The Company and each Founder have entered in to the Relationship Agreement to regulate aspects of the continuing relationship between the Company and each Founder to ensure that the Company is capable at all times of carrying on its business independently of each Founder and that future transactions between the Company and each Founder are on arm’s length terms and on a normal commercial basis. The Relationship Agreement terminates automatically once the Founder in question and his associates cease to hold Ordinary Shares, and when the Founders’ aggregate holding falls below 30 per cent. of the Company’s issued share capital.

12.12 **Asset purchase agreement between NetMavrik and the Company**

The asset purchase agreement was made and entered into on 14 November 2014, by and between NetMavrik and the Company.

NetMavrik sold, transferred, assigned and delivered to the Company all right, title and interest in and to certain assets listed in the agreement, in consideration for a price of NIS 107,993 (the “**Purchase Price**”).

The agreement is subject to Israeli law. The courts of competent jurisdiction located within the district of Tel Aviv, Israel, have exclusive jurisdiction in respect of any dispute arising out of or in connection with the agreement.

12.13 **Asset purchase agreement between the Company and TechFinancials Israel**

The asset purchase agreement was made and entered into on 14 November 2014 by and between the Company and TechFinancials Israel.

The Company sold, transferred, assigned and delivered to TechFinancials Israel all right, title and interest in and to certain assets listed in the Agreement, in consideration for a price of NIS 107,993 (the “**Purchase Price**”).

The agreement is subject to Israeli law. The courts of competent jurisdiction located within the district of Tel Aviv, Israel, have exclusive jurisdiction in respect of any dispute arising out of or in connection with the agreement.

12.14 **Loan agreement between the Company and TFI US relating to a US\$50,000 loan**

The Company entered into a loan agreement with TFI US on 29 May 2013 pursuant to which the Company agreed to lend TFI US, a company incorporated under the laws of the State of Delaware, US\$50,000 for the purpose of funding the ongoing, day-to-day operation of its business in the US. The agreement is governed by English law and the UK courts have exclusive jurisdiction over any dispute arising thereunder.

The loan is to be repaid in one instalment on 29 May 2015. The loan bears interest at a rate per annum equal to the 6 month LIBOR in effect on the effective date, plus 4 per cent. per annum. For periods less than a year the rate shall be calculated pro rata.

Pursuant to the terms of the loan agreement, the Company has granted TFI US a first priority charge and a continuing security interest to all right, title and interest of the Company’s intellectual property rights and property chose in action including cash or other receivables, whether owned at the time of the agreement or existing or thereafter acquired or arising.

12.15 **Loan agreement between the Company and TechFinancials Israel**

Pursuant to a loan facility agreement dated 14 October 2014 between the Company and TechFinancials Israel, the Company agreed to extend the loan facility to TechFinancials Israel in the

amount of up to USD 1,000,000 ("**Total Loan Facility**"). The agreement is governed by the laws of the British Virgin Islands.

TechFinancials Israel may from time to time draw down any amount up to the unutilised portion of the Total Loan Facility. The principal loan amount shall consist of the aggregate amounts drawn down by TechFinancials Israel.

The loan or any unsettled amount of it shall bear a fixed interest at an annual rate of 5 per cent. Interest is calculated as of the transfer date of each draw down on the basis of 30/360 day count convention method and shall be paid together with the repayment of the principal amount within 30 days following receipt from the Company of a written demand for repayment, in whole or in part, as the case may be.

Notwithstanding the aforementioned, in any event the loan together with the accrued interest shall be repaid in full by no later than 30 days following written demand.

12.16 **MarketFinancials escrow agreement**

The Company entered into an escrow agreement with Asaf Lahav and Eyal Alon (together, the "**Trustees**") on 3 April 2014 pursuant to which the Company appoints the Trustees to hold all of the issued and outstanding shares in MarketFinancials in trust for the Company.

The Trustees have undertaken, amongst others, to execute the Company's instructions. The Company, has undertaken, *inter alia*, to ensure that the Trustees have all the required means, including proper funding, to perform their duties under the agreement as registered owner of the escrow shares. The Company indemnifies the Trustees against any losses, claims or damages or liabilities, joint or several, to which they or anyone on their behalf may become subject under the agreement.

The agreement can be terminated on 14 days' advanced written notice by any one of the parties to the other party. Upon termination, the Trustees shall transfer the escrow shares to the Company and shall assign and transfer all of their rights and obligations to the Company. It is intended that the shares in MarketFinancials will be transferred to be held by the Company as soon as is practicable.

12.17 **Services agreement between the Company and TechFinancials Israel**

This services agreement was signed on 14 November 2014 by and between the Company and TechFinancials Israel. The agreement is subject to Israeli law.

TechFinancials Israel provides the Company with certain marketing and research and development services. The services are charged on a costs plus percentage basis.

Either party may terminate the agreement without cause at any time by a 30 days' prior written notice.

12.18 **Delphi Master service agreement**

This agreement is dated 16 January 2013, between the Company and Delphi International Inc. ("**Delphi**"). It is governed by English law.

Delphi provides software development services to the Company, including, from time to time, personnel. Ownership of all intellectual property rights will vest solely in the Company.

The agreement is for one year from 16 January 2013 and is renewed automatically for successive periods of one year until it is terminated. Either party may terminate the agreement by giving the other party 30 days' written notice in the first year, 45 days' written notice in the second year, and 60 days' written notice in the third year onwards.

12.19 **Representation agreement/tied agent agreement with NCAST Trading Limited (the "**TA Agreement**")**

The Company entered into a tied agent agreement with NCAST Trading Limited ("**NCAST**") on 27 February 2013. The agreement is governed by the laws of Cyprus. NCAST provides the investment service of reception and transmission of orders on behalf the Company. This enables NCAST to provide a "white label" platform. The domain name is owned by the individuals behind NCAST and

the site is operated by the Company. B.O. TradeFinancials pays NCAST a percentage of the monthly profit or loss generated from the use of the online Binary Options products. In case of a negative profit and loss realised in a month, NCAST will be liable for its share of the loss.

The TA Agreement has an initial duration of 1 year, which can be terminated earlier subject to 3 months' prior written notice served at any time for the duration of the agreement. After the expiration of the initial 1 year's duration, the TA Agreement remains in force but can be terminated subject to 3 months' written notice.

Amongst others, NCAST warrants that it fulfils all CySEC prerequisites regarding the valid conclusion of a relevant agreement between a CIF and a tied agent. It further represents that it employs 1 natural person registered in the relevant register maintained by CySEC, who will obtain by CySEC authorisation to provide the investment service of reception and transmission of orders.

The Company remains fully and unconditionally liable to clients for any action or omission on the part of NCAST when providing services to clients of the Company. NCAST shall fully compensate the Company in relation to all requests, responsibilities, losses, damages, expenditures and claims of any nature or form, which are the result of or due to any action, mistake, omission, negligence or violation of legal requirements, from NCAST or any of its employees or officers.

The amount of business conducted pursuant to the TA Agreement has been insignificant.

12.20 Financial intermediary and negotiation agreement

The Company and B.O. TradeFinancials entered into an agreement on 2 January 2013 pursuant to which TradeFinancials shall offer financial intermediary and negotiation services to the Company. The agreement is governed by the laws of Cyprus and jurisdiction of Cypriot courts.

The agreement came into force and effect on its date of signing and shall remain in force until terminated. The agreement can be terminated without cause with 1 month's prior written notice.

The Company shall receive on a monthly basis a percentage of the profit and loss on clients introduced by the Company, as agreed between the Company and B.O. TradeFinancials.

12.21 Liquidity agreements

B.O. TradeFinancials has entered into liquidity agreements with BELFX Limited dated 1 January 2014, with AtlasCapital Financial Services Limited dated 4 December 2013 and with High Moon International Inc. dated 1 August 2014. Pursuant to the liquidity agreements, the relevant counterparty acts as a market maker and enables the execution of B.O. TradeFinancials' clients' Binary Options orders. These agreements are governed by the laws of Cyprus.

Each party shall indemnify and hold the other party harmless for losses suffered by a party because of the other party breaching (i) its obligations and warranties under the agreement; or (ii) because of such party's acts or omissions in connection with the performance of the agreement or the use of a particular software. Such indemnification will apply, if the party to be indemnified cooperates with the indemnifying party as laid down in the relevant agreement.

12.22 NetMavrik assignment deed

On 25 November 2014 the Company entered into a deed of assignment (the "**Deed of Assignment**") with NetMavrik to clarify the ownership of intellectual property rights pursuant to a development agreement entered into between the parties on 14 July 2009. The Deed of Assignment confirms the parties' original intention that ownership of all intellectual property rights arising pursuant to the original agreement between the parties is to be transferred to the Company, to the extent that it has not already been done.

12.23 Vendor connectivity agreement

TFI US entered into a vendor connectivity agreement with Cantor Futures Exchange, LP ("**Cantor**") dated as of 9 August 2013, pursuant to which TFI US licenses software known as Cantor Direct API and TFI US traders have the right to access the Cantor Direct gateway for purposes of performing electronic trading activities. The agreement is governed by the federal laws of the United States and

the state laws of the State of New York. Cantor is entitled to injunctive relief in the event that TFI US breaches the agreement.

The agreement was effective for an initial 12-month term commencing on 9 August 2013. It provides for automatic annual renewals unless either party provides notice of non-renewal to the other party at least six months prior to expiration of the initial term or any subsequent 12-month term.

Cantor may terminate the agreement upon 30 days' written notice to TFI US in the event of a change of control of TFI US. Cantor may terminate the agreement for convenience upon 90-days' written notice to TFI US. TFI US does not have a right to terminate for convenience.

TFI US indemnifies Cantor from any losses arising from use or access to TFI US's software, including intellectual property infringement. Cantor indemnifies TFI US from any infringement claims arising from use of Cantor Direct API or access to Cantor Direct in accordance with the agreement.

12.24 **Agreement with Yeor Investments Ltd**

The Company entered into an agreement with Yeor Investments Ltd. ("**Yeor**") on 24 July 2013, which was subsequently amended on 17 September 2014 and 27 November 2014, pursuant to which the Company has agreed to pay to Yeor a sum of US\$200,00 in respect of assistance provided to the Company in preparation for Admission.

Eitan Yanuv, a non-executive Director of the Company, was engaged by Yeor to provide such assistance.

12.25 **Assignments of intellectual property**

The Company has entered into assignments of intellectual property, dated November 2014, with certain consultants who have historically provided software and algorithm development services to the Group. Pursuant to the assignments, the consultants have confirmed that the Company has the sole and exclusive benefit of intellectual property generated through such services and have waived all future rights in relation thereto.

12.26 **Loans from Asaf Lahav, Jeremy Lange and Eyal Alon**

A loan agreement was entered into on 15 October 2014 by and between the Company and each of the persons set out below (in each case, the "**Lender**"), in the amounts (in each case, the "**Loan**") set out below.

<i>Lender</i>	<i>Loan in USD</i>
Asaf Lahav	69,468
Jeremy Lange	84,595
Eyal Alon	121,450

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.

12.27 **Consultancy agreement with Danny Magen**

The Company entered into a consultancy agreement with Danny Magen on 18 August 2014, pursuant to which Danny Magen will provide services such as profitability analysis, market studies and assistance in fundraising. The agreement commenced on 1 September 2014 and will continue for 3 years unless terminated. Termination is on 30 days' written notice. The amounts payable are US\$200 per hour up to an aggregate 100 hours per year, so the minimum amount payable is US\$20,000 per annum. Danny Magen has given confirmations regarding his obligations following Admission with respect to share dealing and disclosure of inside information.

12.28 **Agreement with Migdal Capital Markets**

The Company has entered into an agreement with Migdal Capital Markets whereby Migdal Capital Markets will identify potential investors in the Company and the Company will pay Migdal Capital Markets a commission of 4 per cent. in respect of any investors who subscribe for Placing Shares.

13. Deed Poll

On 5 February 2015 the Deed Poll was executed by the Depositary.

The Depositary Interests will be created pursuant to and issued on the terms of the Deed Poll. The Deed Poll is executed by the Depositary, in favour of the holders of the Depositary Interests from time to time. Prospective holders of Depositary Interests should note that they will have no rights against Euroclear or its subsidiaries in respect of the underlying Ordinary Shares or the Depositary Interests representing them. Ordinary Shares will be transferred to an account of the Depositary or its nominated custodian ("Custodian") and the Depositary will issue Depositary Interests to participating members.

Each Depositary Interest will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of Ordinary Shares on trust for such Depositary Interest holder. Depositary Interest holders will also be able to receive from the Depositary notices of meetings of holders of Ordinary Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the Deed Poll contains, amongst other things, provisions to the following effect:

- 13.1 the Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to it or the Custodian pro rata to the Ordinary Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation;
- 13.2 holders of Depositary Interests warrant, amongst other things, that the securities in the Company transferred or issued to the Depositary or Custodian for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's articles of association or any contractual obligation, or applicable law or regulation binding or affecting such holder;
- 13.3 the Depositary and any Custodian must pass on to Depositary Interest holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary or its appointed agent in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights;
- 13.4 the Depositary will be entitled to cancel Depositary Interests and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a Depositary Interest holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate;
- 13.5 the Deed Poll contains provisions excluding and limiting the Depositary's liability to a maximum of £10 million. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent;
- 13.6 the Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll;
- 13.7 the holders of Depositary Interests are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction;

- 13.8 the Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of Depositary Interest holders;
- 13.9 the Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders are obliged to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of Depositary Interests in respect of their Depositary Interests; and
- 13.10 the Depositary or the Custodian may require from any holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Ordinary Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Company's constitutional Documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto. It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of the Ordinary Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary to vote the underlying shares on their behalf.

14. Share Option Plans

14.1 Employee Share Option Plan 2013

The Company adopted an Employee Share Option Plan on 26 June 2013 (the "**2013 ESOP**"), under which options to purchase 185,700 Ordinary Shares of USD0.01 each (equalling 3,714,000 Ordinary Shares of USD0.0005 each) were granted. All options granted pursuant to the 2013 ESOP were exercised prior to Admission save for options in respect of 700,000 Ordinary Shares of USD0.0005 each. The Company has no intention to grant any additional options under the 2013 ESOP.

14.2 Employee share option plan

The Company adopted a second Employee Share Option Plan on 14 November 2014 (the "**2014 ESOP**"). On 4 February 2015, options to purchase 2,460,980 Ordinary Shares ("**Options**") were granted under the 2014 ESOP to employees and consultants of the Company ("**Grantees**").

All grants under the 2014 ESOP can be made under Section 102 of the Israel Income Tax Ordinance [New Version], 1961 which allows granting options to employees, directors and office holders. Techfinancials has elected for the "capital gains track" which provides for a special tax treatment to the Grantees by postponing, subject to certain conditions, the payment of capital gains tax due in connection with the Option and setting a fixed 25 per cent. tax rate on any gain derived therefrom.

In order to enable the tax benefits under Section 102, the Options and/or Ordinary Shares issued or allocated to Israeli employees must be issued to a trustee (approved by the employer and by the Israeli Tax Authority) (the "**Trustee**") and held by him for a certain trust period. The Trustee's obligation is to ensure that tax payments are forwarded to the tax authorities, as required by law.

The 2014 ESOP is administered by the Board, which has the authority to determine (i) the identity of the Grantees; (ii) the number of Options to be granted to each Grantee; (iii) the time or times at which the same shall be granted; (iv) the exercise price, vesting schedule, expiration date and other terms and conditions relating to Options granted; (v) the schedule and condition on which the Option and/or Ordinary Shares issued upon exercise of Option shall be released from the Trustee; and/or (vi) any other matter which is necessary or desirable for, or incidental to, the administration of the 2014 ESOP.

The Directors may from time to time reserve certain amounts of authorised but unissued Ordinary Shares for the purpose of granting Options and/or Ordinary Shares under the 2014 ESOP. If an Option granted under the 2014 ESOP expires or becomes unexercisable, the Ordinary Share covered by such Option shall become available for future grants under the 2014 ESOP, unless the 2014 ESOP has terminated.

All Options granted under the 2014 ESOP to Grantees shall be granted by the Company to the Trustee, who shall hold such Options and the Ordinary Shares issued upon exercise thereof in trust for the benefit of the Grantee in respect of whom such Options were granted. All Options and/or Ordinary Shares issued upon exercise thereof shall be held by the Trustee until the later of (i) the lapse of 24 months from the date of grant or any other holding period that may be applicable to such Options and/or Ordinary Shares, pursuant to Section 102 of the Income Tax Ordinance or any regulations, rules or orders or procedures promulgated thereunder, as amended from time to time (the "**Holding Period**"), unless the Israeli Tax Authorities shall permit the release of Options and/or Ordinary Shares before the end of the Holding Period; and (ii) such date on which the Grantee shall instruct the Trustee to transfer the Options and/or Ordinary Shares issued upon the exercise of Options to himself/herself or to a third party.

After the expiration of the Holding Period, Options granted, and/or Ordinary Shares issued to the Trustee shall continue to be held by the Trustee, on behalf of the Grantee.

Upon termination of employment of a Grantee with Techfinancials, or a subsidiary thereof, as applicable, or termination of directorship, all Options previously granted to such Grantee shall terminate as follows: (i) If the Grantee's termination of employment or directorship is due to such Grantee's death or disability, such Options (to the extent exercisable at the time of the Grantee's termination of employment or services) shall be exercisable by the Grantee's legal representative, estate manager or any other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution, or the Grantee, as the case might be, for a period of 3 months following such termination of employment or directorship (but in no event after the expiration date of such Options), and shall thereafter terminate; (ii) if the Grantee's termination of employment or directorship is due to, or connected with, dishonestly or breach of fiduciary duties or duty of loyalty to the Company, gross negligence or breach of the Grantee's employment contract, the Options shall terminate, all interests and rights of the Grantee in and to the same shall expire, and the Grantee shall not be entitled to exercise any of the Options, even if such Options had already vested at that time. If the Grantee's termination of employment or services is for any reason other than those described in (i) or (ii) above, such Options (to the extent vested at the time of the Grantee's termination of employment or directorship) shall be exercisable for a period of 30 days following such termination of employment or directorship (but in no event after the expiration date of such Options), and shall thereafter terminate. Options that have not vested at the time of the Grantee's termination of employment or directorship shall expire immediately upon the termination of such employment or directorship, for any reason.

The Board may provide, either at the time an Option is granted or thereafter, that such Option may be exercised after the period provided above, but in no event beyond the expiration date of the Option.

In the event of an merger or an acquisition of the Company (a "**M&A Transaction**"), each outstanding Option shall be substituted by an equivalent security of the successor corporation, and each Grantee shall be entitled to purchase, subject to the conditions herein stated, such successor corporation's replacement securities, as were exchangeable for the number of Ordinary Shares, which such Grantee would have been entitled to purchase except for such M&A Transaction, and the appropriate adjustments in the exercise price of such Options shall be made in order to reflect such exchange. In addition, subject to any applicable law, the Directors shall have full power and authority to determine that, in connection with a proposed M&A Transaction or the sale of all or substantially all of the Company's assets, the vesting of all, or part of, the Options outstanding and unvested at that time shall be accelerated so that any unvested Option or any portion thereof shall be vested immediately prior to closing of the M&A Transaction or the sale of assets.

Notwithstanding the above and subject to any applicable law, the Directors may determine that, in connection with an M&A Transaction, if the successor corporation does not agree to assume or substitute the Options, then, in lieu of such assumption or substitution of Options, such Options will

be substituted for any other type of asset or property, including cash, which the Directors determine to be fair under the circumstances. The Directors may determine that, in connection with an M&A Transaction, if the successor corporation does not agree to assume or substitute the Options, any vested and unexercised Option shall be automatically exercised by way of a net exercise immediately prior to the closing of the M&A Transaction.

The 2014 ESOP was adopted by the Directors on 14 November 2014 and shall expire in the earlier of: (i) 10 years following the grant date; or (ii) when the Directors so resolve (except as to Option outstanding on that date and any other rights which have been granted to Grantees under the 2014 ESOP, which shall survive its expiration).

Subject to applicable laws, the Directors may, at any time and from time to time, terminate or amend the 2014 ESOP in any respect. In no event will any action of the Company alter or impair the rights of a Grantee, without his consent, under any Option previously granted to him.

No Option shall be assignable or transferable by the Grantee to whom it was granted other than by will or the laws of descent and distribution, and an Option may be exercised during the lifetime of the Grantee only by such Grantee or by such Grantee's guardian or legal representative. The terms of such Option shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee.

Transfer by a Grantee to any third party of any Ordinary Shares issued upon the exercise of Options granted to the Grantee, or directly issued to the Grantee under the 2014 ESOP, shall be subject to all conditions and terms set out in the Articles, all conditions and terms set out in the 2014 ESOP, and all other conditions and terms by which each Grantee is otherwise bound.

All tax consequences arising from the grant or exercise of any Option, from the payment for, or the subsequent disposition of, Ordinary Shares covered thereby or from any other event or act (of the Company or the Grantee), shall be borne solely by the Grantee.

Neither the 2014 ESOP nor the grant of an Option thereunder shall impose any obligation on the Company to continue the employment or directorship of any Grantee, or restrict the right of the Company to terminate such employment or directorship at any time.

The 2014 ESOP and all instruments issued thereunder or in connection therewith shall be governed by, and interpreted in accordance with, the laws of the State of Israel.

The terms of each Option may differ from other Options granted under the 2014 ESOP at the same time, or at any other time. The Directors may also grant Options to a given Grantee in more than one instance during the term of the 2014 ESOP, either in addition to, or in substitution for, Options previously granted to that Grantee. The grant of Options in multiple instances may be evidenced by a single notice of grant or multiple notices of grant, as determined by the Directors.

15. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least twelve months from the date of Admission.

16. Litigation

16.1 Letter from re. Consob Sanction Procedure No. 20130933-1917.

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 considerable risk that Consob might impose an administrative sanction on Jeremy Lange and Eyal Rosenblum.

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.

On 7 January 2013, the BVI Financial Services Commission issued an advisory warning and a cease and desist order against the Company, which was order to cease and desist from offering online trading with financial binary options, commodities, stocks and FOREX whilst falsely purporting to be licensed or regulated in the BVI. Following representations made by the Company, the advisory warning was removed on 18 August 2014 by the BVI Financial Services Commission. On 19 September 2014 the BVI Financial Services Commission issued a letter confirming the removal of the advisory warning.

- 16.2 Tradefinancials and two of Techfinancials' clients using a Techfinancials platform (the "Recipient Clients") received warning letters from legal counsel to Tradologic Solutions Ltd. ("Tradologic") in relation to an alleged breach by them of various US and Japanese patents owned by Tradologic.

The Recipient Clients forwarded Tradologic's letter to Techfinancials. Techfinancials has taken legal advice from Kadouch & Co. Law Offices to the effect that (i) Techfinancials' software does not breach the patents; (ii) the Tradologic patents are in any case likely to be invalid owing to recent case law and (iii) the patents, even if valid, only have effect in the US and Japan, not the EU. Techfinancials, having received the aforementioned legal advice, considers Tradologic's allegations to be entirely spurious and does not anticipate that any formal proceedings will be issued.

Tradefinancials has sent a response letter to Tradologic stating that there is no basis to Tradologic's claims.

- 16.3 Save as disclosed at 16.1 and 16.2, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Directors are aware) which may have, or have had during the 12 months immediately preceding the date of this document, a significant effect on the financial position or profitability of the Company or the Group.

17. Taxation

17.1 United Kingdom taxation

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HMRC in the United Kingdom regarding the ownership and disposal of ordinary shares.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position of UK resident Shareholders who are absolute beneficial owners of their Ordinary Shares and who hold their

Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders such as Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are “employment related securities” as defined in Section 421B of the UK Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposal of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described in this document.

17.1.1 **The Company**

The profits of the Company should not be subject to UK corporation tax, as the Company will not be managed and controlled in the UK.

17.1.2 **Shareholders**

Withholding tax

Under current UK taxation legislation, no UK tax will be withheld at source from dividend payments by the Company.

Taxation of dividends

(a) Individuals

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on dividends paid by the Company will be 10 per cent. of the total of the dividend payment and the tax credit (the “gross dividend”), or one-ninth of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which once UK dividends have been taxed will be regarded as the top slice of the Shareholder's income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax. To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject the higher rate of income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. This results in an effective tax rate of 25 per cent. on the net dividend. UK Shareholders who are liable to the additional rate of income tax will be subject to an income tax rate of 37.5 per cent. on the gross dividend and an effective tax rate of approximately 30.6 per cent. of the net dividend.

(b) Companies

A corporate Shareholder resident in the UK, for tax purposes, may meet one of the corporation tax exemptions and may not be subject to corporation tax or income tax on dividend payments received from the Company. Corporate Shareholders will not, however, be able to claim repayment of tax credits attaching to the dividend payment.

17.1.4 **Chargeable gains**

A disposal of Ordinary Shares by a Shareholder who is resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of Ordinary Shares. A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares. In addition, any holders of

Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK. For UK individuals, capital gains are chargeable at 18 per cent. or 28 per cent. depending on the individual's total taxable income and gains subject to certain reliefs and exemptions. The rate for trustees is 28 per cent. For UK corporates any gain would be taxable at a maximum rate of 21 per cent. with effect from 1 April 2014. Indexation may apply to reduce any such gain (though indexation is no longer available to individuals and trustees).

17.1.5 **Anti-avoidance**

UK Corporate Shareholders

A UK resident corporate Shareholder who, together with connected or associated persons, controls the Company should note the provisions of the Controlled Foreign Companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. Such shareholders should consult their professional advisers on the impact of these rules on their UK tax position.

UK Individual Shareholders

- (a) Under certain circumstances, UK resident individuals may become liable to UK income tax, for example, pursuant to the UK's anti-avoidance rules contained in Section 720 of the Income Tax Act 2007 entitled "Transfer of Assets Abroad". It is considered that these sections should not apply because the Placing is a genuine commercial transaction with no tax avoidance purpose.
- (b) UK resident or ordinarily resident Shareholders who, together with persons connected with them, hold more than 10 per cent., share or interest in the capital or income of the Company should be aware that under certain circumstances, a proportion of chargeable gains made by non-UK companies can be attributed to UK resident direct or indirect shareholders under the provisions of section 13 of the Taxation of Chargeable Gains Act 1992.

17.1.6 **Inheritance Tax**

UK inheritance tax arises on transfers of assets triggered by death or made within the seven years preceding death and on certain transactions involving trusts. Broadly, the tax is chargeable on worldwide assets (in the case of UK domiciled individuals). Inheritance tax is only charged on estates consisting of relevant assets worth more than the "nil rate band" (£325,000 for the tax years up to and including 2014/15) at the time of death (including the value of assets transferred in the seven preceding years). Since October 2007 it has been possible for spouses' and civil partners' individual allowances to be transferred between them. The "nil rate band" is also used when calculating chargeable lifetime transfers. Individuals and trustees subject to inheritance tax in relation to a shareholding in the Company may be entitled to business property relief of up to 100 per cent. after a holding period of two years providing that all the relevant conditions for the relief are satisfied at the appropriate time.

17.1.7 **Stamp Duty and Stamp Duty Reserve Tax**

- (a) The following comments are intended as a guide to the general UK Stamp Duty ("SD") and Stamp Duty Reserve Tax ("SDRT") position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules apply.
- (b) With effect from 17 July 2014 Stamp Duty and Stamp Duty Reserve Tax is no longer chargeable on transactions in securities provided the shares are listed on a recognised growth market, HMRC consider that AIM is a recognised growth market. If the shares are dual listed on AIM and an overseas stock exchange recognised by HMRC SD and SDRT still apply.
- (c) Irrespective of paragraph b) above no stamp duty or SDRT will be payable on the issue of Ordinary Shares.
- (d) If the relief from stamp duty and SDRT does not apply, paragraphs 16.1.7 (e) to (g) applies.
- (e) Special rules may apply in certain circumstances where shares are transferred to a person to a person who issues depositary receipts or provides clearance services in respect of the Ordinary Shares or to a nominee or agent of such person, in which case

SDRT will be payable a higher rate. The Company will not be responsible for the payment of SDRT in any such case.

- (f) Where Ordinary Shares are held in certificated form, no stamp duty or SDRT will arise on a transfer of such Ordinary Shares into CREST unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise. Paperless transfers of Ordinary Shares within CREST will be liable to SDRT rather than stamp duty at the rate of 0.5 per cent.
- (g) Any transfer of, or agreement to transfer, Ordinary Shares outside CREST made for a consideration in money or money's worth will give rise to a liability on the purchaser to stamp duty or SDRT, in the case of stamp duty usually at the rate of 0.5 per cent. of the consideration paid (and rounded up to the next £5) and, in the case of SDRT, normally at the rate of 0.5 per cent. of the consideration paid.

17.2 BVI Taxes

Under the present laws of the BVI, there are no applicable taxes on the profits or income of the Company. There are no taxes on profits, income, nor is there any capital gains tax, estate duty or inheritance tax applicable to any shares held by non-residents of the BVI. In addition, there is no stamp duty or similar duty on the issuance, transfer or redemption of the shares. Dividends remitted to the holders of shares resident outside the BVI will not be subject to withholding tax in the BVI. The Company is not subject to any exchange control regulations in the BVI. No stamp duty is payable in the BVI in respect of instruments relating to transactions involving a company incorporated in the BVI.

17.3 European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)

The European Union has formally adopted a Directive regarding the taxation of savings income. From 1 July 2005, member states are required to provide to the tax authorities of another member state details of payments of interest and other similar income paid by a person within its jurisdiction to or for an individual resident in that other member state, except that Austria, Belgium and Luxembourg instead impose a withholding system for a transitional period (unless during such period they elect otherwise).

The BVI is not a member of the European Union and not within the European Union fiscal territory, but the government of the United Kingdom requested the Government of the BVI to voluntarily apply the provisions of the EU Savings Tax Directive. In July 2011 the Government of the BVI published The Mutual Legal Assistance (Tax Matters) (Automatic Exchange Information) Order, which changes the way in which the BVI complies with the Directive. Pursuant to the Order the BVI transitioned to the group of countries and territories that comply with the Directive through the automatic exchange of information on savings income with tax authorities in European Union Member States. The Order provides that as of 1 January 2012, BVI based paying agents are no longer subject to, or able to rely on, the withholding tax option as a way of complying with the Directive. As such, BVI's institutions will now be obliged to disclose certain information to the BVI International Tax Authority who will in turn comply with the information exchange policy under the Directive. This order will be most relevant to individuals who are resident of an European Union Member State and who maintain savings accounts with banks in the BVI.

These comments are intended only as a general guide to the current tax position in the UK and the BVI as at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

18. Intellectual Property

The Group's most significant intellectual property is the copyright, know-how and trade secrets related to its proprietary pricing engine, which it uses to price binary options. The pricing engine was initially developed a number of in-house and consultant developers. The Company has obtained assignments of intellectual property from each such developer.

All development work is now carried out in-house, with the exception of work in respect of 'skinning' customer sites (i.e. preparation of a branded website that uses the Group's pricing engine and technology) which may be carried out by third party developers on the basis that the intellectual property created thereby vests in the Company.

The Company uses open source libraries in its software, and certain third party charting, price data feeds and payment gateways have been integrated into the Company's software. Where integrated into the Company's software, the relevant integration does not materially affect TechFinancials' core software product, and in each case the requirements of the third party API are fully met.

The only material business or product names used by the Company are "optionFair" and "TechFinancials". "optionFair" has been registered with the Office for Harmonisation in the Internal Market pursuant to application number 010816131, in respect of classes 9, 36, 38 and 42. The certificate of registration for this trade mark is dated 15 September 2012. On 8 July 2014 the Company submitted an application to the OHIM for "TechFinancials" to be registered as a community trade mark under classes 9, 35, 36, 38 and 42. The application number is 013063565. The mark has been challenged in correspondence by on the basis of similarity to another trade mark. The Company will endeavour to deal with the challenge in correspondence.

19. Consents

- 19.1 Grant Thornton has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 19.2 Northland has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 19.3 Argento has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 19.4 Crowe Clark Whitehill LLP has given and not withdrawn its written consent to the issue of this document with the inclusion in it of the references to its name in the form and context in which they appear.

20. Other information

- 20.1 The Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 20.2 There has been no public takeover bid for the whole or any part of the share capital of the Company or any other member of the Group prior to the date of this document.
- 20.3 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2014, the date to which the last unaudited interim results of the Group were prepared.
- 20.4 There have been no significant trends in sales, purchases and expenses and the costs and selling prices of the Group since 30 June 2014.
- 20.5 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Group's business or profitability.
- 20.6 There are no significant authorised or contracted capital commitments of the Group as at the date of publication of this document.
- 20.7 The total costs and expenses payable by the Company in connection with Admission and Placing (including professional fees, commissions, the costs of printing and the fees payable to the registrars) are estimated to amount to approximately £0.8 million. The Company is not responsible for the costs relating to the Sale Shares.

- 20.8 Save as disclosed this document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.
- 20.9 Save for the professional advisers named in this document and as set out in paragraph 12.24 of this Part 5, no person has received, directly or indirectly, from the Group within the twelve months preceding the date of this document or has entered into any contractual arrangements to receive, directly or indirectly, from the Group on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission.
- 20.10 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 20.11 The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' and applicable employees' (as defined in the AIM Rules for Companies) dealings in Ordinary Shares and, to this end, the Company has adopted the Share Dealing Code.
- 20.12 Save as disclosed in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 20.13 No payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 20.14 Save as disclosed in this document, no agreement, arrangement or undertaking (including any compensation arrangement) exists between any Director, recent director of the Company, Shareholder or recent shareholder of the Company in relation to the Admission.
- 20.15 The Company has no principal investments, there are no principal investments in progress and there are no principal future investments on which the Directors have made a firm commitment which are significant to the Group.

21. Copies of this document

Copies of this document will be available to the public free of charge at registered office of the Company and from the offices of K&L Gates LLP, One New Change, London EC4M 9AF, UK during normal business hours on any weekday (other than Saturdays, Sundays and public holidays), for a period of at least one month from the date of Admission. This document will also be available for download from the Company's website at www.techfinancials.com.

