

**Spiffx Malta Ltd**

(C 58116)

Annual Report and Financial Statements  
31 December 2013

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## Director's report

The director presents herewith his first report and the audited financial statements of the company for the financial period ended 31 December 2013.

### Incorporation

The company was incorporated on the 6 November 2012 and commenced trading operations soon after. The financial statements cover the period 6 November 2012 to 31 December 2013.

### Principal activity

The principal activity of the company is to operate remote on-line gaming operations.

### Statement of director's responsibilities

The Maltese Companies Act, 1995 requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss and cash flows of the company for that year. In preparing the financial statements the director is responsible to ensure that:-

- the appropriate accounting policies selected are applied consistently;
- any judgments and estimates made are reasonable and prudent;
- the financial statements state which basis of accounting has been followed and disclose any material departures therefrom;
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business

The director is also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act, 1995. The director must also ensure that the assets of the company are safeguarded and hence is responsible for taking all reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividend

The company incurred a loss for the period ended 31 December 2013 amounting to € 91,950.

The director does not recommend the payment of a dividend for the financial period ended 31 December 2013.

### Events since the year end

There have been no significant events affecting the company since the period end.

### Director

The sole director of the company who held office during the period ended 31 December 2013 was:

Mr Karl Diacono

In accordance with the Memorandum and Articles of Association, the sole director remains in office.

### Auditor

The auditor, Frank Gollcher F.I.A. C.P.A. has expressed his willingness to remain in office, and a resolution proposing his re-appointment will be put to the Annual General Meeting.

### By Order of the Board

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Mr Karl Diacono  
Director

85, St John Street  
Valletta, VLT 1165  
Malta

28 March, 2014.

**Independent auditor's report**  
to the members of Spiffx Malta Ltd

**Report on the Financial Statements**

I have audited the accompanying financial statements of Spiffx Malta Ltd, which comprise the statement of financial position as at 31 December, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

**Director's Responsibility for the Financial Statements**

The director is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act 1995. As described in the statement of directors' responsibilities on page 1, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of Spiffx Malta Ltd as at 31 December, 2013, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the Maltese Companies Act, 1995.

**Independent auditor's report**

to the members of Spiffx Malta Ltd - continued

**Report on Other Legal and Regulatory Requirements**

I also have responsibilities under the Maltese Companies Act, 1995 to report to you, if in my opinion:

- The information given in the director's report is not consistent with the financial statements;
- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me;
- The financial statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit;
- Certain disclosures of director's remuneration specified by law are not made in the financial statements, giving the required particulars in my report.

I have nothing to report to you in respect of these responsibilities.

**Emphasis of matter**

Without qualifying my report I draw the attention to note 1 on page 8 which states that the financial statements have been prepared on a going concern basis. The basis of this preparation has been made on the basis of undertakings given by the company's shareholder to provide continued financial support to the company in order to ensure that the company will meet all of its trading liabilities as and when they fall due.

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Frank Gollcher  
Certified Public Accountant

Ta' Gollie  
Triq Sir John Buontempo  
St Julians  
Malta

28 March, 2014.

## Statement of Comprehensive Income

		Period from 6 November 2012 to 31 December
		<u>2013</u>
		€
	<i>Notes</i>	
Revenue	4	7
Administrative expenses	5	(92,012)
Bank interest earned		<u>55</u>
<b>Loss for the financial period</b>		<u>(91,950)</u>

## Statement of Financial Position

		As at 31 December
		2013
		€
	<i>Notes</i>	
<b>Assets</b>		
<b>Current assets</b>		
Trade and other receivables	8	9,837
Cash and cash equivalents	12	<u>36,229</u>
		<u>46,066</u>
<b>Total assets</b>		<u>46,066</u>
<b>Equity</b>		
<b>Capital and reserves</b>		
Called up issued share capital	9	40,000
Profit and loss account		<u>(91,950)</u>
<b>Total equity</b>		<u>(51,950)</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	10	<u>98,016</u>
<b>Total equity and liabilities</b>		<u>46,066</u>

The financial statements on pages 4 to 12 were authorised for issue and signed by the sole director on 28 March 2014.

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Mr Karl Diacono  
Director

### Statement of Changes in Equity

	<b>Called-up issued share capital €</b>	<b>Profit and loss account €</b>	<b>Totals €</b>
<i>Notes</i>			
Issue of share capital during period	40,000	-	40,000
Loss for the financial period	-	(91,950)	(91,950)
<b>Balance as at 31 December 2013</b>	<b>40,000</b>	<b>(91,950)</b>	<b>(51,950)</b>

**Statement of Cash Flows**

		Period from 6 November 2012 to 31 December
		2013
		€
	<i>Notes</i>	
<b>Operating activities</b>		
Cash used in operations	11	(37,676)
Bank interest earned		55
Net cash used in operating activities		<u>(37,621)</u>
<b>Financing activities</b>		
Advances by parent undertaking		25,000
Advances by ultimate parent undertaking		8,850
Issue of share capital		40,000
Net cash generated from financing activities		<u>73,850</u>
Movement in cash and cash equivalents		36,229
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>	12	<u>36,229</u>

## Notes to the financial statements

### 1. Going concern

The company incurred a loss for the period of € 91,950 and at the statement of financial position date its total liabilities exceeded its total assets by € 51,950. The financial statements have been prepared on a going concern basis which assumes that the shareholder will continue to provide adequate financial support to the company for it to be in a position to meet all of its trading liabilities as and when they fall due and hence carry on as a continued going concern. The Director has obtained written undertakings from the shareholder confirming his intention to continue to financially support the company.

### 2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### i. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and comply with the Maltese Companies Act 1995. The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the European Union requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. However, in the opinion of the director, there are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statement.

#### ii. Functional and presentation currency

The financial statements are presented in Euro, which is the company's functional and presentation currency

#### iii. Foreign currencies

Foreign currency transactions are translated into the functional currency Euro using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

#### iv. Trade receivables

Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the set original term. Bad debts are written off during the period in which they are identified.

#### v. Impairments of assets

Assets that are subject to amortization or depreciation 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 the 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.

#### vi. Deferred taxation

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Under this method the company is required to make provision for deferred income taxes on the fair valuation of investment property.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the tax losses, unabsorbed capital allowances can be utilized.

#### vii. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with prime banks.

**2. Accounting policies – continued**

**viii. Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**ix. Share capital and dividends**

Ordinary shares are classified as equity

**3. Critical accounting estimates**

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the director, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

**4. Revenue**

Revenue is derived from the commission earned on online gaming services provided.

**5. Expenses by nature**

	Period from 6 November 2012 to 31 December
	2013
	€
Incorporation fees	2,581
Staff costs (Note 6)	21,040
Key official fees	10,998
Director's fee	1,500
Audit fees	1,416
Other expenses	54,477
<b>Total administrative expenses</b>	<b>92,012</b>

**6. Staff costs**

	Period from 6 November 2012 to 31 December
	2013
	€
Wages	20,153
Social security contribution	887
Key official fees	21,040

Average number of full time equivalents employed by the company during the period ended 31 December 2013 was 1.

**7. Taxation**

	2013 €
Current taxation at 35%	<u>-</u>

The tax on the company's loss before tax differs from the standard tax rate of 35% of the company's accounting loss as follows:

	2013 €
Loss before tax	<u>(91,950)</u>
Tax on accounting loss at 35% thereon	(32,182)
Tax effect of:	
Disallowed expenses	903
Unrecognized movement in deferred tax asset	<u>31,279</u>
Income tax	<u>-</u>

The company has an unrecognized deferred tax asset arising from unabsorbed tax losses amounting to Euro 31,279 which has not been recognized within the financial statements. This asset has not been recognized in view of its uncertainty of its recoverability.

**8. Trade and other receivables**

	2013 €
Prepayments	9,836
Accrued income	1
	<u>9,837</u>

**9. Called-up, issued share capital**

	2013 €
<u>Authorised, issued and fully paid-up</u>	
39,999 Ordinary A shares of € 1.00 each	39,999
1 Ordinary B share of € 1.00 each	1
	<u>40,000</u>

**10. Trade and other payables**

	2013 €
<u>Current liabilities</u>	
Trade and other payables	22,717
Accruals	7,082
Customer accounts	34,367
Amounts due to ultimate parent undertaking	8,850
Amounts due to parent undertaking	<u>25,000</u>
	<u>98,016</u>

The amounts due to the ultimate parent undertaking and to the parent undertaking are unsecured, interest free and are wholly repayable on demand.

**11. Cash used in operations**

Reconciliation of operating loss to cash used in operations:

	Period from 6 November 2012 to 31 December
	2013 €
Operating loss for the period	(92,005)
<u>Changes in working capital:</u>	
Trade and other receivables	(9,837)
Trade and other payables	64,166
<b>Cash used in operations</b>	<u>(37,676)</u>

**12. Cash and cash equivalents**

For purposes of the cash flow statement, the period-end cash and cash equivalents comprise the following:

	2013 €
Cash at bank	<u>36,229</u>

**13. Related party transactions**

Related party transactions arose during the normal course of business and were carried out on an arm's length basis. Transactions with related parties arose as follows:

	2013 €
<u>Amounts due to ultimate parent undertaking :</u>	
Balance at beginning of period	-
Payments on behalf of company	8,850
Balance as at end of period	<u>8,850</u>

	2013 €
<u>Amounts due to parent undertaking :</u>	
Balance at beginning of period	-
Advances during period	25,000
Balance as at end of period	<u>25,000</u>

**14. Financial instruments**

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of cash at bank and debtors. The company's cash is placed with prime financial institutions. The company has no concentration of credit risk that could materially impact on the sustainability of its operations.

Interest rate risk

Up to the reporting date, the company did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

Fair values

At 31 December 2013 the carrying amounts of cash at bank, creditors and accrued expenses approximated their fair values. The fair values of loans and long term borrowings are not materially different from their carrying amounts.

**15. Statutory information**

Spiffx Malta Ltd is a private company and is registered in Malta.

The parent undertaking of Spiffx Malta Ltd is Spiffx Holding Ltd, a company registered in Malta with its registered address at 85 St John Street Valletta, VLT 11165, Malta.

The ultimate parent undertaking of Spiffx Malta Ltd is Spiffx AB, a company registered in Sweden with its registered address at Kungsgatan 6, Stockholm 111 43, Sweden.