ECN MALTA HOLDINGS LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2017

Company Registration No: C44979

Contents

Accounts

The directors present the annual report and audited consolidated financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is that of a holding company.

Results

The results for the year show a profit after tax of €3,511,063 (2016: €918,529) for the group and €3,384,312 (2016: €878,951) for the company as shown in the statement of comprehensive income on page 3.

Dividends

During the year the directors paid an interim dividend of €5,280,000 (2016: €250,000). The directors do not recommend the payment of a final dividend.

Directors

The directors of the company during the year were:

Ioannis Kapodistrias	*Resigned on 17th November 2017*
Paul Borg	*Appointed on 17th November 2017*
Centric Holdings S.A.	*Appointed on 17th November 2017*

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office.

Auditors

A resolution will be submitted to the Annual General Meeting to re-appoint BDO Malta as auditors to the company.

The directors' report was approved by the board of directors and was signed on its behalf by:

Paul Borg
Director

Rodolfo Odoni
o.b.o. Centric Holdings S.A.
as director of ECN Malta Holdings
Limited

Bella Vista Court B, Flat 14
Bella Vista Street,
San Gwann SGN 2698
Malta

27 April 2018

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuirng that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Notes	€	€	€	€
Revenue		-	-	-	-
Administrative expenses	2	(32,843)	(5,332)	(5,603)	(4,651)
Operating loss		(32,843)	(5,332)	(5,603)	(4,651)
Investment income	3	-	-	(5,879)	(1,988)
Interest payable	4	(1)	-	-	-
Interest receivable	5	3	3	-	-
Loss before tax		(32,841)	(5,329)	(11,482)	(6,639)
Taxation	6	(2,050)	(7,954)	-	-
Loss for the year from continuing operations		(34,891)	(13,283)	(11,482)	(6,639)
Profit on discontinued operation net of tax	7	3,545,954	931,812	3,395,794	885,590
Profit for the year		3,511,063	918,529	3,384,312	878,951
Attributable to:					
Equity holders of the company		3,381,036	880,683	-	-
Minority interests		130,027	37,846	-	-
		3,511,063	918,529	-	-

The accounting policies on pages 7 to 11 and the notes on pages 12 to 20 form part of the financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 DECEMBER 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Notes	€	€	€	€
ASSETS					
Non-current assets					
Financial assets	9	-	-	2,376	2,376
Current assets					
Trade and other receivables	10	7,730,162	3,162,382	5,641,197	2,254,743
Current taxation		10	10	10	10
Cash and cash equivalents	14	123,829	223,937	-	87
Total current assets		7,854,001	3,386,329	5,641,207	2,254,840
Total assets		7,854,001	3,386,329	5,643,583	2,257,216
EQUITY AND LIABILITIES					
Capital and reserves					
Called up issued share capital	11	2,500	2,500	2,500	2,500
Retained earnings		34,314	1,933,278	14,577	1,910,265
		36,814	1,935,778	17,077	1,912,765
Minority interests		(22,013)	(21,507)	-	-
		14,801	1,914,271	17,077	1,912,765
Creditors: *amounts falling due after more than one year*					
Deferred taxation	12	7,785	5,735	-	-
Current liabilities					
Trade and other payables	13	6,575,619	1,039,038	5,626,506	344,451
Current taxation		1,255,796	427,285	-	-
Total current liabilities		7,831,415	1,466,323	5,626,506	344,451
Total equity and liabilities		7,854,001	3,386,329	5,643,583	2,257,216

The financial statements were approved and authorised for issue by the director on 27 April 2018:

Paul Borg
Director

Rodolfo Odoni
o.b.o. Centric Holdings S.A.
as director of ECN Malta Holdings Limited

The accounting policies on pages 7 to 11 and the notes on pages 12 to 20 form part of the financial statements.

Audit report pages 21 to 23.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 DECEMBER 2017

	Share Capital	Retained earnings	Minority interests	Total
	€	€	€	€
Group				
At 1 January 2016	2,500	1,302,595	(21,453)	1,283,642
Comprehensive income				
Profit for the year	-	880,683	37,846	918,529
Transactions with owners				
Dividend paid	-	(250,000)	(37,900)	(287,900)
At 31 December 2016	2,500	1,933,278	(21,507)	1,914,271
Comprehensive income				
Profit for the year	-	3,381,036	130,027	3,511,063
Transactions with owners				
Dividend paid	-	(5,280,000)	(130,533)	(5,410,533)
At 31 December 2017	2,500	34,314	(22,013)	14,801
Company				
At 1 January 2016	2,500	1,281,314	-	1,283,814
Comprehensive income				
Profit for the year	-	878,951	-	878,951
Transactions with owners				
Dividend paid	-	(250,000)	-	(250,000)
At 31 December 2016	2,500	1,910,265	-	1,912,765
Comprehensive income				
Profit for the year	-	3,384,312	-	3,384,312
Transactions with owners				
Dividend paid	-	(5,280,000)	-	(5,280,000)
At 31 December 2017	2,500	14,577	-	17,077

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	€	€	€	€
Cash flows from operating activities					
Operating loss		(32,843)	(5,332)	(5,603)	(4,651)
Movement in working capital					
Trade and other receivables		(4,567,780)	(575,769)	(3,386,454)	(528,095)
Trade and other payables		5,536,581	301,984	5,282,055	(100,951)
Cash generated from/(used in) operations		935,958	(279,117)	1,889,998	(633,697)
Interest payable		(1)	-	-	-
Interest receivable		3	3	-	-
Dividend paid		(5,280,000)	(250,000)	(5,280,000)	(250,000)
Dividend paid to minority interest		(130,533)	(37,900)	-	-
Dividend received		-	-	3,815,573	1,107,846
Impairment provision on investment income		-	-	(5,879)	(1,988)
Taxation paid		(255,710)	(439,861)	(1,335,451)	(387,746)
Loss on sale of discontinued operations		1,230,667	1,103,387	915,672	165,490
Net cash (used in)/generated from operating activi		(3,499,616)	96,512	(87)	(95)
Cash flow from investing activities					
Disposal of discontinued operations		3,399,508	-	-	-
Net (decrease)/increase in cash and cah equivalent		(100,108)	96,512	(87)	(95)
Cash and cash equivalents at beginning of year		223,937	127,425	87	182
Cash and cash equivalents at end of year	14	123,829	223,937	-	87

Cash flows from discontinued operations are disclosed in Note 7.

1. Basis of preparation of financial statements

The consolidated financial statements including the financial statements of ECN Malta Holdings Limited and its subsidiaries are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, under the historical cost convention.

The reporting currency used for the preparation of the financial statements is the Euro (€), which is the currency in which the company's share capital is denominated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires director to exercise their judgement in the process of applying the company's accounting policies (see Note 1 – Critical accounting estimates and judgements).

a) New standards, interpretations and amendments effective from 1 January 2017

The following new standards, amendments and interpretations are effective for the first time in these financial statements but none have had a material effect on the company:

- Amendments to IAS 7: Disclosure Initiative (issued on 29/01/2016, effective from the year beginning on 01/01/2017)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19/01/2016, effective from the year beginning on 01/01/2017)

The applications of these new standards and amendments has had no impact on the disclosures or amounts recognized in the company's financial statements, although an amendment to IAS 7 has resulted in a reconciliation of liabilities disclosed for the statement of cash flows.

b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

- Improvements to IFRSs 2014-2016 (issued on 08/12/2016, effective from year beginning on 01/01/2018)
- IFRS 9 Financial Instruments (issued on 24/07/2014, effective from year beginning on 01/01/2018)
- IFRS 15 Revenue from Contracts with Customers (issued on 28/05/2014, effective from the year beginning 01/01/2018)
- IFRS 16 Leases (issued on 13/01/2016, effective from the year beginning 01/01/2019)
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (issued on 08/12/2016, effective from the year beginning on 01/01/2018)
- Clarification to IFRS 15: Revenue from Contracts with Customers (issued on 12/04/2016, effective from the year beginning on 01/01/2018)
- Amendments to IAS 40: Transfers to Investment Property (issued on 08/12/2016, effective from the year beginning on 01/01/2018)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20/06/2016, effective for the year beginning on 01/01/2018)
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4 (issued on 12/07/2016, effective for the year beginning on 01/01/2018)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12/10/2017, effective for the year beginning on 01/01/2019)

The effects of IFRS 15 Revenues from Contracts with Customers, IFRS 16 Leases and IFRS 9 Financial Instruments are still being assessed, as these new standards may have a significant effect on the company's future financial statements. The company will assess the impact that the adoption of these and other Financial Reporting Standards will have in the financial statements of the company in the period of initial application.

1. Basis of preparation of financial statements (Continued)

c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

- Improvements to IFRSs 2015-2017 (issued on 12/12/2017, effective from year beginning on 01/01/2019)
- IFRS 17 Insurance Contracts (issued on 18/05/2017, effective from the year beginning on 01/01/2021)
- IFRIC 23: Uncertainty over the Income Tax Treatments (issued on 07/07/2017, effective from year beginning on 01/01/2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 07/02/2018, effective from the year beginning on 01/01/2019)
- Amendments to IAS 28: Long-term Interest in Associates and Joint Ventures (issued on 12/10/2017, effective from the year beginning on 01/01/2019)
- Amendments to References to the Conceptual Frameworks in IFRS Standards (issued on 29/03/2018, effective from the year beginning on 01/01/2020)

The company has not early adopted all these revisions to the requirements of IFRSs and the company's director is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) – European Commission has decided not to endorse the standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) – postponed indefinitely by European Commission

The directors will assess the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the company in the period of initial application.

2. Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All intercompany transactions between group companies are eliminated. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group. The entities that have been consolidated are listed down in note 18.

3. Revenue recognition

Sales are recognised upon performance of services. Dividend income is recognised when the shareholder's right to receive payment is established. Interest income is recognised on a time proportion basis.

Sport and virtual games online gaming revenue comprises bets placed less pay-outs to customers. Poker online gaming revenue represents the commission charged from each peker hand in ring games and entry fees on tournaments.

4. Foreign currencies

The company maintains its accounting records in Euro (€). Transactions denominated in other currencies are converted at the rate ruling on date of the transaction. Assets and liabilities expressed in other currencies are converted at the date ruling on the date of the statement of financial position. Any profit or loss on exchange arising is credited or charged to the statement of comprehensive income.

5. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. differences and it is probable that those temporary differences will not reverse in the foreseeable

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to the investment in subsidiary to the extent that the Company is able to control the timing of the reversal of temporary future. Deferred tax assets for the carryforward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

6. Financial assets

Long term investments are classified as financial assets. Investments in subsidiary undertakings are accounted for by the cost method of accounting. The results of subsidiary undertakings are reflected in these financial statements only to the extent of dividends receivable.

Provisions are recorded where, in the opinion of the director, there is a long term impairment in the carrying value of any investments or loans not carried at fair values, and are recognised as an expense in the period in which the impairment is identified.

7. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default or delinquency in payment are considered indicators that the debtors are impaired. When a debtor is uncollectible, it is written off against the profit and loss account. Subsequent recoveries of the amounts previously written off are credited in the income statement.

8. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

9. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

10. Financial risk management

10.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets, debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by a Board of Director under policies approved at the AGM. The Board of Director identifies and evaluates financials risks in close co-operation with the company's operating units. The Board provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Foreign exchange risk
The company is exposed to foreign exchange risk since some of its trade and other creditors are denominated in foreign currencies.

(ii) Price risk
The company is exposed to market risk with respect to financial instruments as it holds equity securities whose realisable value is subject to changes in performance, exchange fluctuations and other market influences both economic and political. The director manages this risk by reviewing on a regular basis market value fluctuations arising on the company's investments.

(iii) Cash flow and fair value interest rate risk
The company has liabilities at fixed rates of interest and its expenses and operating cash flows are exposed to changes in market interest rates.

The company's cash flow and fair value interest rate risk is periodically monitored by the Board of Director. The cash flow and fair value risk policy is approved by the Board of Director.

Debtors and trade and other creditors are interest free and have settlement dates within one period.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

In the case of the company it provides for the worst scenario by providing for any necessary provisions on any investments not valued at fair values and which may be potentially impaired.

10. Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and amounts due from group undertakings. The company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Loans and receivables category:				
Trade and other receivables	7,730,162	3,161,390	5,641,197	2,254,743
Cash and cash equivalents	123,831	223,937	-	87
	7,853,993	3,385,327	5,641,197	2,254,830

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The company banks only with local financial institutions with high quality standing or rating. Consequently, the director is of the view that the company was not exposed to significant credit risk as at the financial year end, particularly since a significant portion of the receivables are due from related parties.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which comprise trade payables, accruals and amounts owed to related parties. The company is in a net asset position of €17,077 as at 31 December 2017 (2016: €1,912,765). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

10.2 Capital management

The director of the company monitors on an ongoing basis the equity, debt and overall capital position of the company as a whole.

10.3 Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

1. Critical accounting estimates and judgements

Estimates and judgements 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 judgements 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 (revised).

2. Expenses by nature

I Administrative expenses

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Accountancy fee	3,600	3,600	-	-
Audit fee	6,096	6,096	1,770	1,770
Exchange differences	(4,168)	(20,234)	-	-
Legal and professional fees	15,396	11,705	3,336	2,289
Other	11,919	4,165	497	592
	32,843	5,332	5,603	4,651

3. Investment income

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Provision for impairment losses on financial assets and loans receivable	-	-	(5,879)	(1,988)
	-	-	(5,879)	(1,988)

4. Interest payable

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Bank interest payable	(1)	-	-	-

5. Interest receivable

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Bank interest receivable	3	3	-	-

6. Taxation

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Current tax expense	-	-	-	-
Deferred taxation	2,050	7,954	-	-
	2,050	7,954	-	-

6. Taxation (continued)

The tax on the (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Loss before tax	(32,841)	(5,329)	(11,482)	(6,639)
Tax on loss at 35%	(11,494)	(1,865)	(4,019)	(2,324)
Tax effect of:				
Temporary differences not provided for	-	-	2,059	697
Expenses not deductible for tax purposes	13,544	9,819	1,960	1,627
Tax charge	2,050	7,954	-	-

7. Discontinued Operations

In September 2017, the Groupd sold assets, as part of the Group's disposal of its intellectual property and the relevant elements of the Zatrix business, for a cash consideration of €3,399,508.

The post-tax gain on disposal of discontinued operations was determined as follows:

7. Discontinued Operations (continued)

Group

	2017	2016
	€	€
Cash consideration received	3,399,508	-
The group has sold the business including customer relationship and all associated goodwill which were not recognised as assets before.		
Pre-tax gain on disposal of discontinued operation	3,399,508	-
Related tax expense	(1,084,221)	-
Gain on disposal of discontinued operation	2,315,287	-

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	**2017**	**2016**
	€	€
Turnover	268,180,588	386,474,493
Direct costs	(266,686,662)	(384,397,193)
Other expenses	(1,178,931)	(1,139,403)
Other income	915,672	165,490
Tax expenses	-	(171,575)
Gain from selling discontinued operations after tax	2,315,287	-
Profit for the year	3,545,954	931,812

Company

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	**2017**	**2016**
	€	€
Other income	915,672	165,490
Investment income	3,815,573	1,107,846
Tax expenses	(1,335,451)	(387,746)
Profit for the year	3,395,794	885,590

8. Dividends per share from continuing operations

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Ordinary shares	-	100	-	100

9. Financial assets

	Company	
	Shares in group undertakings	
	2017	2016
	€	€
Cost	2,376	2,376
Provision for impairment on investment	-	-
At end of year	2,376	2,376

The group undertakings as at 31 December 2017 are shown below:

Group undertakings

Name and registered office	Class of shares	% holding
Lex Online Entertainment Limited Tal-Qroqq Mansions, Apt 5, Tal-Qroqq Street Msida, MSD 1703 Malta	Ordinary shares	95%
Vista Online Entertainment Limited Tal-Qroqq Mansions, Apt 5, Tal-Qroqq Street Msida, MSD 1703 Malta	Ordinary shares	95%

Indirect subsidiaries included in these consolidated financial statements are disclosed in the Note 19.

10. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Amounts owed by related parties	6,407,691	1,521,822	4,319,237	1,848,887
Other receivables	1,321,359	1,639,399	1,321,359	405,687
Prepayments	1,112	-	602	-
VAT recoverable	-	992	-	-
Trade receivables	-	169	-	169
	7,730,162	3,162,382	5,641,198	2,254,743

The amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment. These amounts are shown net of a provision for impairment losses amounting to €438,445 (2016: €432,566).

11. Share capital

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Authorised:				
4,000 ordinary shares of € 1 each	4,000	4,000	4,000	4,000
Issued and fully paid up:				
2,500 ordinary shares of € 1 each	2,500	2,500	2,500	2,500

12. Deferred taxation

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
At beginning of year	5,735	(2,219)	-	-
Debited to income statement	2,050	7,954	-	-
At end of year	7,785	5,735	-	-

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 35% (2016: 35%). The year end deferred tax balance is made up as follows:

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Unrealised exchange differences	7,785	5,735	-	-

13. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Due within one year				
Trade payables	53,251	14,430	2,208	1,577
Accruals	21,762	418,667	4,937	3,513
Amounts owed to related parties	5,890,747	605,941	5,619,361	339,361
VAT payable	609,859	-	-	-
	6,575,619	1,039,038	5,626,506	344,451

The amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

14. Cash and cash equivalents

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Cash at bank	123,829	223,937	-	87

15. Related party transactions

Transactions entered into with other group undertakings, and with companies with common beneficial shareholders, are considered to be related party transactions. Transactions and balances with related parties during the year consisted of the following:

	Group		Company	
	2017	2016	2017	2016
Income/(expenses)	€	€	€	€
Cost of sales	(1,651,184)	(2,337,842)	-	-
Royalty fee	(54,284)	(86,156)	-	-
Investment income	-	-	3,815,573	1,107,846
Assets/(liabilities)				
Due from the subsidiary	-	-	4,319,237	1,848,887
Due from other related parties	6,407,691	1,521,822	-	-
Due to other related parties	(5,890,747)	(605,941)	(5,619,361)	(339,361)

16. Statutory information

ECN Malta Holdings Limited is a limited liability company and is incorporated in Malta.

The parent and ultimate parent company of ECN Malta Holdings Limited is Centric Holdings S.A., a listed company registered in Greece, with its registered address at 20 Makrigianni St., 183 44, Athens, Greece. Copies of consolidated financial statements can be obtained from it's registered office.

In the opinion of the director, there is no ultimate controlling party of the group.

17. Consolidated entities

These financial statements contain the consolidated results of the following companies:

ECN Malta Holdings Limited (C 44979)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Lex Online Entertainment Limited (C 44620)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Vista Online Entertainment Limited (C 44980)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Barda Investments Limited (1572031) – 100% subsidiary of Vista Online Entertainment Limited
Intershore Chambers, Road Town, Tortola, British Virgin Islands

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of ECN Malta Holdings Limited

Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of ECN Malta Holdings Limited (the «Company») with its subsidiaries (the «Group») set out on pages 5 to 20, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2017, the consolidated and stand-alone statements of comprehensive income, consolidated and stand-alone statements of changes in equity, and consolidated and stand-alone statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act, 1995 (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The director is responsible for the other information. The other information comprises the director's report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Director's Report, we also considered whether the Director's Report includes the disclosures required by Article 177 of the Maltese Companies Act, 1995 (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with the Maltese Companies Act, 1995 (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the director's report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of ECN Malta Holdings Limited
(continued)

Responsibilities of the Director

As explained more fully in the Statements of Director's Responsibilities set out on page 2, the director is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act, 1995 (Cap. 386) we are required to report to you if, in our opinion:

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

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

BDO Malta
Certified Public Accountants
Registered Audit Firm

Tower Gate Place, Tal-Qroqq Street
Msida MSD 1703
Malta

27 April 2018

		Group		Company	
		2017	2016	2017	2016
	Schedule	€	€	€	€
Turnover		-	-	-	-
Expenditure					
Administrative	I	(32,843)	(5,332)	(5,603)	(4,651)
Operating loss		(32,843)	(5,332)	(5,603)	(4,651)
Investment income	II	-	-	(5,879)	(1,988)
Interest payable		(1)	-	-	-
Interest receivable		3	3	-	-
Loss before taxation		(32,841)	(5,329)	(11,482)	(6,639)

I Administrative expenses

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Accountancy fee	3,600	3,600	-	-
Audit fee	6,096	6,096	1,770	1,770
Bank charges	1,804	2,316	84	96
Exchange differences	(4,168)	(20,234)	-	-
Fines & Penalties	8,326	99	-	33
Legal and professional fees	15,396	11,705	3,336	2,289
Postage and courier	18	113	-	23
Printing and stationery	477	427	-	59
Registration fee	420	420	140	140
Rent	874	790	273	241
	32,843	5,332	5,603	4,651

II Investment income

	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Provision for impairment losses on financial assets and loans receivable	-	-	(5,879)	(1,988)
	-	-	(5,879)	(1,988)