

Gaming Operations Limited
Report & Financial Statements
30 June 2018

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2018.

Principal activities

Gaming Operations Limited (the 'company') was registered on 27 June 2002. The company's core activities are the management and operation of video lottery terminals (VLT's), inclusive also of a fully-fledged sports betting service and commercial bingo. All activities are licensed by the Malta Gaming Authority under the Lotteries & Other Games Act, Chapter 438 of the Laws of Malta.

Review of business development

The 12 months under review witnessed a period of consolidation of the company's financial performance, leveraging on its solid business pillars developed in previous years, enabling it to realise very satisfactory growth results. The company has not only sustained its growth path pursuant to its exceptional turnaround in the previous years but has now consolidated its growth fundamentals into a long-term sustainable business model which provides a strong underlying basis for a solid enterprise value going forward.

In fact, compared to the financial year (FY) 2012/13 (the baseline year following which the turnaround programme of the company kicked off), the company has registered a staggering improvement of 188 percent in its revenues from €3.4m to €9.8m in FY 2017/18. Compared to last year (2016/17) revenues have increased by a material €1.9m reflecting an increase of 24 percent. Of increased relevance to the directors is the sustained improvement in the company's EBITDA registered at €3m in 2017/18, an improvement of €1.1m on the previous financial year clearly reflecting the validity of the new business model and the operating structures put into effect. These results mean that the company went from a negative EBITDA margin of -33 percent in FY 2012/13 to a positive margin of 31 percent on a revenue of nearly €9.8m.

The company has sustained its corporate business strategy to keep a strong focus on its core business and apply constant transformational processes aimed at enhancing efficiency-levels, maximising control and improving user experience in its facilities. Core to the continued success in this financial year were the strong product uplift particularly in the sports betting operations, offering customers international-grade sports betting experiences. In fact, over the past four financial years, the client base of the company almost tripled, from 182K visits in 2012/13 to 536K in 2017/18, underlining the result of a strong and focused management team.

Another key contributor to the company's success was the strong compliance programme driven by the management to ensure that the company and its operations operate at a best practice in terms of gaming compliance not only on local standards but also on international benchmarks.

In terms of its future business strategy, the directors believe that the company will now need to prioritise three core elements, going forward:

1. focus on organic revenue growth and EBITDA sustainability, adopting a low-risk approach towards growth;

2. technological adoption and enhancement aimed at providing an improved user experience and wider options for land-based gaming; and
3. upskilling of human resource base aimed at improving efficiency-levels and customer service fulfilment.

Over the coming financial year the directors will also pursue further measures aimed at strengthening the capital base of the company, in line with the wider capitalisation programme of the other group companies, with the overall aim of reflecting the underlying enterprise value of the company in the financial position of the company.

Directors

The following have served as directors of the company during the period under review:

Johann Schembri
Franco De Gabriele
Joseph Mallia
Sergio Cappitta

In accordance with the company's Articles of Association, the present directors remain in office.

Disclosure of information to auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors 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 or loss of the company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.



Johann Schembri
Director

Registered address:
Portomaso Business Tower
Level 11, Portomaso
St. Julians
Malta



Joseph Mallia
Director

18 February 2019

Income statement

	Notes	2018 €	2017 €
Net revenue		8,148,938	6,480,168
Direct costs		(5,147,558)	(4,571,203)
Gross profit		3,001,380	1,908,965
Administrative expenses		(1,087,685)	(929,483)
Finance costs	6	(51,027)	(78,120)
Other income		268,819	126,020
Profit before tax	7	2,131,487	1,027,382
Tax expense	8	(729,639)	(413,186)
Profit for the year		1,401,848	614,196


Statement of financial position

	Notes	2018 €	2017 €
Assets			
Non-current			
Intangible asset	9	53,100	66,375
Property, plant and equipment	10	2,653,428	3,279,830
Deferred tax asset	11	599,575	1,329,214
Other non-current assets	13	14,777	31,408
		3,320,880	4,706,827
Current			
Inventories	14	89,183	61,257
Trade and other receivables	15	5,814,753	2,709,017
Cash and cash equivalents	16	519,939	367,622
		6,423,875	3,137,896
Total assets		9,744,755	7,844,723

Statement of financial position – continued

	Notes	2018 €	2017 €
Equity			
Share capital	17	1,100,817	1,100,817
Accumulated losses		(1,431,899)	(2,833,747)
Merger reserve		878,171	878,171
		547,089	(854,759)
Liabilities			
Non-current			
Borrowings	18	88,143	179,269
Trade and other payables	19	1,050,227	1,286,483
		1,138,370	1,465,752
Current			
Borrowings	18	91,677	87,128
Trade and other payables	19	7,476,853	6,397,661
Tax payable		490,766	748,941
		8,059,296	7,233,730
Total liabilities		9,197,666	8,699,482
Total equity and liabilities		9,744,755	7,844,723

The financial statements on pages 5 to 30 were approved by the board of directors, authorised for issue on 18 February 2019 and signed on its behalf by:


Johann Schembri
 Director


Joseph Mallia
 Director

Statement of changes in equity

	Share capital €	Accumulated losses €	Merger €	Total equity (deficit) €
At 1 July 2016	1,100,817	(3,447,943)	878,171	(1,468,955)
Profit for the year	-	614,196	-	614,196
At 30 June 2017	1,100,817	(2,833,747)	878,171	(854,759)
At 1 July 2017	1,100,817	(2,833,747)	878,171	(854,759)
Profit for the year	-	1,401,848	-	1,401,848
At 30 June 2018	1,100,817	(1,431,899)	878,171	547,089

Accumulated losses include all current and prior period results as disclosed in the income statement.

In accordance with the Companies Act, Cap 386, the merger reserve is non-distributable.

Statement of cash flows

	Notes	2018 €	2017 €
Operating activities			
Profit before tax		2,131,487	1,027,382
Adjustments	20	658,396	965,082
Net changes in working capital	20	(2,215,714)	(1,326,450)
Tax paid		(50,955)	(65,220)
Net cash generated from operating activities		523,214	600,794
Investing activities			
Payments to acquire property, plant and equipment		(215,333)	(411,312)
Security deposit		(1,214)	(3,148)
Net cash used in investing activities		(216,547)	(414,460)
Financing activities			
Payment of bank loans		(86,577)	(81,842)
Interest paid		(37,754)	(52,676)
Payments made on finance lease obligation		(30,019)	(30,747)
Net cash used in financing activities		(154,350)	(165,265)
Net change in cash and cash equivalents		152,317	21,069
Cash and cash equivalents, beginning of year		367,622	346,553
Cash and cash equivalents, end of year	16	519,939	367,622

Notes to the financial statements

1 Nature of operations

Gaming Operations Limited (the 'company') was registered on 27 June 2002. The company's principal activity is the operation of gaming activities licensed under the Lotteries and Other Games Act, Chapter 438 of the Laws of Malta.

2 General information and statement of compliance with International Financial Reporting Standards (IFRSs)

Gaming Operations Limited, a private limited liability company, is incorporated and domiciled in Malta. The address of the company's registered office, which is also its principal place of business, is Level 11, Portomaso Business Tower, St. Julians, Malta. The parent company is Pinnacle Gaming Group Limited with the same registered office and principal place of business.

The financial statements of the company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the company's functional currency.

3 Changes in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2017

Amendments to IFRSs that became mandatorily effective in 2017 have no material impact on the company's financial results or position. Accordingly, the company has made no changes to its accounting policies in the current year.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the company. Information on those expected to be relevant to the company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the company's financial statements.

IFRS 9 'Financial Instruments'

The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed; and
- an expected credit loss-based impairment will need to be recognised on the company's trade receivables in accordance with the new criteria.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the standard and therefore is unable to provide quantified information. However, in order to determine the impact the company is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions; and
- assessing the additional disclosures that will be required.

4 Summary of accounting policies

4.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting policies have been consistently applied by the company and are consistent with those used in the previous years.

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007). The company did not have any items classified as 'other comprehensive income' and consequently, management has elected to present only an income statement.

4.2 Revenue

Revenue comprises income from gaming activities.

Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied and services provided, excluding VAT, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for the company's activities have been met.

Gaming revenue

The company recognises revenues as the net win from gaming activities, which is the difference between gaming wins and losses.

The following specific recognition criteria must also be met before revenue is recognised:

Bingo

Revenue from bingo is recognised on the sale of bingo tickets net of gaming taxes and client winnings.

Slot machines

Revenue from slot machines is recognised when machine counts are carried out and represents the increase or decrease in each machine's position net of client winnings.

Sportsbook

Revenue from sportsbook is recognised on gains and losses in respect of bets placed on sporting event in the year, net of promotional bonuses.

Rental income

The company earns rental income from sub-leasing an office space. Rental income is recognised on a straight-line basis over the term of the lease.

4.3 Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.4 Employee benefits

Contributions toward the state pension in accordance with local legislation are recognised in the income statement when they are due.

4.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

4.6 Lease

Operating lease

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, where the lessee does not bear substantially all of the risks and rewards of ownership associated with the asset. Associated costs, such as maintenance and insurance, are expensed as incurred.

Amount paid as key monies and laudemium to secure the certain properties to be rented by the company are capitalised and subsequently amortised over the term of the respective lease. Net carrying amount is presented in the financial statements among 'other non-current assets'.

Finance lease

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the assets value and whether the company obtains ownership of the asset at the end of the lease term.

Leases of motor vehicle where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are classified at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance lease charges, are included in other short-term and long-term trade and other payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the assets' useful lives or over the shorter of the assets' useful lives and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

4.8 Intangible asset

Intangible asset represents software license which is initially measured at acquisition cost. Subsequently, it is carried at acquisition cost less amortisation and impairment losses.

Amortisation begins when the asset is available for use and continues until the asset is derecognised. Software license will be amortised on a straight-line basis to write down the cost and subject for impairment testing as described in note 4.10. The following useful life is as follows:

	%
Software license	15

Gains or losses arising on the disposal of intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the income statement within 'other income' or 'administrative expenses'.

Subsequent expenditures on the maintenance of the software license are expensed as incurred.

4.9 Property, plant and equipment

Items of property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment as follows:

	%
Gaming equipment	15
Electronic and computer equipment	15-25
Furniture and electrical fittings	15
Catering equipment	16.67
Motor vehicles	16.67

In the case of leasehold improvements, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the income statement within 'other income' or 'administrative expenses'.

4.10 Impairment of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating units level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the company's management estimates expected future cash flows from each cash-generating units and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating units and reflect their respective risk profiles as assessed by the company's management.

Impairment losses are recognised immediately in the income statement. Impairment losses for cash-generating units are charged pro-rata to the assets in the cash-generating units. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment

charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Business combinations

Business combinations of entities not under common control are accounted for by applying the acquisition method in accordance with IFRS 3, *Business Combinations*. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities of the acquiree at the acquisition date, including contingent liabilities regardless of whether or not they were recorded in the financial statements of the acquiree prior to acquisition. On initial recognition, the assets and liabilities of the acquiree are included in the statement of financial position of the company at their fair values, which are also used as the basis for subsequent measurement in accordance with the company's accounting policies. Goodwill is stated after separating out the identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the company's share of identifiable net assets of the acquiree at the date of acquisition. If the acquisition cost is less than the fair value of the company's share of identifiable net assets of the acquiree at date of acquisition, the gain on acquisition is recognised immediately in the income statement after reassessment.

A merger of entities under common control is accounted for by applying the pooling of interests method (predecessor accounting). Under this method, the financial statement items of the combining entities for the period in which the combination occurs and for any comparative periods disclosed are included in the financial statements of the company (the acquirer) as if they had been combined from the beginning of the earliest period presented. Any difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is adjusted against reserves.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.13 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets of the company are classified into loans and receivables upon initial recognition.

Loans and receivables are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that loans and receivables are impaired.

All income and expenses relating to loans and receivables are presented within 'finance income' and 'finance cost', except for impairment of trade receivables which is presented within 'administrative expenses'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The company's financial liabilities include borrowings and trade and other payables. These are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are included within 'finance costs'.

4.14 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the income statement in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the income statement, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and cash on hand.

4.16 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include current and prior period results.

The merger reserve was created on the merger of Pinnacle Catering Limited, a previous wholly-owned subsidiary of Gaming Operations Limited.

4.17 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.18 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The assessment of the probability of future taxable income in which deferred tax asset can be utilised is based on the company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is usually recognised in full.

Determining whether an arrangement contains a lease

The company uses its judgement in determining whether an arrangement contains a lease, based on the substance of the arrangement and makes assessment of whether it is dependent in the use of a specific asset or assets, conveys a right to use the asset and transfers substantially all the risks and rewards incidental to ownership to/from the company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the accounting and estimates 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).

5 Staff costs

	2018 €	2017 €
Wages and salaries	1,698,436	1,501,659
Social security costs	103,286	93,714
	<u>1,801,722</u>	<u>1,595,373</u>

Total staff costs is presented in the income statement within 'direct costs' and 'administrative expenses' amounting to € 1,472,808 (2017: € 1, 313,733) and € 328,914 (2017: € 281,640), respectively.

The average number of persons employed by the company for the reporting periods presented were:

	2018 No.	2017 No.
Administrative	8	7
Operations	79	78
	<u>87</u>	<u>85</u>

6 Finance costs

The following amounts may be analysed as follows for the reporting periods presented:

	2018 €	2017 €
Interest on borrowings at amortised cost	37,754	52,676
Interest on finance lease obligation	13,273	25,444
	<u>51,027</u>	<u>78,120</u>

7 Profit before tax

The profit before tax is stated after charging:

	2018 €	2017 €
Amortisation of intangible asset	13,275	13,275
Depreciation of property, plant and equipment	841,735	872,907
Auditor's remuneration	11,000	10,379
Director's remuneration	110,769	110,771
	<hr/>	<hr/>

8 Tax expense

The relationship between the expected tax expense based on the effective tax rate of Gaming Operations Limited at 35% (2017: 35%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2018 €	2017 €
Profit before tax	2,131,487	1,027,382
Tax rate	35%	35%
Expected tax expense	<hr/> (746,020)	<hr/> (359,584)
Adjustments for:		
Non-deductible expenses	(56,146)	(59,552)
Non-taxable income	72,527	-
Additional 20% reduction on rental income	-	5,950
Actual tax expense, net	<hr/> (729,639)	<hr/> (413,186)
Comprising:		
Deferred tax from origination and reversal of temporary differences	<hr/> (729,639)	<hr/> (413,186)

Please refer to note 11 for information on the company's deferred tax asset.

9 Intangible asset

Details of the company's intangible asset and its carrying amount is as follows:

	Software license €
Gross carrying amount	
Balance at 30 June 2017	<u>88,500</u>
Amortisation	
Balance at 1 July 2016	8,850
Charge for the year	13,275
Balance at 30 June 2017	<u>22,125</u>
Carrying amount at 30 June 2017	<u>66,375</u>
Gross carrying amount	
Balance at 30 June 2018	<u>88,500</u>
Amortisation	
Balance at 1 July 2017	22,125
Charge for the year	13,275
Balance at 30 June 2018	<u>35,400</u>
Carrying amount at 30 June 2018	<u>53,100</u>

Amortisation expense is included within 'administrative expenses' in the income statement.

10 Property, plant and equipment

Details of the company's property, plant and equipment and their carrying amounts are as follows:

	Leasehold improvements	Gaming equipment	Electronic and computer equipment	Furniture and electrical fittings	Catering equipment	Work in progress	Motor vehicles	Total
	€	€	€	€	€	€	€	€
Gross carrying amount								
Balance at 1 July 2016	736,258	3,305,857	1,119,361	2,350,066	52,000	-	195,539	7,759,081
Additions	7,754	221,016	68,317	93,246	209	20,770	-	411,312
Balance at 30 June 2017	744,012	3,526,873	1,187,678	2,443,312	52,209	20,770	195,539	8,170,393
Depreciation and impairment								
Balance at 1 July 2016	352,047	1,256,866	907,496	1,449,495	17,767	-	33,985	4,017,656
Charge for the year	62,270	449,350	99,309	220,728	8,695	-	32,555	872,907
Balance at 30 June 2017	414,317	1,706,216	1,006,805	1,670,223	26,462	-	66,540	4,890,563
Carrying amount at 30 June 2017	329,695	1,820,657	180,873	773,089	25,747	20,770	128,999	3,279,830
Gross carrying amount								
Balance at 1 July 2017	744,012	3,526,873	1,187,678	2,443,312	52,209	20,770	195,539	8,170,393
Additions	5,250	118,500	35,853	41,280	398	14,052	-	215,333
Reclassification	16,770	-	-	-	-	(16,770)	-	-
Balance at 30 June 2018	766,032	3,645,373	1,223,531	2,484,592	52,607	18,052	195,539	8,385,726
Depreciation and impairment								
Balance at 1 July 2017	414,317	1,706,216	1,006,805	1,670,223	26,462	-	66,540	4,890,563
Charge for the year	60,239	460,608	60,875	218,700	8,723	-	32,590	841,735
Balance at 30 June 2018	474,556	2,166,824	1,067,680	1,888,923	35,185	-	99,130	5,732,298
Carrying amount at 30 June 2018	291,476	1,478,549	155,851	595,669	17,422	18,052	96,409	2,653,428

Motor vehicles include the following amounts where the company is a lessee under a finance lease (refer to note 12.2).

	2018	2017
	€	€
Motor vehicles under finance lease		
Cost	108,600	108,600
Accumulated depreciation	(61,998)	(43,898)
Net book value	46,602	64,702

Depreciation expenses are presented within the financial statements through the following classifications:

	2018	2017
	€	€
Direct costs	628,244	617,215
Administrative expenses	213,491	255,692
	841,735	872,907

11 Deferred tax asset

Deferred tax asset arising from temporary differences can be summarised as follows:

	1 July 2017	Recognised in income statement	30 June 2018
	€	€	€
Non-current assets			
Property, plant and equipment	(433,520)	88,409	(345,111)
Current liability			
Trade and other payables	240,495	10,219	250,714
Unused tax losses	546,973	-	546,973
Unused capital allowances	975,266	(828,267)	146,999
Total	1,329,214	(729,639)	599,575

Deferred tax for the comparative period 2017 can be summarised as follows:

	1 July 2016	Recognised in income statement	30 June 2017
	€	€	€
Non-current assets			
Property, plant and equipment	(343,914)	(89,606)	(433,520)
Current liability			
Trade and other payables	241,707	(1,212)	240,495
Unused tax losses	570,773	(23,800)	546,973
Unused capital allowances	1,273,834	(298,568)	975,266
Total	1,742,400	(413,186)	1,329,214

12 Lease

12.1 Operating leases as lessee

The company leases an office space and various shops for its video lottery terminal and bingo operations. The company's future minimum operating lease payments are as follows:

	2018 €	2017 €
Within 1 year	725,104	669,694
Between 1 to 5 years	3,138,289	3,048,128
After 5 years	3,725,751	4,231,447
Total	7,589,144	7,949,269

Lease payments during the period amounted to € 808,600 (2017: € 714,723), representing the minimum lease payments.

12.2 Finance lease

The future minimum finance lease payments for these assets held under finance lease as at 30 June are as follows:

	2018 €	2017 €
Minimum lease payments		
- not later than one year	30,755	40,829
- later than one year and not later than five years	46,908	104,500
	77,663	145,329
Future finance charges		
- not later than one year	9,794	22,797
- later than one year and not later than five years	7,118	29,211
	16,912	52,008
Present value of minimum lease payments		
- not later than one year	20,961	18,032
- later than one year and not later than five years	39,790	75,289
	60,751	93,321
Included in the financial statements as:		
Trade and other payables - current	20,961	18,032
Long-term payables	39,790	75,289
	60,751	93,321

The company leased five of its motor vehicles under finance lease. The lease term is 6 years. The lease agreement gives the company to acquire ownership of the asset by the end of the lease term.

The interest rate underlying all obligations under finance leases are fixed at respective contract dates at 19.05% (2017: 26.44%) per annum.

13 Other non-current assets

The company's other non-current assets include the following:

	2018 €	2017 €
Key monies and laudemium	3,104	3,884
Bank guarantee	5,931	5,931
Security deposits	5,742	4,528
Others	-	17,065
	<u>14,777</u>	<u>31,408</u>

The company paid key monies and laudemium in order to secure certain properties to be rented by the company. These are amortised over the lease terms of the respective properties.

	2018 €	2017 €
Cost	48,852	48,852
Accumulated amortisation	(45,748)	(44,968)
	<u>3,104</u>	<u>3,884</u>

The movement in other assets during the year is summarised as follows:

	2018 €	2017 €
Gross carrying amount		
Balance at end of year	<u>48,852</u>	<u>48,852</u>
Amortisation		
Balance at beginning of year	44,968	44,188
Amounts written off	780	780
Balance at end of year	<u>45,748</u>	<u>44,968</u>
Net carrying amount	<u>3,104</u>	<u>3,884</u>

Amortisation is included within 'administrative expenses' in the income statement.

14 Inventories

Inventories recognised in the statement of financial position mainly comprise slot machine tickets, bingo cards and other gaming consumables.

15 Trade and other receivables

	2018 €	2017 €
Trade receivables	2,392	1,996
Accrued income	1,190	19,470
Amounts owed by parent company	5,709,419	2,510,900
Financial assets	5,713,001	2,532,366
Advances to suppliers	15,345	34,181
Prepayments	86,407	142,470
Trade and other receivables	5,814,753	2,709,017

All amounts are short-term. The net carrying values of financial assets are considered a reasonable approximation of fair value.

The amounts owed by parent company are unsecured, interest free and repayable on demand.

16 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows include the following components:

	2018 €	2017 €
Cash in bank	138,306	43,350
Cash on hand	381,633	324,272
	519,939	367,622

17 Share capital

The share capital of Gaming Operations Limited consists of ordinary shares with par value of € 2.329373.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Gaming Operations Limited.

	2018 €	2017 €
Shares authorised		
1,287,901 ordinary shares of € 2.329373 each	3,000,002	3,000,002
Shares issued and fully paid		
472,581 ordinary shares of € 2.329373 each	1,100,817	1,100,817

18 Borrowings

	2018 €	2017 €
Non-current		
Bank loan I	88,143	179,269
	88,143	179,269
Current		
Bank loan I	91,677	87,128
	91,677	87,128
Total borrowings	179,820	266,397

On 14 April 2015, management obtained an agreement with the bank to restructure the loan balance with monthly instalments of € 8,300 due up to June 2020. Interest thereon is set at 5.65% per annum. The loan is secured by a general hypothec over the companies assets by general and hypothecary guarantees given by third parties and guarantees given by related companies.

19 Trade and other payables

	2018 €	2017 €
Non-current		
Accrued rent	716,328	680,811
Obligation under finance lease	39,790	75,289
Financial liabilities	756,118	756,100
Statutory liabilities	294,109	530,383
	1,050,227	1,286,483
Current		
Trade payables	730,510	607,851
Amounts owed to group companies	3,884,824	3,128,959
Obligation under finance lease	20,961	18,032
Accruals	262,727	347,881
Other payables	180,280	33,893
Financial liabilities	5,079,302	4,136,616
Statutory liabilities	2,397,551	2,261,045
	7,476,853	6,397,661
Total trade and other payables	8,527,080	7,684,144

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

The amounts owed to group companies are unsecured, interest free and repayable on demand.

20 Cash flow adjustments and changes in working capital

The following cash flow adjustments and changes in working capital have been made to profit before tax to arrive at operating cash flow:

	2018	2017
	€	€
Adjustments:		
Depreciation and amortisation	855,790	886,962
Interest expense	51,027	78,120
Write-off of interest payable	(265,486)	-
Write-off of other non-current asset	17,065	-
	658,396	965,082
Net changes in working capital:		
Change in inventories	(27,926)	(13,079)
Change in trade and other receivables	(3,105,736)	(1,877,298)
Change in trade and other payables	917,948	563,927
	(2,215,714)	(1,326,450)

21 Related party transactions

The company's related parties include its parent company, fellow subsidiary companies, companies under common control by its shareholders and key management.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Transactions with related parties are generally on cost plus basis. Outstanding balances are usually settled in cash.

Amounts owed by/to related parties are shown separately in notes 15 and 19.

22 Contingent liabilities

	2018	2017
	€	€
Guarantees given in the ordinary course of business	199,907	184,460

23 Financial instruments risk

Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from both its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risk.

The most significant financial risk to which the company is exposed are described in the succeeding pages. See also note 23.4 for a summary of the company's financial assets and liabilities by category.

23.1 Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Notes	2018 €	2017 €
Classes of financial assets - carrying amounts:			
Bank guarantee	13	5,931	5,931
Security deposits	13	5,742	4,528
Trade and other receivables	15	5,713,001	2,532,366
Cash and cash equivalents	16	519,939	367,622
		6,244,613	2,910,447

None of the company's receivables is secured by collaterals or other credit enhancements.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

23.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise interest bearing borrowings, other non-current liabilities and trade and other payables (see notes 18 and 19). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

The company manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis. The company's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the company's committed borrowing facilities that it can access to meet liquidity needs.

As at 30 June 2018, the company's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	within 6 months €	6 to 12 months €	1 to 5 years €	later than 5 years €
Bank loans	49,800	49,800	90,514	-
Trade and other payables	5,079,302	-	143,284	612,834
Total	5,129,102	49,800	233,798	612,834

As at 30 June 2017, the company's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	within 6 months €	6 to 12 Months €	1 to 5 Years €	later than 5 years €
Bank loans	49,800	49,800	189,897	-
Trade and other payables	4,136,616	-	138,181	617,919
Total	4,186,416	49,800	328,078	617,919

23.3 Market risk

Foreign currency risk

The company transacts business mainly in euro. Exposure to currency exchange rates arise from the company's sale and purchase of foreign currency to/from clients. However, foreign currency denominated financial assets and liabilities at the end of the financial reporting date under review are deemed negligible. Accordingly, the company's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how income statement and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the reporting date is deemed not necessary.

Interest rate risk

The company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 30 June 2018, the company's borrowings are at fixed interest rates.

23.4 Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as recognised at the reporting date of the reporting period under review may also be categorised as follows. See note 4.13 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2018 €	2017 €
Non-current assets			
- Bank guarantees	13	5,931	5,931
- Security deposits	13	5,742	4,528
Current assets			
Loans and receivables:			
- Trade and other receivables	15	5,713,001	2,532,366
- Cash and cash equivalents	16	519,939	367,622
		6,244,613	2,910,447
Non-current liabilities			
Financial liabilities measured at amortised cost:			
- Borrowings	18	88,143	179,269
- Trade and other payables	19	756,118	756,100
Current liabilities			
Financial liabilities measured at amortised cost:			
- Borrowings	18	91,677	87,128
- Trade and other payables	19	5,079,302	4,136,616
		6,015,240	5,159,113

24 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders through innovation, continuous improvement in quality service, resource utilisation, increasing the market share and flexibility.

The company monitors the level of debt, which includes borrowings and trade and other payables, less the bank balance against total capital on an ongoing basis. The directors consider the company's gearing level at year end to be appropriate for its business.

25 Post reporting date events

No adjusting or significant non-adjusting event has occurred between the reporting date and the date of authorisation.

Independent auditor's report

To the shareholders of Gaming Operations Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gaming Operations Limited set out on pages 5 to 30 which comprise the statement of financial position as at 30 June 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386 (the "Act").

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 of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report shown on pages 2 to 4 which we obtained prior to the date of this auditor'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.

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 directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Act.

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 directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are 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 the ISAs, we exercise professional judgement 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 those charged with governance regarding, 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

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion.

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

**GRANT THORNTON
Certified Public Accountants**

Fort Business Centre
Mriehel Bypass
Birkirkara BKR 3000
Malta

18 February 2019

Income statement

	Pages	2018 €	2017 €
Net revenue	35	8,148,938	6,480,168
Direct costs	35	(5,147,558)	(4,571,203)
Gross profit		3,001,380	1,908,965
Administrative expenses	36	(1,087,685)	(929,483)
Finance costs		(51,027)	(78,120)
Other income	36	268,819	126,020
Profit before tax		2,131,487	1,027,382

Income statement schedules

	2018	2017
	€	€
Net revenue		
Gross revenue	11,689,322	9,728,703
Winnings	(2,112,115)	(2,099,538)
Gaming tax	(1,633,435)	(1,387,088)
Other revenue	205,166	238,091
- to page 34	8,148,938	6,480,168
Direct costs		
Wages and salaries	1,472,808	1,313,733
Rent	701,735	691,183
Water and electricity	147,895	166,730
Advertising and promotion	156,261	19,848
Depreciation	628,244	617,215
Participation and systems fee	50,603	148,370
Complimentary	131,519	131,154
Licences	438,659	396,202
Printing and stationery	41,405	37,585
Telecommunications	78,360	48,977
Fuel	15,271	12,805
SIS services	112,688	119,024
Revenue share	822,314	573,471
Security costs	1,053	2,536
Repairs and maintenance	35,975	56,615
Information technology expenses	25,797	22,420
Insurance expenses	21,082	13,030
Transportation costs	26,226	24,217
Commissions	163,159	89,985
Other direct costs	76,504	86,103
- to page 34	5,147,558	4,571,203

Income statement schedules

	2018	2017
	€	€
Administrative expenses		
Wages and salaries	328,914	281,640
Rent	106,865	95,664
Depreciation	213,491	255,692
Amortisation	14,055	14,055
Professional fees	78,770	78,947
Auditor's remuneration	11,000	10,379
Travel and transportation	55,205	7,870
Insurance	12,473	13,356
Penalties	2,255	631
Telecommunication expenses	6,943	6,320
Repairs and maintenance	21,973	12,029
Office stationery	3,264	1,131
Donations	40,755	15,274
Interest and other tax charges	95,225	98,249
Other expenses	96,497	38,246
- to page 34	1,087,685	929,483
Other income		
Rental income	-	85,000
Insurance claims	3,333	41,020
Waiver of interest payable	265,486	-
- to page 34	268,819	126,020

