16 March 2016

Taptica International Ltd
(“Taptica” or the **“Company”)**

Full Year Results 2015

Taptica (AIM: TAP), a global end-to-end mobile advertising platform for advertising agencies and brands, announces its final results for the twelve months ended 31 December 2015.

Transition complete as mobile business drives growth in revenues

- Transition to a mobile marketing ad-technology business complete
- Increased customer retention rate
- Record run-rate in revenues from mobile in Q4 2015
- Strong operational cash conversion at 84% of adjusted EBITDA

Financial Highlights

Highly cash generative business with over 23% sequential revenue growth in H2 2015

- Revenues increased by 20% to $75.8 million (2014: $63.1 million)
- Gross profit of $21.1 million (2014: $19.0 million)
- Adjusted EBITDA* of $7.4 million (2014: $10.5 million)
- Net cash in-flow from operating activities of $6.2 million (2014: $8.6 million)
- Declared dividend per share of $0.00784, equating to a total pay-out of $537,129 representing 25% of net profit for full year 2015
- Cash and bank deposits as at 31 December 2015 were $18.7 million after paying AreaOne’s initial cash consideration of $9.3 million and $1.5 million dividend payment

*Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortisation and share-based payment expenses.

Operational Highlights

One of few companies globally that can offer end-to-end ad campaigns

- In May 2015, took a strategic decision to transition the business’ focus more fully towards mobile, and focus the Company’s resources in this area
- Consequently, the Company’s mobile business accounted for 61% of full year 2015 revenues (2014: 18%) with increasing momentum (69% of H2 2015 revenues versus 51% of H1 2015)
- In H2 2015, acquired AreaOne, a performance marketing technology company and accredited Facebook® Marketing Partner
- Through AreaOne, integrated with the Instagram Ads API resulting in advertisers being able to run campaigns across the widest range of traffic sources available today, while leveraging Taptica’s proprietary data
- Customer mobile revenue retention rate year-over-year reached 188%
- 220 million user profiles, growing daily, enabling quality targeting & retargeting via dynamic promotions
- Over 50 million installs and 100 million in-app events
- Data gathered from more than 17,000 campaigns
- Over 22 billion requests handled per day
- Opened New York office to further advance sales initiatives in the US

Hagai Tal, Chief Executive Officer, stated: "These results validate our strategy to move from our legacy display business to focus on mobile advertising, mirroring the transition that occurred in the ad-tech industry. The mobile business drove revenue growth as more Tier 1 customers ran campaigns on our platform than ever before, resulting in record revenues being generated in Q4 2015. Overall, our customers are staying with us for longer and spending more of their advertising budget with Taptica.

"Looking ahead, we entered 2016 in a better position than we did last year as the Company's mobile offering continues to gain traction with household-named brands as well as seeing expanding demand for its solutions. We expect significant growth from AreaOne as advertisers increasingly demand traffic supply and data collection from social media channels. The business continues to diversify geographically and is experiencing sustained growth in its core database. As a result, the Board remains confident of delivering continued revenue growth and looks forward to 2016."

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About Taptica

Taptica is a global end-to-end mobile advertising platform that helps the world's top brands reach their most valuable users with the widest range of traffic sources available today, including social. Its proprietary technology leverages big data and, combined with state-of-the-art machine learning, enables quality media targeting at scale. Taptica creates a single arena in which brands can scale and engage more relevantly with mobile audiences, staying ahead of the competition. It works with more than 450 advertisers including Amazon, Disney, Facebook, Twitter, OpenTable, Expedia, Lyft and Zynga. Taptica is headquartered in Israel with offices in San Francisco, New York, Boston and Beijing. Taptica is traded on the London Stock Exchange (AIM: TAP).

Operational Review

This has been a transformational year for Taptica following the strategic decision to move away from the legacy display business and focus on mobile due to the significant growth in advertising on mobile devices and targeted campaigns run by companies and agencies to reach their audiences. The Company continued to invest in improving its mobile technology offering which resulted in significant growth in the mobile business revenues. This offset the managed decline in display sales with overall Company revenues growing by 20% to $75.8 million in 2015 compared with $63.1 million for 2014.

By transforming itself into a mobile-focused business, Taptica has laid the foundations to generate higher and more sustainable growth rates, which have been built upon during the second half of the year.

Transition to a mobile marketing ad-technology business

The strength of the Taptica mobile offer is based on its IP, and the Company continued to invest in developing its technology throughout 2015. This included database and machine learning advancements in order to further enhance Taptica's ability to leverage data, which is key to enabling mobile targeting and user acquisition for the Company's advertiser clients.

The key development during the second half of 2015 was the acquisition of AreaOne Ltd., a performance marketing technology company and accredited Facebook® Marketing Partner. The addition of social media marketing functionality provides the Company's clients with more impactful campaigns by enabling access to Facebook – the largest and most popular supplier of media on mobile.

The combination of Taptica and AreaOne technologies has created a single platform that optimises marketing campaigns for advertisers across mobile and social media channels. AreaOne's ability for bid optimisation and budget optimisation in a cost-effective manner across social media channels is a key advantage for advertisers particularly when linked with Taptica's ever-growing repository of big data generated from mobile campaigns run on its platform. Further, the acquisition provided the Company with an initial footprint in China and the Asian market, which the Directors intend to leverage to accelerate the expansion of Taptica's presence in Asia.

In addition, in H2 2015, through AreaOne, the Company integrated with the Instagram Ads API. As a result, Taptica now enables advertisers to run campaigns across the widest range of traffic sources available today.

Instagram is one of the largest and fastest-growing advertising platforms available worldwide with over 400 million users. Integrating with the Instagram Ads API allows Taptica to integrate their software with Instagram's advertising systems enabling – for the first time – Instagram ads to be bought, and incorporated into marketing campaigns, in an automated fashion.

Research & Development

During 2015, the Company continued to invest significantly in the development of its proprietary technology.

At the beginning of the period, the Company launched a data analytics tool that delivers to advertisers advanced insights into mobile user behaviour and demographics for precise mobile ad campaign targeting. Unlike current solutions on the market, the Company utilises an array of anonymised user behaviour data, including impressions, clicks, conversions, purchases and money spent, combined with detailed demographic data such as location, age, gender and operating system, to refine advertising spend according to the customer's target, leading to higher user retention and increased return on investment.

Financial Review

Revenues for the twelve months ended 31 December 2015 increased by 20% to $75.8 million compared with $63.1 million in 2014.

Total gross margin was 27.8% (H1: 26.5%; 2014: 30.2%), which includes an improvement in mobile gross margin to 27.4% (2014: 24.5%).

Cost of sales, which consists primarily of traffic acquisition costs that are directly attributable to revenue generated by the Company and based on the revenue share arrangements with audience and content partners, increased as a proportion of revenue compared with the prior year. This growth was due to the significant increase in mobile revenue; gross profit grew by 11% to $21.1 million (2014: $19.0 million) representing the faster growth in lower-margin mobile business.

Operating costs increased primarily due to the investment in the mobile business. R&D expenses more than doubled to $4.1 million (2014: $2.0 million). Sales & marketing increased in the period as investments were made to enhance brand recognition and expand the global customer base. General & administrative expenses were also greater than the same period of the prior year largely as a result of the full twelve-month contribution of costs associated with being a public company as well as the opening of the New York office and strengthening of the San Francisco office.

Operating costs for full year 2015 include the first full year of Taptica Ltd. costs compared with five months in 2014 as well as the AreaOne costs following the acquisition in September 2015.

Adjusted EBITDA for the twelve months ended 31 December 2015 was $7.4 million compared with $10.5 million for 2014, which is comprised as follows:

	2015 $'m	**2014 $'m**
Operating profit	2.9	8.5
Depreciation & Amortisation	3.5	1.2
Share-based payments	0.6	0.8
Acquisition-related costs	0.4	0.0
Adjusted EBITDA	**7.4**	**10.5**

The Company continued to be cash generative with net cash provided by operating activities of $6.2 million (2014: $8.6 million). Total dividend payments in the period were $1.5 million.

As at 31 December 2015, cash and bank deposits were $18.7 million, after distributing $1.5 million in dividend payments and the initial AreaOne acquisition payment of $9.3 million, compared with $22.8 million at 30 June 2015 and $24.7 million at 31 December 2014.

Dividend

The Company maintains its policy of distributing 25% of net profits in dividend payments. As such, the Board has resolved to declare a final dividend of $0.00784 per share, equating to a total dividend pay-out of $537,129, out of the Company's net profits for the 12 months ended 31 December 2015.

Outlook

Looking ahead, the Company entered 2016 in a better position than it did last year as Taptica's mobile offering continues to gain traction with household-named brands as well as seeing expanding demand for its solutions. The Company expects significant growth from AreaOne as advertisers increasingly demand traffic supply and data collection from social media channels. The business continues to diversify geographically and is experiencing sustained growth in its core database. As a result, the Board remains confident of delivering continued revenue growth and looks forward to 2016.

Consolidated Statements of Financial Position as at 31 December

	Note	2015 USD thousands	2014 USD thousands
Assets			
Cash and cash equivalents	9	**10,173**	24,664
Bank deposits	9	**8,516**	-
Investment in money market funds		**-**	482
Trade receivables, net	7	**19,168**	11,687
Other receivables	7	**1,558**	770
Total current assets		**39,415**	37,603
Property, plant and equipment	5	**514**	569
Intangible assets	6	**36,123**	20,663
Deferred tax assets	4	**180**	284
Total non-current assets		**36,817**	21,516
Total assets		**76,232**	59,119
Liabilities			
Trade payables	8	**20,366**	12,075
Other payables	8	**5,756**	3,118
Total current liabilities		**26,122**	15,193
Employee benefits		**182**	161
Contingent consideration commitment	16	**2,277**	-
Deferred tax liabilities	4	**2,372**	1,433
Total non-current liabilities		**4,831**	1,594
Total liabilities		**30,953**	16,787
Equity	11		
Share capital		**190**	186
Share Premium		**35,566**	35,170
Reserves		**2,450**	525
Retained earnings		**7,073**	6,451
Total equity		**45,279**	42,332
Total liabilities and equity		**76,232**	59,119

Date of approval of the financial statements: March 15, 2016

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income for the Year Ended 31 December

	Note	2015 USD thousands	2014 USD thousands
Revenues		**75,829**	63,121
Cost of sales		**(54,716)**	(44,087)
Gross profit		**21,113**	19,034
Research and development expenses		**4,092**	2,001
Selling and marketing expenses		**8,634**	5,507
General and administrative expenses	10	**5,464**	2,961
		18,190	10,469
Profit from operations		**2,923**	8,565
Profit from operations before amortization of purchased intangibles and business combination related expenses*		**5,688**	9,286
Financing income		**75**	71
Financing expenses		**(207)**	(410)
Financing expenses, net		**(132)**	(339)
Profit before taxes on income		**2,791**	8,226
Taxes on income	4	**642**	2,127
Profit for the year		**2,149**	6,099
Profit for the year before amortization of purchased intangibles and business combination related expenses (net of tax)**		**4,952**	6,620
Earnings per share			
Basic earnings per share (in USD)	12	**0.033**	0.106
Diluted earnings per share (in USD)	12	**0.033**	0.102
Other comprehensive income items that will not be transferred to profit or loss			
Remeasurement of defined benefit plan		**-**	6
Taxes on other comprehensive income items that will not be transferred to profit or loss	4	**-**	(1)
Total other comprehensive income for the year that will not be transferred to profit or loss, net of tax		**-**	5
Total comprehensive income for the year		**2,149**	6,104

* Amounting to USD 2,765 thousand (2014: USD 721 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses, including expenses related to potential acquisitions.

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The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the Year Ended 31 December

	Share capital	Share premium	Capital reserves**	Retained Earnings	Total
			USD thousands		
Balance as at 1 January 2014	*	-	182	352	534
Total comprehensive income for the year					
Profit for the year	-	-	-	6,099	6,099
Other comprehensive income for the year, net of tax	-	-	5	-	5
Total comprehensive income for the year	-	-	5	6,099	6,104
Transactions with owners, recognized directly in equity					
Issuance of ordinary shares	7	7,092	-	-	7,099
Share-based payments	*	126	679	-	805
Exercise of options	1	215	(205)		11
Bonus issue shares	144	(144)	-	-	-
Initial Public Offering	34	27,745	-	-	27,779
Expiration of options	-	136	(136)	-	-
Balance as at 31 December 2014	186	35,170	525	6,451	42,332
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**2,149**	**2,149**
Total comprehensive income for the year	**-**	**-**	**-**	**2,149**	**2,149**
Transactions with owners, recognized directly in equity					
Business combination			**1,656**		**1,656**
Share-based payments	**-**	**-**	**622**	**-**	**622**
Exercise of options	**4**	**396**	**(353)**	**-**	**47**
Dividends to owners	**-**	**-**	**-**	**(1,527)**	**(1,527)**
Balance as at 31 December 2015	**190**	**35,566**	**2,450**	**7,073**	**45,279**

* Less than 1 thousand USD

** Includes reserves for share-based payments and remeasurement of defined benefit plan and a commitment to issue shares under business combination (see Note 16) and other comprehensive income

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the Year Ended 31 December

	Note	2015 USD thousands	2014 USD thousands
Cash flows from operating activities			
Profit for the year		**2,149**	6,099
Adjustments for:			
Depreciation and amortization	5-6	**3,472**	1,156
Net financing expense		**87**	258
Share-based payment transactions	13	**574**	762
Change in fair value of contingent consideration commitment		**146**	-
Income tax expense	4	**642**	2,127
Change in trade and other receivables		**(6,017)**	(1,871)
Change in trade and other payables		**6,273**	1,665
Change in employee benefits		**(34)**	36
Income taxes received		**105**	278
Income taxes paid		**(1,224)**	(1,895)
Interest received		**18**	-
Interest paid		**(9)**	-
Net cash provided by operating activities		**6,182**	8,615
Cash flows from investing activities			
Decrease (increase) in pledged deposits		**(78)**	248
Acquisition of property, plant and equipment	5	**(336)**	(217)
Acquisition and development of intangible assets	6	**(2,010)**	(858)
Proceeds from sale of property, plant and equipment	5	**74**	-
Grant of short-term loans		**(544)**	(1,500)
Proceeds from sale of investments on money market fund		**482**	-
Acquisition of subsidiaries, net of cash acquired	16	**(8,099)**	(6,531)
Increase in bank deposits, net		**(8,500)**	
Net cash used in investing activities		**(19,011)**	(8,858)
Cash flows from financing activities			
Issuance of shares		**-**	27,332
Repayment of loans from related parties		**(111)**	(830)
Repayment of loans from banks		**-**	(1,527)
Proceeds from exercise of share options		**47**	11
Dividends paid	11	**(1,527)**	(3,147)
Net cash provided by (used in) financing activities		**(1,591)**	21,839
Net increase (decrease) in cash and cash equivalents		**(14,420)**	21,596
Cash and cash equivalents as at the beginning of the year		**24,664**	3,216
Effect of exchange rate fluctuations on cash and cash equivalents		**(71)**	(148)
Cash and cash equivalents as at the end of the year	9	**10,173**	24,664

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - General

A. Reporting entity

Taptica International Ltd. (the "Company" or "Taptica International"), formerly named Marimedia Ltd., has submitted a request to change its name following the Company's annual general meeting, held on 20 August 2015. The Israeli Companies Registrar has formally approved the Company's name change on September 22, 2015 with immediate effect. Since that date, the Company's shares are traded under the new name and TIDM: TAP (previously MARI).

The Company was incorporated in Israel under the laws of the state of Israel on 20 March 2007. The address of the registered office is 121 Hahashmonaim Street Tel Aviv, Israel.

Taptica International Ltd. is a global end-to-end mobile advertising platform that helps the world's top brands reach their most valuable users with the widest range of traffic sources available today, including social. The Company's proprietary technology leverages big data, and combined with state-of-the-art machine learning, enables quality media targeting at scale. Founded in 2007, Taptica International has a worldwide base of partnerships with media companies; maximising value for a wide range of Tier 1 brands including Amazon, Disney, Facebook, Twitter, OpenTable, Expedia, Lyft and Zynga. The Company is headquartered in Tel Aviv with offices in San Francisco, New York and Beijing.

Taptica International's large and diverse publisher inventory is in high demand by advertisers who are constantly in search of specialised ability to measure, track and increase revenues; offering an opportunity for global outreach and potential growth.

On 2 April 2014, the Company entered into an option agreement with Taptica Ltd. ("Taptica") and its shareholders, which granted the Company the option to purchase 100% of the outstanding share capital of Taptica. On 1 August 2014, the Company exercised the option. Following the option exercise, the Company purchased 100% of Taptica's share capital for a total consideration of USD 13.84 million.

On 28 May 2014, the Company's shares began trading on the AIM Market of the London Stock Exchange following the Company's initial public offering.

On 7 September 2015, the Company acquired 100% of the shares and voting interests in AreaOne Ltd ("AreaOne") for a total consideration of USD 15.401 million. AreaOne is a leading mobile user acquisition platform for brands and applications' developers to engage valuable mobile users through social media networks (see Note 16).

B. Definitions

In these financial statements –

(1) The Company – Taptica International Ltd. (former name: Marimedia Ltd.)

(2) The Group – Taptica International Ltd. and its subsidiaries.

(3) Related party – As defined by IAS 24, "Related Party Disclosures".

Note 2 - Basis of Preparation

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 15 March 2016.

B. Functional and presentation currency

These consolidated financial statements are presented in USD, which is the Company's functional currency, and have been rounded to the nearest thousands, except when otherwise indicated. The USD is the currency that represents the principal economic environment in which the Company operates.

C. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities:

- Investments in money market funds
- Deferred tax assets and liabilities
- Liabilities for employee benefits
- Contingent consideration commitment

For further information regarding the measurement of these assets and liabilities see Note 3 regarding significant accounting policies.

D. Use of estimates and judgments

Use of estimates

The preparation of financial statements in conformity with IFRS requires management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Group's financial statements requires management of the Group to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Group prepares estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 2 - Basis of Preparation (cont'd)

E. Determination of fair value

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 13, on share-based payments;
- Note 14, on financial instruments; and
- Note 16, on subsidiaries (regarding business combinations).

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3: inputs that are not based on observable market data (unobservable inputs).

Use of estimates and judgments

Information about significant judgments (other than those involving estimates) made by the management while implementing Group accounting policies and which have the most significant effect on the amounts recognized in the financial statements is included in Note 6, on intangible assets, with respect to the accounting of software development, and Note 16, on subsidiaries, with respect to business combination.

Note 3 - Significant Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

A. Basis of consolidation

(1) Business combinations

The Group implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control.

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred less the net amount of the identifiable assets acquired and the liabilities assumed.

The consideration transferred includes the fair value of the assets transferred to the previous owners of the acquiree, the liabilities incurred by the acquirer to the previous owners of the acquiree and equity instruments that were issued by the Company. In addition, the consideration transferred includes the fair value of any contingent consideration. After the acquisition date, the Group recognizes changes in the fair value of contingent consideration classified as a financial liability in profit or loss, whereas contingent consideration classified as an equity instrument is not remeasured.

Note 3 - Significant Accounting Policies (cont'd)

A. Basis of consolidation (cont'd)

(1) Business combinations (cont'd)

Costs associated with the acquisitions that were incurred by the acquirer in the business combination such as: finder's fees, advisory, legal, valuation and other professional or consulting fees are expensed in the period the services are received.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service. The unvested portion of the replacement award that is attributed to post-acquisition services is recognized as a compensation cost following the business combination. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service. The unvested portion of the replacement award that is attributed to post-acquisition services is recognized as a compensation cost following the business combination.

(2) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commenced.

(3) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

B. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in to the functional currency at the exchange rate on that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate as of the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

Note 3 - Significant Accounting Policies (cont'd)

C. Financial instruments

(1) Non-derivative financial assets

Initial recognition of financial assets
The Group initially recognizes loans and receivables on the date that they are created. All other financial assets acquired, are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument, meaning on the date the Group undertook to purchase or sell the asset. Non-derivative financial instruments comprise investments, inter alia, in money market funds, trade and other receivables and cash and cash equivalents.

Derecognition of financial assets
Financial assets are derecognized when the contractual rights of the Group to the cash flows from an asset expire, or the Group transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Ordinary course of business sales of financial assets are recognized on the trade date, meaning on the date the Group undertook to sell an asset.

Classification of financial assets into categories and the accounting for each category
The Group classifies its financial assets according to the following categories:

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss when it is held for trading purposes.

Loans and Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses. Receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents include cash balances available for immediate use and demand deposits. Cash equivalents include short-term highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

Note 3 - Significant Accounting Policies (cont'd)

C. Financial instruments (cont'd)

(2) Non-derivative financial liabilities

Non-derivative financial liabilities include trade and other payables.

Initial recognition of financial liabilities
The Group initially recognizes all financial liabilities on the trade date on which the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognized initially at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

Offset of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(3) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of any tax effects.

D. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its residual value (assumed to be nil), using the straight line method, over its expected useful life as follows:

	Years
Computers and other technological equipment	3
Office furniture and equipment	6-17
Leasehold improvements	Mainly 10
Motor vehicles	6.66

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

Note 3 - Significant Accounting Policies (cont'd)

E. Intangible assets

(1) Software development

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group are recognized as intangible assets when all the criteria in IAS 38 are met.
Development costs are capitalized only when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product has been ascertained;
- adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- the Group can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

In subsequent periods, these costs are amortized over the useful economic life of the asset.

Where these criteria are not met development costs are charged to the statement of comprehensive income as incurred.

The estimated useful lives of developed software is three years.

Amortization methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

(2) Acquired software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software licenses. These costs are amortized over their estimated useful lives (3-5 years) using the straight line method. Costs associated with maintaining software programs are recognized as an expense as incurred.

(3) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets. For information on measurement of goodwill at initial recognition, see Note 3 A(1).

In subsequent periods goodwill is measured at cost less accumulated impairment losses. The Group has identified its entire operation as a single cash generating unit (CGU). As of 31 December 2015 and 2014, the CGU's recoverable amount was based on the fair value of the Company's quoted share price (level 1). According to management assessment, no impairment in respect to goodwill has been recorded.

(4) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Note 3 - Significant Accounting Policies (cont'd)

E. Intangible assets (cont'd)

(5) Amortization

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its accumulated residual value.

Internally generated intangible assets, such as software development costs, are not systematically amortized as long as they are not available for use, i.e. they are not yet on site or in working condition for their intended use. Goodwill is not systematically amortized as well, but is tested for impairment at least once a year.

The Group examines the amortization methods, useful life and accumulated residual values of its intangible assets at least once a year (usually at the end of each reporting period) in order to determine whether events and circumstances continue to support the decision that the intangible asset has an indefinite useful life.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use, since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in each asset.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 5 years
- Software (developed and acquired) 3-5 years
- Customer relationships 5 years
- Technology 5 years

F. Impairment of financial assets

A financial asset not carried at fair value through profit or loss is tested for impairment when objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of trade receivables and other receivables at a specific asset level.
Losses are recognized in profit or loss and reflected in a provision for loss against the balance of the receivable.

G. Impairment of non-financial assets

Non-financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).
Non-financial assets that were subject to impairment are reviewed for possible reversal of the impairment recognized in respect thereof at each statement of financial position date.

Note 3 - Significant Accounting Policies (cont'd)

H. Employee benefits

(1) Post-employment benefits

The Group's main post-employment benefit plan is under section 14 to the Severance Pay Law ("Section 14"), which is accounted for as a defined contribution plan. In addition, for certain employees, the Group has an additional immaterial plan that is accounted for as a defined benefit plan. These plans are usually financed by deposits with insurance companies or with funds managed by a trustee.

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of comprehensive income in the periods during which related services are rendered by employees.

According to Section 14 the payment of monthly deposits by a company into recognized severance and pension funds or insurance policies releases it from any additional severance obligation to the employees that have entered into agreements with the company pursuant to such Section 14. The Company has entered into agreements with a majority of its employees in order to implement Section 14. Therefore, the payment of monthly deposits by the Company into recognized severance and pension funds or insurance policies releases it from any additional severance obligation to those employees that have entered into such agreements and therefore the Company incurs no additional liability with respect to such employees.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset).

(2) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated (such as maternity leave).

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

Note 3 - Significant Accounting Policies (cont'd)

H. Employee benefits (cont'd)

(3) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a salary expense unless it is eligible for capitalization under IAS 38 (see Note 3E.1), with a corresponding increase in equity, over the period that an employee becomes unconditionally entitled to an award. The amount recognized as an expense in respect of share-based payment awards that are conditional upon meeting service vesting conditions, is adjusted to reflect the number of awards that are expected to vest.

I. Revenue recognition

The Group earns its revenue from providing online advertising services. The Company's business is based on optimizing real time trading of digital advertising between buyers and sellers.

The revenue is comprised of different pricing schemes such as Cost per Mil Impression (CPM) and performance based metrics that include Cost per Click (CPC) and Cost per Action (CPA) options.

Revenue from advertising services is recognized by multiplying an agreed amount per mil impression/click/ action with the volumes of these units delivered.

J. Classification of expenses

Cost of revenues

Cost of revenues consists primarily of traffic acquisition costs that are directly attributable to revenue generated by the Company. These amounts are primarily based on the revenue share arrangements with audience and content partners.

Research and development

Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. Where required, development expenditures are capitalized in accordance with the Company's standard internal capitalized development policy in accordance with IAS 38 (also see Note 3E). All research costs are expensed when incurred.

Selling and marketing

Selling and marketing expenses consist primarily of compensation and related costs for personnel engaged in customer service, sales, and sales support functions, as well as advertising and promotional expenditures.

Note 3 - Significant Accounting Policies (cont'd)

J. Classification of expenses (cont'd)

General and administrative

General and administrative expenses consist primarily of compensation and related costs for personnel and facilities, and include costs related to the Company's facilities, finance, human resources, information technology, and legal organizations, and fees for professional services. Professional services are principally comprised of outside legal, and information technology consulting and outsourcing services that are not directly related to other operational expenses.

K. Financing income and expenses

Financing income comprises interest income on funds invested, changes in the fair value of financial assets held for trading and foreign currency gains. Interest income is recognized as it accrues using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss also include income from interest.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

L. Income tax expense

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of comprehensive income except to the extent that they relate to a business combination.

Current taxes

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill; and
- Differences relating to investments in subsidiaries to the extent it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing taxable dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Note 3 - Significant Accounting Policies (cont'd)

L. Income tax expense (cont'd)

A deferred tax asset is recognized for tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Offset of deferred tax assets and liabilities
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

M. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which mainly comprise of share options granted to employees and certain equity instruments resulting from business combination transactions.

N. Dividends

Dividend distribution to the Group's owners is recognized as a liability in the Group's consolidated statement of financial position on the date on which the dividends are approved by the Group's Board of Directors.

O. Leases

The Group's leases are classified as operating leases, and the leased assets are not recognized on the Group's statement of financial position. Payments made under operating leases, other than conditional lease payments, are recognized in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under operating leases are recognized in profit or loss as incurred.

Note 3 - Significant Accounting Policies (cont'd)

P. New standards and interpretations not yet adopted

IFRS 9 (2014), Financial Instruments

A final version of the standard, which includes revised guidance on the classification and measurement of financial instruments, and a new model for measuring impairment of financial assets. In accordance with IFRS 9 (2014), there are three principal categories for measuring financial assets: amortized cost, fair value through profit and loss and fair value through other comprehensive income. The basis of classification for debt instruments is the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Investments in equity instruments will be measured at fair value through profit and loss (unless the entity elected at initial recognition to present fair value changes in other comprehensive income).

IFRS 9 (2014) requires that changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes in its credit risk, should usually be recognized in other comprehensive income.

IFRS 9 (2014) is effective for annual periods beginning on or after January 1, 2018 with early adoption being permitted. It will be applied retrospectively with some exemptions.

The Group has not yet commenced examining the effects of adopting IFRS 9 (2014) on the financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces the current guidance regarding recognition of revenues and presents a new model for recognizing revenue from contracts with customers. IFRS 15 provides two approaches for recognizing revenue: at a point in time or over time. The model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount. Furthermore, IFRS 15 provides new and more extensive disclosure requirements than those that exist under current guidance.

IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 and earlier application is permitted. IFRS 15 includes various alternative transitional provisions, so that companies can choose between one of the following alternatives at initial application: full retrospective application, full retrospective application with practical expedients, or application as from the mandatory effective date, with an adjustment to the balance of retained earnings at that date in respect of transactions that are not yet complete.

The Group has not yet commenced examining the effects of adopting IFRS 15 on the financial statements.

IFRS 16, Leases

The standard replaces International Accounting Standard 17 – Leases (IAS 17) and its related interpretations. The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead of this, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognize an asset and liability in respect of the lease in its financial statements. Similarly, the standard determines new and expanded disclosure requirements from those required at present.

Note 3 - Significant Accounting Policies (cont’d)

P. New standards and interpretations not yet adopted (cont'd)

IFRS 16, Leases (cont’d)

The standard will become effective for annual periods as of January 1, 2019, with the possibility of early adoption, so long as the company has also early adopted IFRS 15 – Revenue from contracts with customers. The standard includes a number of alternatives for the implementation of transitional provisions, so that companies can choose one of the following alternatives at the implementation date: full retrospective implementation or implementation from the effective date while adjusting the balance of retained earnings at that date.

The Group has not yet commenced examining the effects of IFRS 16 on the financial statements.

Note 4 - Income Tax

A. Details regarding the tax environment of the Group

(1) Corporate tax rate

(a) Presented hereunder are the tax rates relevant to the group in the years 2014-2015:
2014 – 26.5%
2015 – 26.5%

On 5 January 2016 the Israeli Parliament passed the Law for Amendment of the Israeli Tax Ordinance (Amendment 216), by which, the corporate income tax rate would be reduced by 1.5% to 25% as of 2016 and thereafter.

(b) According to various amendments to the Income Tax Ordinance (New Version) – 1961 (hereinafter – “the Ordinance”), IFRS shall not apply when determining the taxable income for the 2007 through 2013, tax years even if IFRS was applied when preparing the financial statements.

(2) Benefits under the Law for the Encouragement of Capital Investments

<u>Amendment to the Law for the Encouragement of Capital Investments – 1959</u>

On 29 December 2010 the Israeli Parliament approved the Economic Policy Law for 2011-2012, which includes an amendment to the Law for the Encouragement of Capital Investments – 1959 (the “Amendment”). The Amendment is effective from 1 January 2011 and its provisions apply to preferred income derived or accrued in 2011 and thereafter by a preferred company, per the definition of these terms in the Amendment.

Note 4 - Income Tax (cont'd)

A. Details regarding the tax environment of the Group (cont'd)

(2) Benefits under the Law for the Encouragement of Capital Investments (cont'd)

Amendment to the Law for the Encouragement of Capital Investments – 1959 (cont'd)

A preferred enterprise track was introduced, which mainly provides a uniform and reduced tax rate for all the company's income entitled to benefits, such as: in the 2011-2012 tax years – a tax rate of 10% for Development Area A and of 15% for the rest of the country, in the 2013-2014 tax years – a tax rate of 7% for Development Area A and of 12.5% for the rest of the country, and as from the 2015 tax year – 6% for Development Area A and 12% for the rest of the country. On August 5, 2013 the Knesset passed the Law for Changes in National Priorities (Legislative Amendments for Achieving Budget Objectives in the Years 2013 and 2014) – 2013, which cancelled the planned tax reduction so that as from the 2014 tax year the tax rate on preferred income will be 9% for Development Area A and 16% for the rest of the country.

During 2013, the Company obtained a tax ruling (the "Ruling") from the Israeli Tax Authorities (the "ITA"), effective for years 2012 – 2016, which determines that the Company owns an industrial enterprise as defined in the Law for the Encouragement of Capital Investments – 1959. Based on the Ruling, income derived from the industrial enterprise, which is considered "Preferred Income", should be eligible for tax benefits during the aforementioned period (Non A development area), subject to the limitations set forth in the Ruling. However, the Ruling has determined that income which is not considered part of the Company's "Preferred Income" shall not be entitled to the "Preferred Income" tax benefits and will be subject to the standard Israeli corporate tax rate.

Deferred taxes are determined utilizing the asset and liability method based on the estimated future tax effects of differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws. Deferred taxes are measured at the tax rates that are expected to apply to temporary differences when they are expected to be reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

B. Composition of income tax expense

	Year ended 31 December	
	2015	**2014**
	USD thousands	**USD thousands**
Current tax expense		
Current year	**624**	2,103
Adjustment for prior years, net	**37**	(1)
	661	2,102
Deferred tax expense (income)		
Creation and reversal of temporary differences	**(20)**	13
Change in tax rate	**1**	12
	(19)	25
Income tax expense	**642**	2,127

Note 4 - Income Tax (cont'd)

C. Reconciliation between the theoretical tax on the pre-tax profit and the tax expense:

	Year ended 31 December	
	2015	**2014**
	USD thousands	**USD thousands**
Profit before taxes on income	**2,791**	8,226
Primary tax rate of the Company	**26.5%**	26.5%
Tax calculated according to the Company's primary tax rate	**740**	2,180
Additional tax (tax saving) in respect of:		
Non-deductible expenses	**156**	193
Effect of reduced tax rate on preferred income according to the Law for the Encouragement of Capital Investments – 1959	**(134)**	(854)
Differences in basis of measurements for financial reporting and tax return purposes	**(298)**	648
Other differences	**178**	(40)
Income tax expenses from continuing operations	**642**	2,127

Note 4 - Income Tax (cont'd)

D. Deferred tax assets and liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	Intangible Assets	Carry-forward tax deductions and losses	Initial public offering costs	Other	Total
	USD thousands	USD thousands	USD thousands	USD thousands	USD thousands
Balance of deferred tax assets (liability)as at 1 January 2014	(32)	-	-	39	7
Changes recognized in profit or loss	165	(65)	(195)	27	*(68)
Recognized in respect of business combination	(2,403)	835	-	-	(1,568)
Changes recognized in equity	-	-	491	-	491
Changes recognized in other comprehensive income	-	-	-	1	1
Effect of change in tax rate	1	-	(12)	(1)	(12)
Balance of deferred tax asset (liability) as at 31 December 2014	(2,269)	770	284	66	(1,149)

	Intangible Assets	Carry-forward tax deductions and losses	Initial public offering costs	Other	Total
	USD thousands	USD thousands	USD thousands	USD thousands	USD thousands
Balance of deferred tax assets (liability)as at 1 January 2015	**(2,269)**	**770**	**284**	**66**	**(1,149)**
Changes recognized in profit or loss	**683**	**(618)**	**(158)**	**113**	**20**
Recognized in respect of business combination	**(1,173)**	**56**	**-**	**21**	**(1,096)**
Effect of change in tax rate	**1**	**-**	**(2)**	**-**	**(1)**
Effect of change due to transition to Dollar Regulations	**-**	**-**	**34**	**-**	**34**
Balance of deferred tax asset (liability) as at 31 December 2015	**(2,758)**	**208**	**158**	**200**	**(2,192)**

* Includes USD 55 thousand in respect of exchange rate differences.

Note 5 - Property, Plant and Equipment

	Computers	Motor vehicles	Office furniture and equipment	Installations and leasehold improvements	Total
			USD thousands		
Cost					
Balance as at 1 January 2014	265	117	39	189	610
Additions	61	-	31	125	217
Business combination	62	-	27	5	94
Balance as at 31 December 2014	388	117	97	319	921
Additions	**42**	**-**	**27**	**267**	**336**
Business combination	**23**	**-**	**34**	**24**	**81**
Disposals	**-**	**(117)**	**-**	**-**	**(117)**
Balance as at 31 December 2015	**453**	**-**	**158**	**610**	**1,221**
Depreciation					
Balance as at 1 January 2014	148	11	8	54	221
Additions	79	18	6	28	131
Balance as at 31 December 2014	227	29	14	82	352
Additions	**95**	**14**	**10**	**279**	**398**
Disposals	**-**	**(43)**	**-**	**-**	**(43)**
Balance as at 31 December 2015	**322**	**-**	**24**	**361**	**707**
Carrying amounts					
As at 1 January 2014	117	106	31	135	389
As at 31 December 2014	161	88	83	237	569
As at 31 December 2015	**131**	**-**	**134**	**249**	**514**

Note 6 - Intangible Assets

	Software *	Trademarks	Customer relationships	Technology	Residual Goodwill	Total
			USD thousands			
Cost						
Balance as at 1 January 2014	1,066	-	-	-	-	1,066
Additions	1,074	-	-	-	-	1,074
Business combination	-	2,907	539	5,622	10,719	19,787
Balance as at 31 December 2014	2,140	2,907	539	5,622	10,719	21,927
Additions	**1,794**	**-**	**-**	**-**	**-**	**1,794**
Business combination	**-**	**2,100**	**1,319**	**3,993**	**9,328**	**16,740**
Balance as at 31 December 2015	**3,934**	**5,007**	**1,858**	**9,615**	**20,047**	**40,461**
Amortization						
Balance as at 1 January 2014	239	-	-	-	-	239
Additions	304	234	43	444	-	1,025
Balance as at 31 December 2014	543	234	43	444	-	1,264
Additions	**731**	**730**	**198**	**1,415**	**-**	**3,074**
Balance as at 31 December 2015	**1,274**	**964**	**241**	**1,859**	**-**	**4,338**
Carrying amounts						
As at 1 January 2014	827	-	-	-	-	827
As at 31 December 2014	1,597	2,673	496	5,178	10,719	20,663
As at 31 December 2015	**2,660**	**4,043**	**1,617**	**7,756**	**20,047**	**36,123**

***** Including development costs capitalized in the period amounting to USD 1,313 thousand (2014: USD 741 thousand)

Amortization
The current amortization of technology and software development costs are allocated to research and development expenses, whereas software acquired is allocated to general and administrative expenses. Furthermore, trademarks and customer relationships amortizations are allocated to selling and marketing expenses.

Note 7 - Trade and Other Receivables

	31 December 2015 USD thousands	31 December 2014 USD thousands
Trade receivables, net (1)	**19,168**	11,687
Other receivables		
Advances to suppliers and prepaid expenses	**156**	337
Institutions	**653**	403
Related parties (see Note 15)	**55**	-
Pledged deposits	**150**	30
Short-term loan	**544**	-
	1,558	770
	20,726	12,457

(1) Including trade receivables due from related parties in the amount of USD 7 thousand and USD 145 thousand, as at 31 December 2015 and 2014, respectively. (See also Note 14B).

Note 8 - Trade and Other Payables

	31 December 2015 USD thousands	31 December 2014 USD thousands
Trade payables (1)	**20,366**	12,075
Other payables		
Advances from customers	**1,360**	1,319
Wages and salaries	**1,461**	694
Provision for vacation	**321**	144
Institutions	**215**	590
Related parties (see Note 15)	**27**	245
Contingent consideration commitment (see Note 16B)	**2,302**	-
Others	**70**	126
	5,756	3,118
	26,122	15,193

(1) Including trade payables due to related parties in the amount of USD 46 thousand and USD 142 thousand, as at 31 December 2015 and 2014, respectively. (See also Note 14B).

Note 9 - Cash and Cash Equivalents and Bank Deposits

	31 December 2015	31 December 2014
	USD thousands	USD thousands
Cash	**10,111**	10,061
Bank deposits	**62**	14,603
Cash and cash equivalents*	**10,173**	24,664
Bank deposits**	**8,516**	-

The Group's exposure to credit, and currency risks are disclosed in Note 14 on financial instruments.

* At 31 December 2015, USD 491 thousand are held in NIS, USD 372 thousand are held in GBP, and USD 271 thousand are held in EUR, with the remainder held in USD.

** Bank deposits are held in USD at two large banks in Israel, for a duration of 6 months, carrying a weighted average interest rate of 0.6%.

Note 10 - General and Administrative Expenses

	Year ended 31 December 2015	Year ended 31 December 2014
	USD thousands	USD thousands
Wages and salaries	**1,919**	1,191
Share-based payments (see also Note 13)	**48**	153
Rent and office maintenance	**1,139**	600
Depreciation and amortization	**374**	165
Professional services, legal and audit fees	**871**	212
Traveling and car expenses	**168**	162
Doubtful debts	**300**	111
Changes in fair value of contingent consideration commitment	**146**	-
Other administrative expenses	**499**	367
	5,464	2,961

Note 11 - Equity

A. Share capital (in thousands of shares of NIS 0.01 par value)

	Ordinary shares	
	2015	**2014**
Issued and paid-in share capital as at 31 December	**66,405**	64,723
Authorized share capital	**300,000**	300,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.
See Note 13 on share-based payments for information regarding the exercise of share options.

On 28 May 2014, the Company's shares were admitted to trading on the AIM Market of the London Stock Exchange ("AIM") in the Company's initial public offering ("IPO"). As part of the IPO, the Company issued 11,672,001 ordinary shares, of NIS 0.01 par value in consideration for a gross amount of £17,858,162 (approximately USD30 million). The share issue costs amounted to USD2.2 million (net of tax) and the net consideration amounted to approximately USD27.5 million (£16.4 million). Immediately following the IPO, the number of Company shares issued and outstanding was 61,913,744. In addition, as part of the IPO, pre-IPO Company shareholders sold 7,780,224 shares to the public in consideration of £11,903,743 (approximately USD20 million).

As a result of the exercise of share options by employees, 1,682,276 and 382,724 Ordinary Shares were issued during 2015 and 2014 respectively (see Note 13).

On 1 August 2014 the Company purchased 100% of the issued share capital of Taptica for an amount equal to USD13.84 million. Under the terms of the acquisition, the Company paid part of the purchase price in cash and part through issuance of 2,619,137 ordinary shares of the Company.

On 7 September the Company purchased 100% of issued share capital of AreaOne for an amount equal to USD 15.401 million. Under the terms of the acquisition and as part of the purchase price, the company will issue 2,088,337 ordinary shares of the Company (see Note 16).

B. Dividends

The following dividends were declared and paid by the Company (in USD thousand):

	Year ended 31 December	
	2015	**2014**
USD 0.023 (2014: nil) per ordinary share	**1,527**	**-**

Note 12 - Earnings per Share

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2015 and 2014 was based on the profit for the year divided by a weighted average number of ordinary shares outstanding, calculated as follows:

Profit for the year

	Year ended 31 December	
	2015	**2014**
	USD thousands	
Profit for the year	**2,149**	6,099

Weighted average number of ordinary shares:

	Year ended 31 December	
	2015	**2014**
	Shares of NIS 1 0.01 par value	**Shares of NIS 1 0.01 par value**
Weighted average number of ordinary shares used to calculate basic earnings per share as at 31 December	**65,990,349**	57,700,506
Basic earnings per share	**0.033**	0.106

Diluted earnings per share

The calculation of diluted earnings per share as at 31 December 2015 and 2014 was based on profit for the year divided by a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted):

	Year ended 31 December	
	2015	**2014**
	Shares of NIS 0.01 par value	**Shares of NIS 0.01 par value**
Weighted average number of ordinary shares used to calculate basic earnings per share	**65,990,349**	57,700,506
Effect of share options on issue	**11,360**	1,998,538
Weighted average number of ordinary shares used to calculate diluted earnings per share	**66,001,709**	59,699,044
Diluted earnings per share	**0.033**	0.102

Note 13 - Share-Based Payment Arrangements

The terms and conditions related to the grants of the share option programs are as follows:

- All the share options that were granted are non-marketable.
- All options are to be settled by physical delivery of shares.
- Vesting conditions are based on a service period of between 3-5 years.

Grant date	Number of options (thousands)	Exercise Price
Options granted on 20 October 2011	960	USD 0.03
Options granted on 16 July 2012	735	USD 0.03
Options granted on 27 January 2013	475	USD 0.03
Options granted on 29 October 2013	160	USD 0.03
Options granted on 1 January 2014	160	USD 0.57
Options granted on 1 February 2014 (1)	1,360	USD 2.28
Options granted on 9 November 2014	400	GBP 1.54
Options granted on 24 February 2015 (1)	2,328	GBP 1.32
Options granted on 30 June 2015	1,509	GBP 0.90
Options granted on 1 November 2015	1,632	GBP 0.65
Options granted on 22 November 2015	157	GBP 0-0.24
Options granted on 14 December 2015	150	GBP 0.65

Each option is exercisable into one share of NIS 0.01 par value.
The options granted on 2014 and 2015 have a vesting period of two to four years and will expire between four to ten years from grant date.

(1) In June 2015, the Board of the Company approved a change in the exercise price and vesting terms relating to 2,861,000 options for ordinary shares held by certain employees under the Plan (the "Amended Options"). The Amended Options were originally granted as follows:

- 1,015,000 were granted on 1 February 2014 exercisable from 1 February 2016 at a price of USD 2.28 each with an expiry date of 1 February 2024
- 1,846,000 were granted on 24 February 2015 with an exercise price of GBP 1.3232, with the same gradual four-year vesting period as that described above for the New Options (with the exercise period commencing on the second anniversary of 24 February 2015) and an expiry date of 24 February 2020

The Amended Options are exercisable at a price of 90 pence each. The options granted on 1 February 2014 will now vest and become exercisable on 30 June 2017, while the expiration date remains on 1 February 2024. The vesting and exercise periods of the options granted on 24 February 2015 remain unchanged. The incremental fair value (amounting to USD 451 thousand) is recognized over the remaining vesting period.

Note 13 - Share-Based Payment Arrangements (cont'd)

A. The number of share options is as follows:

	Weighted average exercise price		Number of options	
	2015	2014	2015	2014
	(USD)		(Thousands)	
Outstanding at 1 January	**0.76**	0.03	**3,217**	2,065
Forfeited during the year	**1.61**	1.57	**(2,167)**	(385)
Exercised during the year(*)	**0.03**	0.03	**(1,682)**	(383)
Granted during the year	**1.26**	2.17	**5,776**	1,920
Outstanding at 31 December			**5,144**	3,217
Exercisable at 31 December			**19**	1,872

(*) The weighted average exercise price at the date of exercise for share options exercised in 2014 was USD 2.54.

B. Information on measurement of fair value of share-based payment plans

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, expected dividends, and the risk-free interest rate (based on government debentures).

Note 13 - Share-Based Payment Arrangements (cont'd)

B. Information on measurement of fair value of share-based payment plans (cont'd)

An amount of USD 574 thousand (2014: USD 762 thousand) was recognized as an expense in the consolidated statements of comprehensive income.

As part of business combination the Company has recorded additional amount of USD 48 thousand on account of vested options of AreaOne employees.

Equity-settled share-based payment

The parameters used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

	15 January 2014	1 February 2014	9 November 2014	24 February 2015	30 June 2015	1 November 2015	22 November 2015	14 December 2015
Grant date fair value in USD	0.85	0.26	0.70	0.68	0.37	0.32	0.59-0.96	0.32
The parameters used to calculate fair value:	**USD**	**USD**	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**
Share price (on grant date)	1.31	1.33	1.53	1.32	0.81	0.63	0.63	0.64
Exercise price	0.57	2.28	1.54	1.3232	0.9	0.65	0.01-0.24	0.65
Expected volatility (weighted average)	35%	35%	35%	35%	35%	35%	35%	35%
Expected life (weighted average)	5.8	5.8	4	5	5	5	5	5
Expected dividends	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	2.11%	1.82%	1.28%	1.55%	1.63%	1.52%	.67-1.24%	1.66%

Note 14 - Financial Instruments

A. Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

Note 14 - Financial Instruments (cont'd)

B. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and investment securities.

Exposure to credit risk

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

	31 December	
	2015	**2014**
	USD thousands	**USD thousands**
Cash and cash equivalents	**10,173**	24,664
Bank deposits	**8,516**	-
Investment in money market funds (*)	**-**	482
Trade receivables, net (**)	**19,168**	11,687
Other receivables	**749**	30
	38,606	36,863

(*) The Group invests in money market funds with banks and financial institutions rated AA+.
(**) The Group included provision to doubtful debts are USD 510 thousand (2014: 217) in respect of specific debtors that their collectability is in doubt.

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, the CPI, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Linkage and foreign currency risks

Currency risk
The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group, the US dollar (USD). The principal currencies in which these transactions are denominated are NIS, Euro and GBP.
At any point in time, the Group aims to match the amounts of its assets and liabilities in the same currency in order to hedge the exposure to changes in currency.
Furthermore, a major portion of the employees' salaries, paid in NIS consists of bonuses linked to the functional currency of the Group, the USD. This provides an economic hedge without derivatives being entered into and without the application of hedge accounting.
In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Note 14 - Financial Instruments (cont'd)

D. Fair value

The Company's financial instruments consist mainly of cash and cash equivalents, bank deposits, marketable securities, trade and other receivables, trade and other payables and contingent consideration. The carrying amounts of these financial instruments, except for the contingent consideration, approximate their fair value because of the short maturity of these investments. The contingent consideration is classify as level 3 under IFRS 13. Such amounts have recorded initially and subsequently at their fair value (see note 16).

Note 15 - Related Parties

A. Compensation and benefits to key management personnel

In addition to their salaries, the Group also provides non-cash benefits to several directors and executive officers (such as car leasing, etc.).

Executive officers also participate in the Company's share option programs. For further information see Note 13 regarding share-based payments.

Compensation and benefits to key management personnel (including directors) that are employed by the Company:

	Year ended 31 December	
	2015	2014
	USD thousands	USD thousands
Share-based payments	**-**	167
Other compensation and benefits (*)	**1,322**	950
	1,322	1,117

(*) Including management fees that were paid directly to key management personnel.

B. Transactions with related parties

Details of transactions with related and interested parties are presented below (all transactions are at market terms, unless otherwise indicated):

		Year ended 31 December	
		2015	2014
		Value of transactions	
		USD thousands	
Related party	**Nature of transaction**		
Sprintile Ltd.	Sale and purchase of media by/from the Company.	**-**	181
Webisaba Ltd.	Sale of media from the Company.	**51**	248
	Purchase of media by the Company	**(48)**	(467)

C. See also Notes 7 and 8.

Note 16 - Subsidiaries

A. Details in respect of subsidiaries

Subsidiaries including consolidated structured entities

Presented hereunder is a list of the Group's subsidiaries:

Name of company	Principal location of the company's activity	The Group's ownership interest in the subsidiary for the year ended December 31	
		2015	2014
Taptica LTD	Israel	**100%**	100%
Taptica INC	USA	**100%**	100%
AreaOne LTD	Israel	**100%**	-
SocialClicks INC	USA	**100%**	-

B. Acquisition of subsidiaries

Business combination during the current period - AreaOne Ltd.

On 7 September 2015 (hereinafter – the Acquisition Date) the Company acquired 100% of the outstanding share capital of AreaOne. AreaOne is a leading mobile user acquisition platform for brands and applications' developers to engage valuable mobile users through social media networks.

Upon the closing of the transaction, the Company paid USD 9,288 thousand in cash and USD 2 million, satisfied by the allotment of 2,088,337 newly issued ordinary shares of the Company, calculated based on 61 pence per share, following the receipt by AreaOne of a tax ruling from the Israeli tax authority (see Note 18). Those shares are held in escrow, in the name of ESOP Management & Trust Services Ltd., the escrow agent, for 30 months. In addition, the consideration includes two contingent deferred payments - payable at 12 months and 24 months after the closing of the transaction - each consist of up to USD 1 million in cash and up to USD 1.5 million satisfied by the allotment of 3,132,504 New Ordinary Shares calculated based on 61 pence per share, are payable subject to compliance with certain performance criteria. The Company has an option through 30 June 2016 to substitute the 2,088,337 ordinary shares held in escrow with a USD 2 million cash payment, and to substitute the ordinary shares included in the contingent deferred payments with cash.

During 2015 AreaOne contributed negatively to the Group's profit with a loss of USD 592 thousand, and contributed USD 3,409 thousand to the Group's revenue (excluding fair value adjustments impact recognized upon acquisition). If the acquisition had occurred on January 1, 2015, the combined consolidated revenue would have been USD 85,019 thousand and consolidated profit for the year would have been USD 1,110 thousand. In determining these amounts, fair value adjustments, determined provisionally, that arose on the Acquisition Date would have been considered as if the acquisition had occurred on January 1, 2015.

The following summarizes the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the Acquisition Date:

Note 16 - Subsidiaries (cont'd)

B. Acquisition of subsidiaries (cont'd)

Business combination during the current period - AreaOne

Consideration transferred

	USD thousands
Cash	9,288
Equity instruments (2,088,337 ordinary shares) (i)	1,656
Replacement share-based awards (ii)	48
Contingent consideration (iii)	4,409
	15,401

(i) Equity instruments

The fair value of the equity instrument was based on the quoted price of the Company's share on the Acquisition Date, deducted by the value of the embedded share repurchase option, measured based on Black & Scholes model (exercise price and share value – $0.96, risk-free interest rate – 0.48%, volatility – 40%). Also see Note 18.

(ii) Replacement of share-based payment awards

The terms of the acquisition agreement required the Group to exchange share-based payment awards held by employees of the acquiree (hereinafter – the acquiree's awards) for share-based payment awards of the Group (hereinafter – the replacement awards). Details of the acquiree's awards and replacement awards are as follows:

- The acquiree's awards were granted before the acquisition of AreaOne.
- The vesting date of the replacement awards is the same as the acquiree's awards.

	Acquiree's award	Replacement awards
Market-based value at acquisition date	USD 176 thousand	USD 176 thousand

The Group recognized USD 48 thousand as part of the cost of the business combination on the basis of the portion of the replacement awards that can be attributed to services provided before the business combination. An amount of USD 128 thousand will be recognized as post-acquisition compensation cost.

Note 16 - Subsidiaries (cont'd)

B. Acquisition of subsidiaries (cont'd)

Consideration transferred (cont'd)

(iii) Contingent consideration

The contingent consideration, as discussed above with respect to 3,132,504 shares, has been recorded as a financial liability at fair value. The fair value has then been measured based on the price per share, the probability of achievement of the performance criteria and the value of the option to settle in cash. Accordingly, the Group has included USD 4,409 thousand as contingent consideration as part of the purchase price. Such contingent consideration is subsequently measured at fair value with result in differences recognized in profit or loss.

Identifiable assets acquired and liabilities assumed (based on provisional amounts as described hereunder):

	USD thousands
Cash and cash equivalents	1,189
Trade receivables	1,231
Other receivables	341
Property, plant and equipment	81
Intangible assets*	7,412
Other payables	(772)
Trade payables	(2,311)
Deferred tax liabilities, net	(1,098)
Net identifiable assets	6,073

* Comprised from trade name, technology and customer relationships.

Note 16 - Subsidiaries (cont'd)

B. Acquisition of subsidiaries (cont'd)

Measurement of fair values

(i) Presented hereunder is information regarding the techniques the Group used to measure the fair value of the assets and liabilities recognized as a result of the business combination:

a. Trade name and Technology

The fair value of technology and trade name is based on the relief from royalty rate method, which considers both the market approach (compare to similar businesses or intangible assets that have been sold) and the income approach (convert anticipated benefits into a present single amount).

b. Customer Relationships

The fair value of customer relationships is based on the income approach specifically the multi-period excess earnings method.

(ii) The fair value of intangible assets related to this business combination have been determined provisionally pending completion of an independent valuation.

The aggregate cash flow derived for the Group as a result of the acquisition:

	USD thousands
Cash and cash equivalents paid	9,288
Cash and cash equivalents of the subsidiaries	(1,189)
	8,099

Goodwill

Goodwill was recognized as a result of the acquisition as follows (provisional amounts):

	USD thousands
Consideration transferred	15,401
Less fair value of identifiable net assets	(6,073)
Goodwill	9,328

Acquisition-related costs

The Company incurred acquisition-related costs of USD 114 thousands related to legal fees and due diligence costs. These costs have been included in general and administrative expenses in the statement of comprehensive income.

Note 17 - Operating Segments

The Group has a single reportable segment as a provider of marketing services.

A. Revenue from media channels

Total revenues from external customers divided on the basis of Company's media channels are as follows:

	Year ended 31 December	
	2015	2014
	USD thousands	USD thousands
Mobile	**46,448**	11,362
Non-mobile	**29,381**	51,759
	75,829	63,121

B. Entity level disclosures

Information on geographical segments

The Company is domiciled in Israel and it produces its income primarily in USA, Israel and UK.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Year ended 31 December	
	2015	2014
	USD thousands	USD thousands
External revenues		
America	**45,137**	37,666
Europe	**13,444**	5,584
Asia	**6,664**	8,988
Israel	**5,211**	5,361
Others	**5,373**	5,522
Consolidated	**75,829**	63,121

Note 18 - Subsequent Events

Following the receipt by AreaOne of the required tax ruling from the Israeli Tax Authority relating to the agreement to acquire AreaOne, see Note 16. In January 2016, application has been made for the issue and allotment of 2,088,337 ordinary shares of the Company.