marimedia
Online Marketing Solutions

Placing and Admission to AIM

N+1 SINGER
Nominated Adviser and Broker

Placing and Admission to AIM

Marimedia Ltd

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This document does not constitute an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA. Accordingly this document does not comprise a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the Financial Conduct Authority or any other competent authority.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that Admission will take place and that trading in the Ordinary Shares will commence on 28 May 2014. The Ordinary Shares are not traded on any recognised investment exchange and no other applications have been made. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors and the Proposed Directors, whose names appear on page 8 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors and Proposed Directors accept individual and collective responsibility for compliance with the AIM Rules.

The whole of this document should be read. An investment in the Company is speculative. The attention of prospective investors is drawn in particular to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

MARIMEDIA LTD.

(incorporated and registered in Israel with registered number 513956060)

PLACING OF 19,452,225 ORDINARY SHARES AT 153 PENCE PER ORDINARY SHARE AND ADMISSION TO TRADING ON AIM

Nominated Adviser and Broker

N+1 SINGER

Expected share capital of the Company immediately following Admission

	Issued and fully paid	
	Nominal value	*Number*
Ordinary shares of NIS 0.01 each	619,137	61,913,744

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia. The issue of the Ordinary Shares has not been, and will not be, registered under the applicable securities laws of the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia and the Ordinary Shares may not be offered or sold directly or indirectly within the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia or to, or for the account or benefit of, any persons within the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been and will not be registered under the US Securities Act or the securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and other applicable laws.

N+1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of N+1 Singer or for advising any other person in respect of the proposed Placing and Admission. N+1 Singer's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, or Proposed Director or to any other person in respect of such person's decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by N+1 Singer as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). N+1 Singer has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company, the Directors and the Proposed Directors are solely responsible.

The information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off market) and accordingly no duty of care is accepted in relation to them.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX from the date of this document until the date which is one month from the date of Admission. Additionally, an electronic version of this document will be available on the Company's website, www.marimedia.net.

IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "Part II: Risk Factors" of this document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Company. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the laws and practices currently in force in England and Wales, or Israel, as applicable, and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of this document.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Company's future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document.

The forward-looking statements in this document, including statements concerning projections of the Company's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Company are specifically described in Part II of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Board's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. Whilst the Board considers these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Board's expectations or to reflect events or circumstances after the date of this document.

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or the Company's position therein, are based on the Company's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Board is aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

Certain non-IFRS measures such as "EBITDA" have been included in the financial information contained within this document because the Board believes that these measures provide an important alternative with which to assess the Company's performance. However, potential investors should not consider EBITDA as a replacement for IFRS measures such as revenue and operating profit. Additionally, the Company's calculation of EBITDA may be different from the calculations of that measure used by other comparable companies and therefore its usefulness as a comparator may be limited.

CURRENCIES

Unless otherwise indicated, all references in this document to: (a) "£", "pounds sterling", "sterling", "pence" or "p" are to the lawful currency of the United Kingdom; (b) "US$", "US Dollar", "USD", are to the lawful currency of the United States of America; and (c) NIS are to the lawful currency of Israel.

NOTICE TO PROSPECTIVE INVESTORS IN ISRAEL

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

TABLE OF CONTENTS

PLACING STATISTICS		6
EXPECTED TIMETABLE OF PRINCIPAL EVENTS		7
EXCHANGE RATES		7
DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS		8
DEFINITIONS		9
GLOSSARY		13
PART I	**INFORMATION ON THE COMPANY**	14
PART II	**RISK FACTORS**	32
PART III	**HISTORICAL FINANCIAL INFORMATION ON MARIMEDIA**	44
	SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MARIMEDIA FOR THE THREE YEARS ENDED 31 DECEMBER 2013	44
	SECTION B: HISTORICAL FINANCIAL INFORMATION OF MARIMEDIA FOR THE THREE YEARS ENDED 31 DECEMBER 2013	46
PART IV	**ADDITIONAL INFORMATION**	72

PLACING STATISTICS

Placing Price	153 pence
Number of Existing Ordinary Shares	50,000,000
Number of options being exercised prior to Admission	192,724
Number of New Ordinary Shares being placed	11,672,001
Number of Sale Shares to be sold by the Selling Shareholders	7,780,224
Total number of Placing Shares	19,452,225
Number of Salary Shares being issued	49,019
Number of Ordinary Shares in issue following the Placing and Admission	61,913,744
Proportion of Enlarged Share Capital represented by the Placing Shares	31.4%
Market capitalisation at the Placing Price	£94.7 million
Gross proceeds of the Placing	£29.8 million
Estimated net proceeds of the placing of New Ordinary Shares for the Company	£16.4 million
International Security Identification Number (ISIN)	IL0011320343
Stock Exchange Daily Official List (SEDOL)	BM7RZM4
Tradeable Instrument Display Mnemonic (TIDM)	MARI

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2014
Publication of this document	22 May
Admission effective and dealings commence on AIM	8.00 a.m. on 28 May
CREST accounts to be credited with DIs	8.00 a.m. on 28 May
Where applicable, share certificates in respect of Placing Shares to be despatched by	11 June

Each of the times and dates set out above and mentioned elsewhere in this document may be subject to change at the absolute discretion of the Company and N+1 Singer.

References to times are to London times.

EXCHANGE RATES

Exchange rates used throughout this document:

£1.00 = US$1.68

NIS1 = £0.17

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Hagai Tal, *Chief Executive Officer* Yaniv Carmi, *Chief Financial Officer* Maia Shiran, *Co-Chief Operating Officer*
Directors following Admission	Timothy Grainger Weller, *Non-Executive Director and Chairman* Hagai Tal, *Chief Executive Officer* Yaniv Carmi, *Chief Financial Officer* Maia Shiran, *Co-Chief Operating Officer* René Etrain Rechtman, *Non-Executive Director* Joanna Rachael Parnell, *Non-Executive Director* Neil Garth Jones, *Non-Executive Director*
Company Secretary	Yaniv Carmi
Registered Office	6 Maskit Street P.O.B. 4068 Herzliya, 4673306 Israel
Company website	www.marimedia.net
Nominated Adviser and Broker	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Legal advisers to the Company *as to English law*	Speechly Bircham LLP 6 New Street Square London EC4A 3LX
Legal advisers to the Company *as to Israeli law*	Naschitz, Brandes, Amir & Co, Advocates 5 Tuval Street Tel Aviv 6789717, Israel
Legal advisers to the Nominated Adviser and Broker	K&L Gates LLP One New Change London EC4M 9AF
Reporting Accountants and Auditors to the Company	KPMG Somekh Chaikin KPMG Millennium Tower 17 Ha'arba'a Street P.O.B. 609 Tel Aviv 61006, Israel
Public relations adviser to the Company	Luther Pendragon Priory Court Pilgrim Street London EC4V 6DE
Registrar	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
Depositary	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

"Admission"	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies issued by the London Stock Exchange and those of its other rules which govern the admission to trading on, and the operation of companies on, AIM
"Articles"	the articles of association of the Company to be adopted conditional on Admission
"Audit Committee"	the audit committee of the Board, the function and composition of which are set out in paragraph 19.1 of Part I of this document
"Board"	the board of directors of the Company, who following Admission will comprise those individuals whose names are set out on page 8 of this document
"Business Day"	a day (other than Saturdays or Sundays or public holidays) when the banks are open for business in London
"certificated" or "in certificated form"	the description of a share or other security that is not in uncertificated form (that is, not in CREST)
"Code"	the UK Corporate Governance Code published by the Financial Reporting Council in September 2012
"Companies Law"	the Israel Companies Law 5759-1999
"Company" or "Marimedia"	Marimedia Ltd., a company incorporated in Israel with registration number 513956060
"Controlling Shareholder"	has the meaning given to it in paragraph 6.12.4 of Part IV of this document
"Covenantors"	each of Hagai Tal, Ehud Levy, Ariel Cababie and Maia Shiran
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the UK CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755) (as amended from time to time)
"Custodian"	a person nominated by the Depositary to hold Ordinary Shares on their behalf under the terms of the Deed Poll
"Deed Poll"	the deed poll executed in favour of the holders of Ordinary Shares wishing to use CREST
"Depositary"	Capita IRG Trustees Limited
"Depositary Interests"	dematerialised interests representing underlying Ordinary Shares in the ratio of 1:1, that can be settled electronically through and held in CREST, as issued by the Depositary or its nominees who hold the underlying securities on trust, further details of which are set out in paragraph 18 of Part IV of this document

"Directors"	the directors of the Company as at the date of this document whose names appear on page 8 of this document against the heading "Directors" and "Director" means any of them
"Disclosure and Transparency Rules"	the disclosure and transparency rules made by the FCA
"EBITDA"	earnings before interest, taxation, depreciation and amortisation
"Enlarged Share Capital"	the issued share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares, the Salary Shares and the New Ordinary Shares
"Euroclear"	Euroclear UK & Ireland Limited
"Existing Ordinary Shares"	the 50,000,000 Ordinary Shares in issue prior to the Placing and the issue of the Salary Shares
"Financial Conduct Authority" or "FCA"	the Financial Conduct Authority of the United Kingdom
"Founders"	Maia Shiran and Ariel Cababie
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Group"	the Company and, in the future, any subsidiaries (as defined in the Companies Law)
"IFRS"	International Financial Reporting Standards
"Israel"	The State of Israel
"Lock-In Agreement"	the lock-in and orderly market agreement between the Covenantors and certain optionholders and N+1 Singer and the Company dated 22 May 2014, further details of which are set out in paragraph 15.3 of Part IV of this document
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the 11,672,001 new Ordinary Shares to be issued by the Company pursuant to the Placing
"NIS"	New Israeli Shekel, the lawful currency of Israel
"N+1 Singer"	Nplus1 Singer Advisory LLP and its affiliates, the nominated adviser and broker to the Company
"Nomad Agreement"	the agreement between the Company and N+1 Singer dated 20 February 2014, further details of which are set out in paragraph 15.9 of Part IV of this document
"Nomination Committee"	the nomination committee of the Board, the function and composition of which are as set out in paragraph 19.3 of Part I of this document
"Ordinary Shares"	ordinary shares of NIS 0.01 each in the capital of the Company
"Outside Director"	a director who complies with certain independence criteria prescribed by the Companies Law and is subject to certain duties and responsibilities prescribed by the Companies Law, details of which are set out in paragraph 19.4 of Part I of this document

"Personal Interest"	has the meaning given to it in paragraph 6.15.2 of Part IV of this document
"Placee"	a person subscribing for Placing Shares under the Placing at the Placing Price
"Placing"	the conditional placing by N+1 Singer of the New Ordinary Shares and the Sale Shares at the Placing Price pursuant to and on the terms and conditions set out in the Placing Agreement
"Placing Agreement"	the conditional agreement dated 22 May 2014 relating to the Placing between (1) the Company, (2) the Directors and Proposed Directors, (3) the Selling Shareholders and (4) N+1 Singer, further details of which are set out in paragraph 14 of Part IV of this document
"Placing Price"	153 pence per Placing Share
"Placing Shares"	together, the New Ordinary Shares and the Sale Shares
"Proposed Directors"	together, all of the non-executive directors of the Company who are to be appointed with effect on and from Admission, being Tim Weller, Neil Jones, Joanna Parnell and Rene Rechtman
"QCA"	the Quoted Companies Alliance
"QCA Guidelines"	the Corporate Governance Code for Small and Mid-size Quoted Companies published by the QCA in May 2013
"Registrars"	Capita Registrars (Guernsey) Limited
"Relationship Agreement"	the relationship agreement dated 22 May 2014 between (1) the Company, (2) the Covenantors and (3) N+1 Singer, further details of which are set out in paragraph 15.2 of Part IV of this document
"Remuneration Committee"	the remuneration committee of the Board, the function and composition of which are as set out in paragraph 19.2 of Part I of this document
"Salary Shares"	the 49,019 Ordinary Shares to be issued to Tim Weller in lieu of part of his initial fee, further details of which are set out in paragraph 8.2 of Part IV of this document
"Sale Shares"	the 7,780,224 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing Agreement
"Selling Shareholders"	the Shareholders set out in paragraph 14.8 of Part IV of this document
"Shareholders"	holders of Ordinary Shares
"Takeover Code"	the City Code on Takeovers and Mergers of the United Kingdom
"Taptica Loan Agreement"	the loan agreement between the Company and Taptica Ltd dated 2 April 2014, further details of which are set out in paragraph 15.7 of Part IV of this document
"Taptica Option"	the option for the Company to purchase the entire issue share capital of Taptica Ltd
"Taptica Option Agreement"	the option agreement relating to the Taptica Option between, amongst others, (1) the Company (2) Taptica Ltd and (3) the

	shareholders of Taptica Ltd, further details of which are set out in paragraph 15.6 of Part IV of this document
"uncertificated" or "in uncertificated form"	Ordinary Shares regarded in the Company's register of Shareholders as being held in uncertificated form in CREST and title to which, by virtue of the UK CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"£"	UK pounds sterling, the lawful currency of the United Kingdom
"$" or "USD" or "US$" or "US Dollar"	US dollar, the lawful currency of the United States of America
"US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"US Securities Act"	The US Securities Act of 1933, as amended
"VAT"	UK Value Added Tax
"Warrants"	warrants to subscribe at the Placing Price for up to 309,569 Ordinary Shares constituted by the Warrant Instrument
"Warrant Instrument"	the warrant instrument dated 22 May 2014 executed by the Company and constituting the Warrants

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

GLOSSARY

The following technical terms are used in this document.

"**ACPU**"	average cost per unit (which reflects salary costs only)
"**APPU**"	average profit per unit
"**ARPU**"	average revenue per unit
"**CPA**"	cost per action
"**CPC**"	cost per click
"**CPM**"	cost per mille or Cost per thousand Impressions
"**DSP**"	demand side platform
"**eCPM**"	effective cost per mille
"**impression**"	an impression is generated each time an advertisement is seen (whether or not it is clicked on)
"**RTB**"	real-time bidding

PART I

INFORMATION ON THE COMPANY

1. Introduction

Marimedia operates in the fast-growing digital media market. Marimedia optimises online advertising revenue for publishers (i.e. website owners) globally through Qadabra, its self-developed proprietary software, which uses complex algorithms to establish the optimal, revenue-generating match of publisher advertising inventory with advertiser space.

The Company's technology platform creates an auction that runs almost instantaneously (in milliseconds) to buy and sell advertisements on a per impression basis. The Board believes that Qadabra is capable of commercialising 100% of publisher inventory on a cross-device basis (including mobile, desktop, social and tablet).

Qadabra, the Company's self-developed principal technology platform, enables publishers to manage their advertising impression inventory and maximise revenue from digital media. The platform utilises proprietary software featuring complex analytical algorithms to analyse past performance data in order to establish the optimal, revenue-generating match of publisher advertising space being offered online with advertiser advertisements. Qadabra offers automatic integration with major online digital advertising platforms for publishers in order to offer advertisers' bids on a near-instantaneous auction basis.

The Company provides two different services to publishers: a direct managed service aimed at large, high traffic publishers and a self-serve platform for smaller publishers (such as blogs and small business websites). The managed service, as well as the self-serve platform, use Qadabra to select the best paying advertiser, either direct or via an ad exchange platform, which offers the best chance of maximising earnings for publishers.

The basic revenue model of the Company is based on charging a fee per action or per impression from advertisers. On average across all revenue models in 2013, the Company retained approximately $33 from every $100 received from advertisers, with the balance paid to publishers.

The Board believes that the Company's competitive advantage is its focus on media owner publishers on the supply side of the value chain, coupled with its proprietary technology.

The Board believes that the Company's operations are global in nature, with significant revenues received from 40 countries. In 2013 sales were split between Asia-Pacific (33%), North America (29%), Middle East and Africa (16%), Western Europe (12%), Latin America (6%) and Central and Eastern Europe (4%).

The Company has a proven financial track record reporting profits since launch, and growing significantly since incorporation, with revenues increasing by 87.7% (annually compounded) from 2010 to 2013, and 71% in 2013 alone (when compared with 2012). The Company's EBITDA has increased by 97.5% (annually compounded) from 2010 to 2013, and 124% in 2013 alone (when compared with 2012), and the Company's gross margin was stable throughout 2013 at approximately 32.6%.

For the year ended 31 December 2013, Marimedia generated revenue of $43.3 million and EBITDA of $8.72 million (which is an EBITDA margin of approximately 20%), with cash from operations of $7.3 million. The Company has no debt.

2. History and Background

The Company was incorporated in Israel in 2007 by Maia Shiran and Ariel Cababie and is headquartered in Herzliya, Israel. The Founders remain active in the Company and will continue to be so post-Admission. Maia Shiran will fill the role of Executive Director and co-Chief Operating Officer and Ariel Cababie will fill the non-Board role of co-Chief Operating Officer.

The Company reported a profit in 2007, its first year of operations. The Company opened its first office in early 2008 and by the end of 2008 had five employees and was generating an average 1 billion impressions per month from advertisements placed by the Company. By January 2011, the Company generated 5 billion

page impressions per month. Qadabra (then branded "Ad$Gadget"), the Company's principal technology platform, was launched in April 2011.

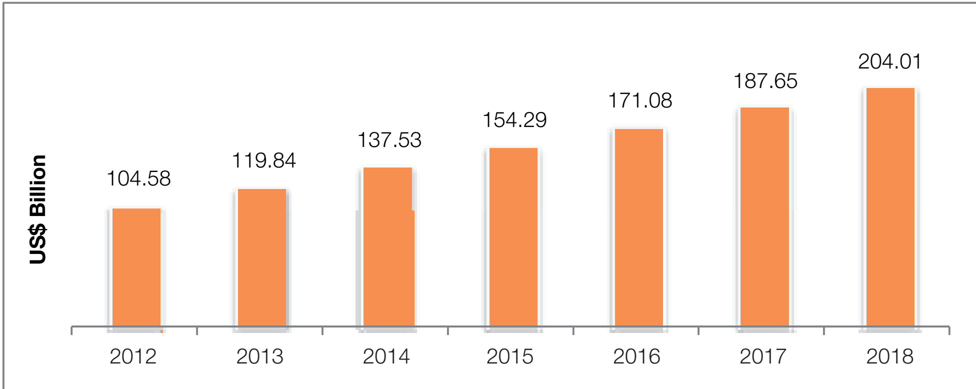
In November 2010, Marimedia Holdings Ltd, a company owned and controlled equally by Hagai Tal and Ehud Levy, acquired 50% of the Company's ordinary shares from the Founders, with Mr Tal becoming the Chief Executive Officer of the Company in December 2013. This investment was instrumental in building on the significant progress since inception.

By January 2012, the Company had grown to 50 employees and an average 8.7 billion impressions per month. In January 2011, the Company entered into a master services agreement with AppNexus, an ad exchange platform, which enabled the Company to increase average monthly page impressions to 31.8 billion by January 2013.

As at March 2014, the Company had reached monthly page impressions of 64.7 billion. In the year ended 31 December 2013, revenues were $43.3 million, with total profit after tax for the year of $7.1 million. As at April 2014, the Company had approximately 100 employees.

3. Industry Overview

The online advertising market has evolved and become increasingly sophisticated since its inception in the mid-1990s. Revenues from the online advertising market have grown rapidly, and in 2013 revenues were estimated at $119.8 billion, an increase of 14.6% from revenues of $104.6 billion generated in 2012; (*source: eMarketer April 2014*). As shown in the chart below, the global market is projected to grow to $204 billion by 2018, which would represent a compounded annual growth rate of 11.8% per annum from 2012 and a 30.5% share of the total global advertising market:



Source: eMarketer April 2014

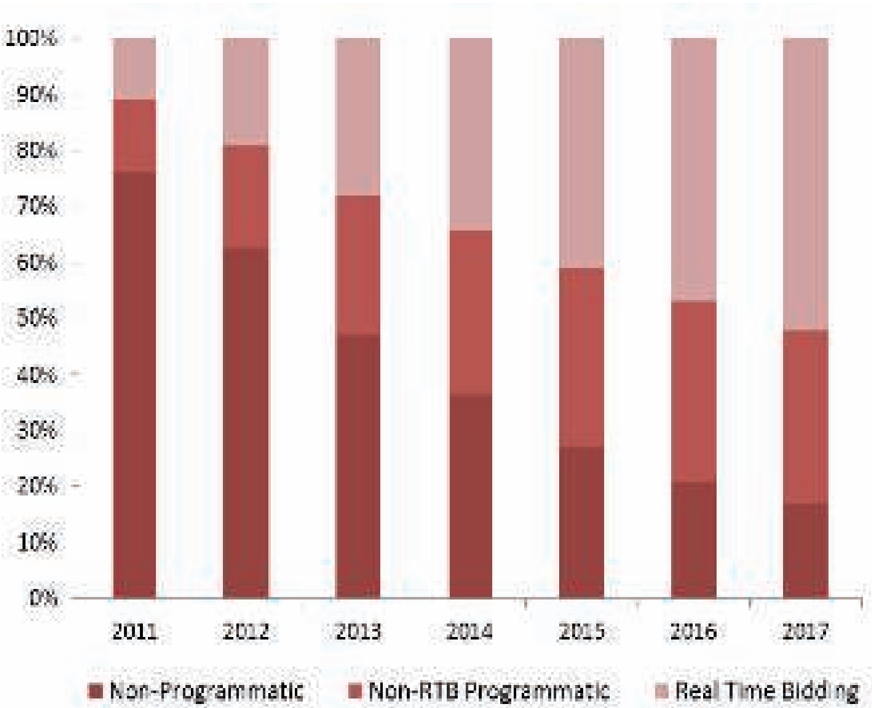
Initially, advertising inventory was sold directly by publishers to advertisers, mimicking the traditional hard-copy advertising model. Advertising networks then emerged to sit between advertisers and publishers as sales intermediaries in order to sell spare inventory created by the expanding number of web pages and therefore publishers. These networks aggregated users and sold packages on to advertisers by impressions. A large number of these networks emerged, which meant advertisers found it difficult to deal with multiple offerings.

Ad exchange platforms then began to be established to enable advertisers and publishers to trade audience rather than impressions. Publishers would in effect offer their audience (i.e. website users) and advertisers would bid for available space. This increased efficiency and the effective cost of advertising. Some advertising agencies created demand side platforms and trading desks to enable them to trade on ad exchange platforms more efficiently and using data to influence decisions.

Publishers could deal directly with ad exchange platforms but in addition, sell side platforms were established to provide a more efficient way of using advertising inventory.

The leading online electronic trading market for the sale of advertising inventories is the US. Since 2011, online electronic trading has taken an increasingly large percentage of total US display advertising spending share, which has grown from less than 25% of the total US market to over 50% by 2013. By 2017, this is

expected to represent over 80% (source: *Magna Global, Advertising Forecasts, 2014*). The Board expects this trend to be replicated in other markets as technology becomes more advanced. The chart below shows the growing use and expected use of online electronic trading markets at the expense of manual inventory updating and non-real time automated software:



Source: Magna Global 2014

Of the total global online advertising market, which generated revenues of $119.8 billion in 2013, North America represented the largest online advertising revenue by region, with $46.14 billion generated in 2013. The next two largest regions in 2013 were Asia-Pacific ($34.87 billion) and Western Europe ($28.88 billion). Central and Eastern Europe, Latin America and the Middle East and Africa in aggregate generated $9.94 billion.

Google Inc. is the largest operator in the overall online advertising market with a market share of 32.84% in 2012 (the latest year for which figures are available) (source: *Siemer & Associates Online Advertising Report*).

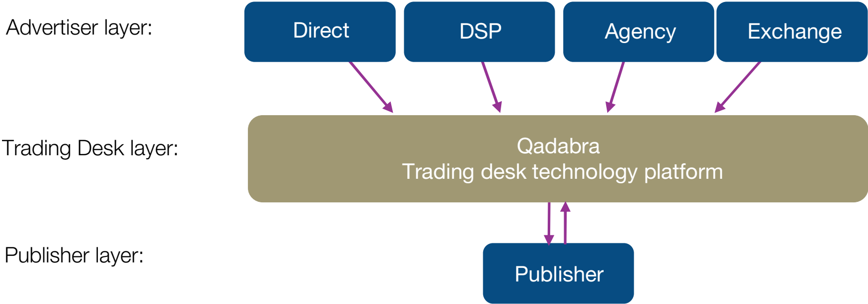
In 2012, search advertising (the placing of advertisements on search engines in response to keywords) was the largest single online segment, accounting for 46% of total online spend. Google Inc. is the most dominant company in the search advertising sector due to the prevalence of its search engine.

Display and banner advertising accounted for 21% of the online market in 2012. The rest of the market was fragmented between various segments including classifieds, mobile and digital video. It is estimated that, whilst the rate of growth of the mobile advertising market will slow to an annual growth rate of 27% in 2017, (having increased by 89% in 2013), it will still grow faster than any other segment within the digital advertising market and its overall share of online advertising revenue will grow from an estimated 19.8% in 2014 to 36.3% in 2017 (source: *eMarketer August 2013 and Siemer & Associates Online Advertising Report 2013*). This is due to the projected increased global use of smartphones, tablets and apps (which offer in-app advertising inventory). Global mobile ad spend is forecast to reach $18 billion in 2014 and to grow to $41.9 billion by 2017 (source: *Gartner 21 January 2014*).

4. The Business

The Company provides its Qadabra platform to enable publishers and advertisers to maximise revenue from digital media. The Qadabra platform gathers advertiser bids and creates auctions within milliseconds for publisher on-line advertising space, with Qadabra's algorithms able to calculate which advertiser will provide the publisher with the highest per impression price.

The Company utilises a performance-based advertising model. On average across all revenue models in 2013, the Company retained approximately $33 from every $100 received from advertisers, with the balance paid to publishers.



Publishers

The Company's publisher clients are located in numerous online segments, including translation sites, networks, comparison sites, digital distribution solutions, advertising technology and trading platforms.

The Company divides its publisher clients into three categories:

Direct Publishers (Managed): which tend to be large volume publishers with high traffic websites. The Company manages these clients by assigning a media manager, in addition to the automated Qadabra platform analysis.

Indirect Publishers (Linked): which tend to be large volume publishers with high traffic websites and are taken on as clients of the Company via ad exchange platforms such as Yahoo and AppNexus.

Long-tail Publishers (Self-Serve): which are typically small commercial websites and blogs. These publishers use the Qadabra self-service platform and sign up via the self-registration option on the Qadabra website. When long-tail publishers reach a certain level of performance based advertising, the Company will offer the direct automated service and categorise them as Direct Publishers.

Although by number Qadabra Self-Serve publishers account for the largest proportion of publishers served by the Company (6,651 out of 8,497 in 2013), by revenue they accounted for only $1.6 million of the Company's $43.3 million of revenue in 2013 (which represents 4% of the Company's total revenue and 4% of gross profits) as they tend to be small business or personal websites/blogs. In December 2013, the Qadabra Self-Serve publishers accounted for 8.1% of all revenues. This is becoming the fastest growing sector of the Company's business with a growth rate of 205% in H2 2013. In 2013, indirect publishers accounted for $13.7 million of total revenues (which represents 31% of the Company's total revenue and 25% of gross profits), despite representing just 360 out of the total 8,497 publishers. Revenue of $28 million, representing approximately 65% of the Company's total revenue for 2013 (and 71% of gross profits), was generated from 1,486 direct publishers.

The Company has a good record of retention of publisher clients with a 22% increase in publisher revenue in 2013 being generated from publishers who were signed up with the Company in 2012. AppNexus is treated a single publisher for the purpose of calculating retention rates.

The Company has also been able to achieve better growth rates from new publisher clients, with $7 million of the $11 million increase in payments to publishers in 2013 derived from new publishers.

Advertisers

The Company's advertiser clients comprise companies in numerous segments including software, branding, lifestyle, mobile, entertainment, gaming, lead generation and direct advertising.

The Company's advertiser clients are internally classified as, and its revenue streams are split between:

Direct Advertisers (2013: 73%): advertisers approached directly by the Company's media sales team and who contract directly with the Company.

Indirect Advertisers (2013: 27%), divided between:

- *Ad Exchange Platforms:* bid platforms which facilitate the buying and selling of online media advertising space from multiple advertiser types such as direct advertisers, agencies and networks. Since 2012, direct advertisers have been a larger source of revenue.
- *Demand Side Platforms:* platforms which enable advertisers, agencies and advertising networks to buy display impressions across multiple ad exchange platforms via a single interface.

Ad exchange platforms are arenas where advertiser bids meet publisher asks. Supply and demand ranges are wider on ad exchange platforms and the Company can also acquire indirect advertisers and publishers on ad exchange platforms. The ad exchange platforms with which the Company works (principally Yahoo and AppNexus) also provide advertisement serving, which is the technology which enables advertisements to appear on publisher websites. The Company intends to use a greater number of ad exchange platforms as a way to increase revenues and increase advertiser reach.

The Company has different fee arrangements with each ad exchange platform. For example, Yahoo collects a per-impression fee for its advertisement serving service and AppNexus charges a set CPM fee but also clears money for indirect publishers and advertisers and takes a fee for that service.

Since its launch in 2012, Qadabra Self-Serve for publishers has grown from a platform generating 1-2% of the Company's revenues (c.$50,000 per month) to one generating approximately 8% of total revenues, at approximately $350,000 per month. In the period immediately following the launch, Qadabra Self-Serve's gross margin fluctuated between 9% and 25% on a monthly basis. As the publisher base grew, product margins stabilised and in the second half of 2013, Qadabra's gross margin has generally tracked the Company's overall gross margin.

In 2013, 29% of Marimedia's advertising revenues were generated from a single advertiser, an IT solution and services company. This advertiser is dealt with by the Company on special terms and provides the Company with full details about the revenue and profit in relation to each publisher which displays its adverts. This data has enabled the Company to achieve a high level of eCPM (effective cost per thousand impressions) which, in turn, has meant the advertiser's activity and bid levels of advertising space are high. Although this single advertiser represents a high proportion of revenue, the Company's view is that given excess supply in the online advertising market, the Company would be able to sell the resulting advertising space to other advertisers in the event of the loss of this contract. The Company intends to recreate this model with other large volume advertisers. In the first quarter of 2014, approximately 20% of the Company's revenues were generated from that single advertiser.

AppNexus accounted for the Company's second largest advertiser revenue stream in 2013. However, the 20.3% of total revenues it represents came from 138 different indirect advertisers, with the largest of those representing just 1.5% of total revenues.

New advertiser clients brought in $2.5 million of the total $18 million increase in revenues in 2013.

Revenue basis

The Company's basic fee charging structure is to charge advertisers mostly on a "cost per action" ("**CPA**") or a "cost per 1,000 impressions" ("**CPM**") basis, as well as the cost per click ("**CPC**") model.

The market in which the Company operates is complex and advertisers have many different approaches to their buying. In order to allow the Company to compare the effect of each advertiser's buying model, Qadabra uses a converted value single decision variable known as eCPM. This allows Marimedia to predict which advertiser will yield the greatest level of revenue for the publisher (i.e. the highest eCPM) for each impression. Marimedia then awards the advertisement space to the advertiser with the highest eCPM. In essence, Qadabra is analysing the advertiser as much as the impression to optimise the return for the publisher.

The example in the table below shows how Qadabra reviews and assesses four bids from advertisers for 10,000 impressions in a single advertising space. Advertiser 1 offers a fixed CPM which is a guaranteed payment and so represents the lowest risk for the Company, but it also offers the lowest eCPM. Advertisers 2 and 3 both offer CPA models, but are offering different rates. Advertiser 4 has a CPC offer. Whilst advertiser 2 has the highest initial offer of $20 per "Action", Qadabra's algorithms calculate that, based on certain

information, including the geographic locations of the advertisers and results of previous campaigns, advertiser 3 is likely to have more conversions across 10,000 impressions therefore generating a higher eCPM and so greater revenue for the publisher (and consequentially, the Company). Advertiser 4, despite offering just $3 per click under its CPC offer, is also adjudged by Qadabra to be more likely to achieve a higher eCPM.

In the example, the Company may then provide feedback to advertisers 2 and 4 to see whether their initial offers can be increased. For advertisers who are managed, the campaign managers will liaise directly with the advertisers on their bids and for indirect advertisers, they will receive automated reports.

An example for eCPM conversion system

			Results from buying 10,000 Impressions				Results		
Advertiser	**Pricing Model**	**Offer (USD)**	**Impressions**	**Clicks**	**Conversions**	**Total revenue To bill Advertiser (USD)**	**eCPM**	**Priority**	**Note**
Advertiser 1	**CPM**	**2**	**10,000**	**NA**	**NA**	**20**	**2**	**4**	**A**
Advertiser 2	**CPA**	**20**	**10,000**	**40**	**2**	**40**	**4**	**3**	**B**
Advertiser 3	**CPA**	**15**	**10,000**	**30**	**3**	**45**	**4.5**	**1**	**B**
Advertiser 4	**CPC**	**3**	**10,000**	**14**	**NA**	**42**	**4.2**	**2**	

Source: management data. Note A: CPM= eCPM in this pricing model. Note B: revenue share model

For publishers, the Company will generally have an initial contract on a revenue share basis with the Company retaining the option of moving the publisher to a CPM model. Under the revenue share model, in 2013, the Company retained approximately $33 from every $100 received from advertisers, with the balance paid to publishers.

For advertisers, the Company will generally have an initial contract on a CPM basis. Once a campaign proves successful, the Company will move the advertisers to a CPA model. The Company requires pre-payments until the advertiser has provided proven returns. Typically, once the advertiser has provided proven returns, the advertiser is given credit terms of 30 days from the end of each month at the discretion of the Company.

The Company has a good record of retention of its advertiser clients with a 61% increase in 2013 advertiser revenue received from advertisers which had been clients in 2012. AppNexus is treated as one advertiser for the purpose of calculating the Company's retention rates.

For publishers, the Company will generally have an initial contract with them on a revenue share basis, with the Company retaining an option of moving the customer to a CPM model. Typically, publishers are given credit terms of 45 days from the end of each month.

Where the Company has contracted on a CPA basis, the Company receives a fee when an end user undertakes a specified action such as a sale, a registration, an installation or a download through either an advertisement or link.

Where the Company has contracted with a publisher on a CPM basis, the Company receives a pre-determined price per 1,000 impressions. An "impression" is generated each time that a website user sees an advertisement. Advertisements placed by the Company by March 2014 received an average of 64.7 billion monthly page impressions in aggregate.

There are a number of additional fee charging bases that the Company uses, all of which are performance related: (i) a revenue share model, where the Company receives a pre-determined percentage from revenue generated from purchases after an end-user clicks through an advertisement; (ii) a CPC model where the Company receives a fee each time an advertisement is clicked on; and (iii) a dynamic CPM model where there is a variable cost per thousand impressions fee, that varies according to an additional CPA target.

The fee structure demanded by advertisers depends upon their internal KPI requirements. Some measure performance by click-through rate, which is defined as the number of click-throughs on an advertisement, divided by the number of impressions. Others will use a return on investment measurement to look at the

ratio of advertising costs to profit on a particular campaign. Advertisers bear lower risks with a CPA fee structure, as they will only be required to pay when their desired outcome occurs. Conversely, advertisers bear a higher risk with a CPM fee arrangement as they are likely to be required to pay a fee without any specific outcome. CPC models tend to be viewed as a "medium risk" for advertisers, as only advertisements which generate click-throughs are required to be paid for.

Publishers look at effective cost per thousand impressions and the number of impressions. CPM fee models are viewed as the lowest risk for publishers as CPM arrangements are usually predictable, so income streams are stable. Revenue share models are viewed as the most risky as there is no guarantee of any payments. As with advertisers, CPC models tend to be "medium risk".

Revenue Risk Management

Where the Company manages a campaign through a CPM pricing model with a publisher and a CPA pricing model with an advertiser, there is a risk that the Company may not generate enough revenue to cover payments due to the publisher and to generate profit. This could be because insufficient "actions" are undertaken in the campaign, but the Company is still required to make the CPM payments to the publisher.

To mitigate this risk, the Company will typically:

(i) seek to work through a revenue share model rather than a CPM model; and

(ii) use statistical data to estimate the value of the publisher's CPM (for example, by geography, type of site) to help the Company manage the risk involved with working with the CPM pricing model; and

(iii) require a payment per impression with the option of a maximum daily cap (in order to limit exposure); and

(iv) set an "out clause" condition in its contract with the publisher, which allow either the Company or the publisher to terminate the agreement with 24-48 hours' notice at any time, without penalties.

Operations

The Company has approximately 100 employees, around 60 of whom are employed in client facing, sales positions and either deal with managing existing publishers and advertisers or are focused on developing new publishers and advertisers. Internally, the Company divides its sales function between:

- *Media sales* who approach advertisers directly;
- *Campaign managers* who use the Company's technology to analyse and grow larger publisher and advertiser accounts; and
- *Media managers* who bring in medium to larger publishers and then manage those accounts using the Company's technology.

The Company's operations are global in nature, with sales in 2013 being widely distributed among clients based in Asia-Pacific (33%), North America (29%), Middle East and Africa (16%), Western Europe (12%), Latin America (6%) and Central and Eastern Europe (4%). The Company is also able to track where revenues are generated (i.e. the geographic locations where impressions occur) as follows: Western Europe (40%), North America (20%), Asia Pacific (13%), Latin America (9%), Central & Eastern Europe (9%), Middle East and Africa (3%) and unknown sources (6%). "Unknown sources" are recorded where revenues are generated from unrecognised IP addresses, where reporting systems fail or where they are generated from very small countries.

The Company currently has a significant level of customer concentration with its five largest customers accounting in aggregate for 33%, 24% and 58% of revenues in 2011, 2012 and 2013 respectively. In 2013, 29% of revenues came from an IT solutions and services company, and AppNexus, which is treated as a single customer, accounted for 20% of revenue, although in reality this includes 138 indirect advertisers. On a geographic basis, 12 countries delivered approximately 65% of revenues in 2013.

The Company saw a large increase in revenues from clients based in the Asia-Pacific region in 2013, principally due to one large IT solutions and services client based there. In 2011, that region contributed only 8% to total revenues and in 2012, 7%. In 2011 it was clients based in Western Europe which contributed the largest proportion of revenues (52%), followed by Middle East and Africa (24%) and North America

(12%). In 2012, clients based in Western Europe contributed 30% of revenues with the Middle East and Africa contributing 32% and North America 18%.

The reason for the decrease in revenues generated by clients in Western Europe and the Middle East and Africa in 2013 was the high volume of indirect advertisers acquired through AppNexus (based in North America) which purchased advertising inventory at relatively high prices leaving less inventory for clients based in Western Europe and the Middle East and Africa.

Key Performance Indicators

The Company uses a number of KPIs to measure its performance.

(i) *Average Revenue Per Unit ("**ARPU**"), Average Cost Per Unit ("**ACPU**") and Average Profit Per Unit ("**APPU**")*

These are standard KPIs in the software industry and allow the Company to measure each employee (or unit) on a standalone P&L basis.

In Q4 2013, ARPU was $51,300, ACPU $5,600 and APPU $11,800. In comparison, the figures for Q4 2012 were: ARPU $41,700, ACPU $4,600 and APPU $8,000.

When the Company takes on new employees, ARPU tends to decrease because of the lead-time in getting new employees trained and settled in the Company. The costs taken into account for ACPU include all salary costs.

(ii) *Monthly page impressions*

Monthly page impressions are measured per billion. Monthly page impressions have risen from 5.2 billion in January 2011 to 64.7 billion in March 2014. Increases in impressions tend to lead to increases in revenue.

(iii) *Publishers served*

This KPI is purely the number of publishers using Qadabra. In January 2012 this number totalled 3,057. By the end of 2013 this had risen to 8,497 publishers. Qadabra Self-Serve accounts for the greatest proportion of those publishers.

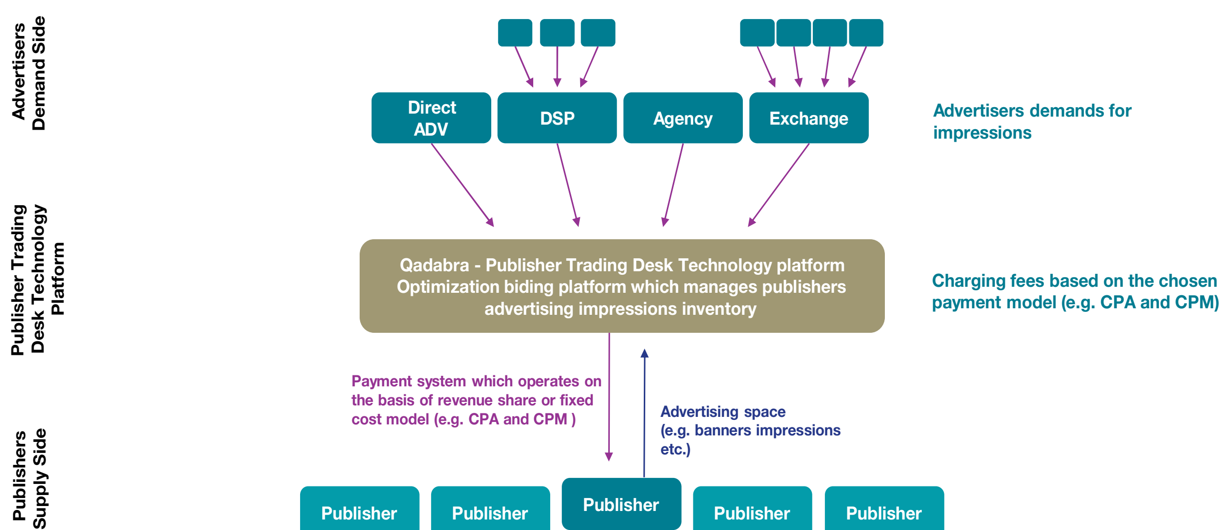
(iv) *Revenue and Gross Margin*

This KPI measures the Company's revenue and margin development.

5. Technology

Qadabra, the Company's self-developed technology platform, creates an advertiser auction in milliseconds, which utilises algorithms to buy and sell advertisements automatically on a per impression basis. This, in combination with data analytics is intended to maximise the price achieved. It has a single dashboard reporting functionality which enables global, cross-device publishers to consolidate advertiser demands into one dashboard, and is capable of delivering advertising across various devices, platforms and media types. For managed clients, the Company occasionally overrides the automated system when it identifies too much concentration of one advertiser on a publisher's site or an opportunity which the Company identifies will be to the benefit of the publisher.

In essence, Qadabra's technology platform acts like a stock exchange, with bid and ask prices moving in milliseconds as inventory is sold.



When a publisher registers a website's advertising space with Qadabra, Qadabra allocates the request between various ad exchange platforms where advertiser auctions take place. The ad exchange platforms receive the data required to run the auction (such as geographic location, language and IP address) directly from the publishers and then hold the auction. In addition, the Company's media buyers review daily reports for each ad exchange platform to assess how profitable each one is for the Company's major publisher clients in order to allocate Qadabra's publishers to the most profitable exchange.

The Company is currently developing a new algorithm to automate the reallocation process for all publisher websites (including self-serve publishers) and which is expected to enable constant analysis of data to increase advertising effectiveness.

The Company also intends to develop further its technology as the Board believes that real time prices reflect reality better than past performance data.

6. Key Strengths

The Directors believe that Marimedia benefits from a number of key strengths that differentiate it from its competitors and which should enable it to take advantage of current and future growth opportunities. These strengths include:

- A competitive advantage from a focus on publishers rather than advertisers. The Company optimises publishers' ad revenue by maximising both the price and the volume that is sold. With over 64.7 billion page impressions per month, the Board believes that publishers worldwide have an interest in working with it largely due to its ad coverage but also due to its ability to measure, track and scale revenue.
- A strong track-record in retaining both publishers and advertisers whilst growing revenues.
- A wide geographic spread of revenues.
- A scalable business model and technology platform which offers operational leverage.
- The Board believes that the Company is well positioned to adjust to expected industry trends such as the growth of mobile, social and video platforms and intends to target acquisition opportunities that meet this growth strategy.
- The Company has grown organically, has always been profitable and is a cash-generative business.
- The management team is experienced and the Founders remain actively involved in the business and will continue to do so following Admission.

7. Current Trading and Prospects

The financial information for the year ended 31 December 2013 is set out in Part III of this document. There has been no significant change in the financial or trading position of the Company since 31 December 2013.

Current trading is in line with the Board's expectations. The Board continues to implement the Company's business strategy, as set out in paragraph 10 of this Part I and have confidence in the Company's prospects for the rest of the current financial year and beyond.

8. Summary Financial Information

The table below shows the summary financial information for the Company for the three financial years ended 31 December 2013. This financial information has been extracted from the Company's financial information set out in Section B of Part III of this document.

	2013 *$000's*	*2012* *$000's*	*2011* *$000's*
Revenue	43,315	25,311	20,341
Cost of Sales	(29,189)	(18,224)	(13,648)
Gross Profit	14,126	7,087	6,693
Operating Profit	8,429	3,792	3,822

9. Competition

The Company has a number of competitors including Rubicon Project Inc (NYSE: RUBI), PubMatic Inc, Rocket Fuel (NASDAQ: FUEL), Google AdSense and Google AdMeld, all of which compete to provide publisher inventory to advertisers.

However, the Board believes that Marimedia's relatively small size enables it move quickly to adapt and bring through new technology and improve its Qadabra offering with relatively little capital resource beyond initial research & development spend.

The Board believes that the Company's competitive advantage and key differentiator from the other players in the market is its focus on the publishers and continuous expansion and improvements to the supply side of the value chain.

The Board believes that Qadabra is a unique selling point for the Company and that its continued investment in Qadabra serves as a barrier to entry for a number of its competitors, because it is an extremely advanced platform.

10. Business Strategy

The Board believes that due to its coverage and sophisticated monetisation technology, the Company's strategy should be to focus on signing an increasing number of direct publishers as clients. It believes that by increasing the number of monthly impressions that the Company's publishers provide, advertisers will naturally want to place advertisements within Marimedia's growing footprint.

Direct publishers accounted for 62-65% of the Company's total publisher customers between 2011 and 2013 and the increase in revenues during that period can be predominantly attributed to the increase in the number and volume of direct publishers.

The Company intends to pursue its growth strategy through:

Organic growth: Opportunities exist to grow the business organically as has been the case since inception. This has been achieved, and can continue to be realised, through an increase in employee numbers to grow revenues. The Company monitors and measures performance closely to ensure all employees contribute positively to profit. Investment will centre on expanding sales to increase the number of advertisers and publisher clients to exploit the platform further. In addition, the Company's technology platform is easily scalable, which will allow it to take advantage of growth in the online media market as the volume of advertising inventory made available by publishers in the future is expected to rise.

Increased utilisation of technology: The Directors believe that the Company can increase the innovation and optimisation of its platform to allow greater online reach with minimal increase in human resources. The Company continues to invest in technology and growth will be supported through the development of its automated capabilities which utilise computer algorithms to buy and sell advertisements one impression at

a time. Investment is also planned in mobile advertising technologies and the Qadabra mobile platform, in line with anticipated market developments.

Acquisitions: The Company will consider acquisitions which will complement its existing technology and enable better exploitation of the Company's platform (such as mobile technology and big data). The Company will consider businesses and technologies which will allow the Company rapid entry into new markets or the expansion of its presence in the value chain. Particular attention will be given to those with access to direct or exclusive advertisers or dominance in different geographic locations or niches.

As part of this aspect of its growth strategy, the Company entered into the Taptica Option Agreement pursuant to which the Company has the option to buy Taptica Limited ("**Taptica**"). Taptica is a mobile user acquisition platform for brands and app developers which replaces the "cookie" functionality and allows platform users to target valuable mobile users. Taptica's technology utilises artificial intelligence and machine learning, on a big data scale in order to enable data-driven mobile targeting and user acquisition. This enables platform users to find more valuable users for their advertising campaigns in order to create a better return on investment. Taptica works directly with publishers and its technology is enabled to operate on both iOS and Android devices. Taptica currently has a database of 50 million user profiles and is presently receiving 5 billion requests daily. $3 million has been invested in Taptica to date, including by Marimedia's executive management who hold a significant stake in the business. Should the Company proceed with the acquisition of Taptica after Admission, which the Board believes they will do if they judge at the time that it is in the best interests of all Shareholders, it will be deemed a related party transaction under the AIM Rules.

Under the Taptica Option, which expires in August 2014, the price to be paid is dependent on the level of annualised revenues and profit (or loss) of Taptica in the three months prior to the date of exercise of the option. This is currently equivalent to one times annual sales, and is payable in a combination of cash and shares.

The Directors believe that a combined business offering would allow up-selling of the Taptica offering to Publishers which would make Marimedia a more attractive partner for Publishers and provide scale and value-add to the Company. Should Marimedia choose to proceed with this acquisition, the Directors believe that this would further differentiate the business offering, increasing its technological lead and creating further barriers to entry for competition.

The Taptica Option Agreement is summarised in more detail in paragraph 15.6 of Part IV of this document.

11. Future Opportunities and Developments

Market research shows that mobile internet advertising will continue to grow faster than other digital advertising segments. Mobile is currently estimated to be 19.8% of the total online advertising marketing share.

The Board further believes that performance-based pricing models are likely to become the most popular form of pricing, with the number of CPM based contracts declining as advertisers and publishers look to more tangible proof of success from their online spend.

It is also thought likely that the online display advertising market's rate of growth will slow as advertisers look to consolidate their advertising spend around a smaller number of partners and devote a greater proportion of advertising space to online display advertising that is aggregated, booked, analysed and optimised via algorithms to improve yield.

It is also believed probable by the Board that consumers globally will connect online via multiple sources (including mobile telephones, tablets and desktop) and so advertisers will want access to increasingly advanced analyses to enable them to target consumers more efficiently across all sources.

Another important stage in the growth of online advertising is expected to come from large global corporations which do not currently make use of online marketing on a consistent or regular basis beginning to spend a larger proportion of their aggregate advertising spend on online campaigns. The net effect of this will be significant growth in the overall global spend on online advertising.

The Company continues to develop and enhance its offering to respond to market changes and developments. It is currently researching and developing a smart tag offering to compliment Qadabra, which will allow publishers to connect with numerous ad exchange platforms to find direct and indirect advertisers.

The Company is also in the process of researching and developing an algorithmic platform for its campaign managers to allow them to scale performance and capacity to improve both efficiency and profitability and to enable better and more frequent data analysis.

12. Board of Directors and Senior Management

Board of Directors on Admission

Tim Weller, aged 53, *Non-Executive Director and Chairman*

Tim Weller is the founder of Incisive Media and its Group Chief Executive. He successfully floated the company in 2000 and in 2006 he led the £275m management buyout which took the company private again. Mr Weller was non-executive director and chairman of RDF Media from 2005-2010 and was also Non-Executive Chairman of Polestar from 2009-2011 until its sale to Sun European Partners LLP. Mr Weller was a member of the Shadow Cabinet New Enterprise Council, which advised the then Shadow Chancellor of the Exchequer, George Osborne, on business and enterprise prior to the 2010 General Election. Mr Weller is currently chairman of InternetQ, one of the world's most successful mobile, social media and app-based service providers, which is listed on AIM. Tim is also chairman of Trustpilot, a leading provider of trusted company reviews.

Hagai Tal, aged 44, *Chief Executive Officer*

Hagai Tal joined Marimedia in 2010 as a major shareholder and became the Company's Chief Executive Officer in December 2013. Mr Tal has invested in, led and developed a number of companies through successful growth, continued investment and the IPO/disposal process. These companies include Kontera, Amadesa, Payoneer, BlueSnap (formerly Plimus) and Spark Networks (NYSE:LOV). Mr Tal's previous positions include being Co-Founder and Chief Executive Officer at BlueSnap (formerly Plimus) and Vice-president of Marketing at Spark Networks. Mr Tal holds a Masters in Management Information Technology from the University of Sunderland. Mr Tal is also a member of The Aspen Global Leadership Network.

Yaniv Carmi, aged 33, *Chief Financial Officer*

Yaniv Carmi joined Marimedia in 2010 and became Chief Financial Officer at the Company in January 2011. Mr Carmi is an experienced finance professional, whose roles include as a tax and audit senior at KPMG, Israel. In his current role within the Company, Mr Carmi is responsible for financial strategies, agendas and operations in directing key corporate initiatives. Mr Carmi is a Certified Public Accountant and holds a B.A. degree in Economics and Accounting from Ben-Gurion University and an MBA in Financial Management from Tel Aviv University.

Maia Shiran, aged 33, *Co-Founder and Co-Chief Operating Officer*

Maia Shiran is responsible for Marimedia's marketing direction and business development strategy. Ms Shiran has worked in several companies and has occupied senior management roles in a leading marketing company. In 2007, Ms Shiran co-founded the Company. Ms Shiran has an undergraduate degree in Arts in Political Science and Communication from the Hebrew University and is in the process of obtaining a Masters in Organisational Behaviour from the Tel Aviv University.

René Rechtman, aged 43, *Non-Executive Director*

René Rechtman is President, International at Maker Studios Inc. From 2008 to 2013, Mr Rechtman was CEO at Goviral (an AOL company) and Senior Vice President at AOL Advertising Group, responsible for AOL's expansion outside of the US. Before working at AOL, Mr Rechtman spent more than 8 years as Vice-President at TradeDoubler, helping it to become a leading European provider of performance-based marketing solutions. Mr Rechtman has a Masters in Politics and International Relations from Copenhagen University.

Joanna Parnell, aged 35, *Non-Executive Director*

Joanna Parnell is Director of Planning at Unique Digital, leading the multi-channel planning strategy (cross-device and cross-platform), managing product heads and driving key initiatives across data buying, attribution modelling and biddable media adaptation. Unique Digital is owned by Syzygy PLC. Prior to promotion to her current role, Ms Parnell was Head of Planning and Account Director at Unique Digital,

where she was responsible for operational management of major international client brands. Ms Parnell has a Masters in German and Business from the University of Edinburgh and studied as a postgraduate at the London School of Marketing between 2005 and 2006.

Neil Jones, aged 47, *Non-Executive Director*

Neil Jones has been the Group Finance Director of ITE Group plc (which is listed on the Main Market of the London Stock Exchange) since November 2008 and responsible for all financial and statutory reporting and managing external finance relationships, including audit, tax and banking. Mr Jones has also been the chair of the Risk Committee of ITE Group plc since November 2013. From 2003 to 2008, Mr Jones was Group Finance Director at Tarsus Group plc and prior to that, he spent five years as Finance Director (Europe) at Advanstar Communications. Mr Jones has a BA degree in Economics from the University of Manchester and completed the ACA in July 1990 with Price Waterhouse.

Senior Management

Ariel Cababie, aged 35, *Co-Founder and Co-Chief Operating Officer*

Ariel Cababie co-founded the Company with Maia Shiran. Mr Cababie is responsible for the Company's business direction and operations. Mr Cababie has gained management experience at financial and marketing companies as well as expertise in strategy, operations and technology, campaign/risk management, business process improvement and financial administration. He has a B.A. in Economics from Universidad Torcuato di Tella, Buenos Aires, Argentina and is in the process of obtaining an MBA in Finance from The Hebrew University, Jerusalem.

13. Reasons for Admission and Use of Proceeds

The estimated net proceeds of the Placing due to the Company are approximately £16.4 million. The Company intends to use the Placing proceeds to accelerate the Company's growth strategy by increasing investment in technology to further develop its real-time bidding and mobile market capabilities. The Company also intends to consider acquisition opportunities, including the possible exercise of the Taptica Option, which the Board believes would add significant value to the business by providing access to new markets and attractive customer profiles to build upon the success of the business to date. Specifically the net proceeds due to the Company are intended to be applied as follows:

	£ million
Assessing and realising acquisition opportunities	7.7
Research and development activities	3.5
Investment in additional marketing activities	2.9
General working capital purposes	2.3
Total	16.4

The Directors believe that Admission will also assist the Company's intention to develop by: (i) raising its profile in new markets and thereby helping it attract new customers, (ii) increasing access to capital should further finance be required to expand the business of the Company, and (iii) incentivising existing and future employees.

14. The Selling Shareholders

Each of the Selling Shareholders, has, pursuant to the terms of the Placing Agreement, agreed to sell the Sale Shares at the Placing Price, raising gross proceeds for the Selling Shareholders of £11.9 million in aggregate before their expenses. The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders. Further details of the Selling Shareholders, the Placing Agreement and the number of Sale Shares to be sold by the Selling Shareholders are set out in paragraph 14 of Part IV of this document.

15. The Placing

The Company is proposing to raise £17.9 million (before expenses) and the Selling Shareholders are proposing to raise £11.9 million (before expenses) through a placing by N+1 Singer of 19,452,225 Ordinary Shares at a price of 153 pence per new Ordinary Share.

N+1 Singer has entered into the Placing Agreement with the Company, the Selling Shareholders, the Directors and the Proposed Directors. Under the Placing Agreement, N+1 Singer has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Placing is conditional, *inter alia*, on Admission taking place on or before 28 May 2014 (or such later date as the Company and N+1 Singer may agree, but in any event not later than 11 June 2014) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The Placing Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission. The Placing Shares to be issued by the Company pursuant to the Placing will represent approximately 31.4% of the Enlarged Share Capital. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £94.7 million.

Further details of the Placing Agreement are set out in paragraph 14 of Part IV of this document.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence at 8.00 a.m. on 28 May 2014.

16. Relationship Agreement

The Company, the Covenantors and N+1 Singer, have entered into a Relationship Agreement, pursuant to which the Covenantors have given certain undertakings to the Company and N+1 Singer in relation to their conduct with the Company with respect to their shareholdings in the Company.

Further details of these arrangements are set out in paragraph 15.2 of Part IV of this document.

17. Lock-in and Orderly Market Agreement

The Directors, the Selling Shareholders and certain other individuals who will be, in aggregate, the holders of 42,494,198 Ordinary Shares following Admission (representing 68.6% of the Enlarged Share Capital) and certain holders of options to purchase Ordinary Shares have undertaken to the Company and N+1 Singer, save in limited circumstances, not to dispose of any interests in Ordinary Shares for a period of 12 months from Admission and for a further 12 months thereafter to deal in their Ordinary Shares only through N+1 Singer in such orderly manner as N+1 Singer shall reasonably determine.

Further details of these arrangements are set out in paragraph 15.3 of Part IV of this document.

18. Dividend Policy

The Company has paid dividends to its Shareholders in each of the last three years. The Board recognises the importance of dividend income to Shareholders and intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Company.

The policy will be at the discretion of the Board and will take into account relevant factors at the time of considering whether or not to declare a dividend for any particular period, including the Company's profitability, underlying growth, availability of cash and distributable reserves and any requirements to use available cash to finance the future growth of the Company.

The Board may revise the Company's dividend policy from time to time in line with the actual results of the Company. Further details of the Company's dividend policy are set out in paragraph 6.3 of Part IV of this document.

19. Corporate Governance and Board Practices

The Company complies with the corporate governance provisions of the Companies Law.

The Board acknowledges the importance of high standards of corporate governance. The Corporate Governance Code, published by the Quoted Companies Alliance in May 2013, sets out a minimum best practice standard for small and mid-size quoted companies, particularly AIM companies.

The Board intends to comply with the requirements of the Code to the extent that they consider it appropriate and having regard to the Company's size, board structure, stage of development and resources. Upon Admission, the Board will consist of seven directors, four of whom will be non-executive directors.

Following Admission, the Board will meet at least six times a year to review, formulate and approve the Company's strategy, budget, corporate actions and major items of capital expenditure. The Board has established an audit committee, a remuneration committee and a nomination committee, with formally delegated duties and responsibilities and each with written terms of reference.

19.1 ***Audit Committee***

On Admission, the Audit Committee will be comprised of Neil Jones, Joanna Parnell and René Rechtman and will be chaired by Neil Jones. The Audit Committee is expected to meet at least four times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. In addition, under the Companies Law, the Audit Committee is required to monitor deficiencies in the administration of the Company, including by consulting with the internal auditor and independent accountants, to review, classify and approve related party transactions and extraordinary transactions, to review the internal auditor's audit plan and to establish and monitor whistle-blower procedures. The Audit Committee will have unrestricted access to the Company's external auditors.

19.2 ***Remuneration Committee***

On Admission, the Remuneration Committee will be comprised of Neil Jones, Joanna Parnell and René Rechtman and will be chaired by Joanna Parnell. It is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, the chairman, the executive and non-executive directors, the Company secretary and other senior executives. The Remuneration Committee also has responsibility for: (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of the Company secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Company's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

19.3 ***Nomination Committee***

On Admission, the Nomination Committee will comprise of Neil Jones, Joanna Parnell and René Rechtman and will be chaired by René Rechtman. It is expected to meet not less than once a year and at such other times as required. The Nomination Committee will have responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. The Nomination Committee will also have responsibility for recommending new appointments to the Board and to the other Board committees. It will be responsible for identifying suitable candidates for board membership and monitor the performance and suitability of the current Board on an on-going basis.

19.4 ***Israeli Law Requirements***

In accordance with the Companies Law, the Company must always have at least two Outside Directors. The Outside Directors must meet certain statutory requirements of independence. The Company's Outside Directors from Admission will be Neil Jones, Joanna Parnell and René Rechtman.

The term of office of an Outside Director is three years, which can be extended for two additional three year terms. Under the Companies Law, Outside Directors are elected by shareholders and approval of the election of an Outside Director must satisfy either of two additional tests:

- the shares voted in favour of the election must include at least a majority of the shares voted by shareholders other than Controlling Shareholders or shareholders who have a Personal Interest in the election of the Outside Director (excluding a Personal Interest that is not related to a relationship with the Controlling Shareholders); or
- the total number of shares held by non-Controlling Shareholders and shareholders without a Personal Interest in the election of the Outside Director (excluding a Personal Interest that is not related to a relationship with the Controlling Shareholders) that voted against the election of the Outside Director must not exceed 2% of the aggregate voting rights of the Company.

Subject to the provisions of the Companies Law, an Outside Director can only be removed from office (without his consent) in one or more of the following circumstances:

- by a competent court which, upon the application of the Company, a director, a shareholder or a creditor of the Company, orders termination of the office of that director because it has determined either that: (a) he is permanently unable to fulfil his functions; or (b) during his appointment he has been found guilty in a court outside of Israel of bribery, deceit, an offence of a manager of a corporate body or an offence involving the misuse of inside information;
- by a competent court which, upon the application of a director or shareholder of the Company, orders the termination of the office of that director because it has determined that he has ceased to fulfil one of the conditions required under the Companies Law for his appointment as an Outside Director or that he has breached his fiduciary duty to the Company; and
- by a shareholders' resolution passed by the same majority required for the appointment of an Outside Director, provided that the Board has determined that either: (a) he no longer complies with the conditions set out by the Companies Law for the appointment of such a director; or (b) he has breached his fiduciary duty to the Company.

Any committee of the Board must include at least one Outside Director and the Audit Committee and Remuneration Committee must each include all of the Outside Directors (including one Outside Director serving as the chair of the Audit Committee and Remuneration Committee), and a majority of the members of each of the Audit Committee and Remuneration Committee must comply with the director independence requirements prescribed by the Companies Law.

At least one of the Outside Directors must have "accounting and financial expertise" and any other Outside Director must have "accounting and financial expertise" or "professional qualification," as such terms are defined by regulations promulgated under the Companies Law.

The Audit Committee and the Remuneration Committee may not include the chairman of the Board, or any director employed by the Company, by a Controlling Shareholder or by any entity controlled by a Controlling Shareholder, or any director providing services to the Company, to a Controlling Shareholder or to any entity controlled by a Controlling Shareholder on a regular basis, or any director whose income is primarily dependent on a Controlling Shareholder, and may not include a Controlling Shareholder or any relatives of a Controlling Shareholder.

Individuals who are not permitted to be Audit Committee or Remuneration Committee members may not participate in the meeting of the committees other than to present a particular issue. However, an employee who is not a Controlling Shareholder or relative may participate in the committee's discussions but not in any vote, and the Company's legal counsel and secretary may participate in the committee's discussions and attend the voting.

20. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors, Proposed Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to the restrictions on dealings during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by the Directors, Proposed Directors and any relevant employees.

21. Share Incentive Arrangements

The Directors believe that the Company's success is highly dependent on the quality and loyalty of its employees. The Directors consider that to assist in the recruitment, retention and motivation of high quality staff, the Company must have an effective remuneration strategy and that an important part of this remuneration strategy is the ability to award equity incentives and, in particular, share options and share awards.

The Company has granted options over its Ordinary Shares to certain of its existing employees under the Company's Global Share Incentive Plan (2011) (the "**Share Option Plan**"). Immediately following Admission, options over a total of 3,392,276 Ordinary Shares will be outstanding under the Share Option Plan, representing 5.5% of the Enlarged Share Capital of which 2,222,276 are vested and 1,170,000 are unvested.

A summary of the terms of the Share Option Plan and further details of the options granted by the Company are set out in paragraph 5 of Part IV of this document.

22. CREST and Depositary Interests

The requirements of the AIM Rules provide that the Company must, upon Admission becoming effective, have a facility for the electronic settlement of the Ordinary Shares. The shares of companies incorporated in England (and the shares of companies incorporated in certain other jurisdictions) which are quoted on AIM are settled through CREST, which is an electronic paperless share transfer and settlement system. The CREST system allows shares and other securities, (including Depositary Interests), to be held in electronic rather than paper form. However, with limited exceptions, only shares and other securities which are constituted under English law can be settled through the CREST system, regardless of the fact that they may be admitted to trading on AIM. As the Company is incorporated in Israel, its Ordinary Shares are not eligible to be held through CREST and, accordingly, the Company has established, via the Depositary, a depositary interest programme.

The Depositary Interests representing the Ordinary Shares will be issued to the individual Shareholders' CREST account on a one for one basis and with the Depositary providing the necessary custodial service. The Depositary Interests are themselves independent securities constituted under English law and can be traded and settled within the CREST system in the same way as any other CREST security. The Shareholders have the choice of whether to hold their Ordinary Shares in certificated form or in uncertificated form in the form of Depositary Interests. Shareholders who elect to hold their Ordinary Shares in uncertificated form through the Depositary Interest facility will be bound by a deed of trust.

The Company's share register, which will be kept by the Registrar, will show the Custodian as the holder of the Ordinary Shares represented by Depositary Interests but the beneficial interest will remain with the Shareholders who will continue to receive all the rights attaching to the Ordinary Shares as they would have if they had themselves been entered on the Company's share register. Shareholders can withdraw their Ordinary Shares back into certificated form at any time using standard CREST messages. Transfers of Depositary Interests are subject to stamp duty reserve tax.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. It is expected that, where Placees have asked to hold their Ordinary Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. Where Placees have requested to receive their Ordinary Shares in certificated form, share certificates will be despatched by first-class post within ten days of the date of Admission. No temporary documents of title will be issued. Pending the receipt of definitive share certificates in respect of the Placing Shares (other than in respect of those Placing Shares settled via Depositary Interests through CREST), transfers will be certified against the Company's share register.

The ISIN number of the Ordinary Shares is IL0011320343. The TIDM is MARI.

23. Taxation

General information regarding UK and Israeli taxation is set out in paragraph 10 of Part IV of this document.

Investors who are in any doubt as to their tax position are strongly advised to consult their own independent financial professional adviser immediately.

24. Shareholder Notification and Disclosure Requirements

Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in the Articles. A summary of the notification requirements under the Articles is set out in paragraph 6.19 of Part IV of this document.

25. Risk Factors

Prospective investors' attention is drawn to the risk factors set out in Part II of this document and to the sub-heading entitled "Forward Looking Statements" on page 2 of this document. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

26. Additional Information

Prospective investors should read the whole of this document which provides additional information on the Company and the Placing and not just rely on the information contained in this Part I. Your attention is drawn, to the information set out in Parts II to IV (inclusive) of this document which contain further information on the Company.

PART II

RISK FACTORS

You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company. Before making a final decision, investors in any doubt are advised to consult a person who specialises in advising on the acquisition of shares and other securities.

An investment in the Ordinary Shares involves a high degree of risk. The risks and uncertainties below are those that the Directors, the Proposed Directors and the Company consider to be material. You should carefully consider the following information about these risks, together with the information contained elsewhere in this document, before deciding to buy any Ordinary Shares. Each of these risks could have a material adverse effect on the Company's business, financial condition, results of operation, future prospects or the trading price of the Ordinary Shares, and investors could lose all or part of their investment. The Company has described the risks and uncertainties that it believes are material, but these risks and uncertainties may not be the only ones the Company faces. Additional risks and uncertainties relating to the Company that are not currently known to it, or that it currently deems immaterial, may also have an adverse effect on its business, financial condition, results of operations and future prospects. If this occurs, the trading price of the Ordinary Shares may decline, and investors could lose all or part of their investment.

The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, financial condition, results of operation, future prospects or the trading price of the Ordinary Shares. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

RISKS RELATING TO THE COMPANY'S TRADING ACTIVITIES

Political and economic events within the Asia-Pacific region, Western Europe and North America may harm the Company's operations

The Company generates the majority of its revenue from customers in the Asia-Pacific region, Western Europe and North America, which in aggregate accounted for 74.7% of the Company's revenue in the financial year ended 31 December 2013. The occurrence of any negative political or economic events within the Asia-Pacific region, Western Europe or North America could result in significant revenue shortfalls which could cause the Company's business to be harmed. Such events in relation to Western Europe could include the collapse of the euro as a currency, the break-up of the Eurozone or the withdrawal or removal of an existing member state (including the UK) from the EEA. Such events in relation to North America could include the uncertainty in the event of a repeat of the 2013 debt-ceiling and budget crisis, which may cause general business conditions in the U.S. and elsewhere to deteriorate or become volatile, and which could adversely affect the Company's business. In the Asia-Pacific region, political instability caused by geo-political events (including, but not limited to, Sino-Japanese military engagements and North Korean missile tests) could see an adverse change in the sentiment in the economic climates in those territories within the Asia-Pacific region in which the Company operates.

The Company may suffer losses if its reputation is harmed

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

As noted in paragraph 7.9 of Part IV of this document, Hagai Tal is a co-defendant in a claim arising out of the acquisition by Great Hill Equity Partners of Plimus Inc, a company of which Mr Tal was, prior to its sale, the chief executive officer and a minority shareholder. All the defendants to the claim (including Mr Tal) deny

any wrongdoing and intend to vigorously defend themselves against it. However, there can be no guarantee that, should the claim proceed to trial, their defence would be successful. Any judgment against Mr Tal could have an adverse effect on the Company, its reputation and its relationships with its customers.

Dependence on key personnel

The Company depends on its senior management team, and if it is unable to retain its current personnel and hire additional personnel, its ability to implement its growth strategy and compete in its industry could be harmed.

The Company's future growth and success depends, in part, upon the leadership and performance of its management team, many of whom have significant experience in the technology sector and would be difficult to replace. In particular, the Company is highly dependent on the continued services of the Founders, the senior management team and other key employees, including technical personnel. The loss of executive officers, any members of the senior management team or other key employees, the inability to recruit sufficiently qualified personnel, or the inability to replace departing employees in a timely manner could have a material adverse effect on the Company's ability to run its business and, accordingly, on its financial condition and operating results. The Company has no key man insurance in place.

If the Company's access to quality advertising inventory is diminished or if the Company fails to acquire new advertising inventory, the Company's revenue could decline and the Company's growth could be impeded

The Company must maintain a consistent supply of attractive advertising inventory, meaning the digital space on which the Company places advertising impressions. The Company's success depends on the Company's ability to secure quality inventory on reasonable terms across a broad range of advertising networks and exchanges, including real time advertising exchanges, such as AppNexus and Yahoo (Right Media).

The amount, quality and cost of inventory available to the Company can change at any time. The Company's suppliers are generally not bound by long-term contracts. As a result, the Company cannot provide any assurance that the Company will have access to a consistent supply of quality inventory. Moreover, the number of competing intermediaries that purchase advertising inventory from real-time advertising exchanges continues to increase, which could put upward pressure on inventory costs. If the Company is unable to compete favourably for advertising inventory available on real-time advertising exchanges, or if real-time advertising exchanges decide not to make their advertising inventory available to the Company, the Company may not be able to place advertisements at competitive rates or find alternative sources of inventory with comparable traffic patterns and consumer demographics in a timely manner. Furthermore, the inventory that the Company accesses through real-time advertising exchanges may be of low quality or misrepresented to the Company, despite attempts by the Company and the Company's suppliers to prevent fraud and conduct quality assurance checks.

The Company depends on website and other digital media owners for advertising inventory to deliver advertisers' advertising campaigns, and any decline in the supply of advertising inventory from these sellers could hurt the Company's business

The Company depends on website and other digital media owners to provide the Company with advertising inventory within their websites and applications. The sellers that supply their advertising inventory to the Company typically do so on a non-exclusive basis and are not required to provide any minimum amounts of advertising inventory to the Company, or provide the Company with a consistent supply of advertising inventory. Sellers may seek to change the terms on which they offer inventory to the Company, or they may elect to make advertising inventory available to the Company's competitors who offer advertisements to them on more favourable economic terms.

If sellers decide not to make advertising inventory available to the Company, decide to increase the price of inventory, or place significant restrictions on the sale of their advertising inventory, the Company may not be able to replace this with inventory from other sellers that satisfies the Company's requirements in a timely and cost-effective manner. In addition, significant sellers in the industry may enter into exclusivity arrangements with the Company's competitors, which could limit the Company's access to a meaningful supply of advertising inventory. If any of this happens, the value of the Company's services to buyers could

decrease and the Company's revenue could decline or the Company's cost of acquiring inventory could increase, lowering the Company's operating margins.

The Company's contracts with buyers are generally not exclusive and generally do not require minimum volumes or long-term commitments

Generally, buyers conduct business with the Company's competitors as well as with the Company, and are not obligated to provide the Company with any minimum volume of business. Most of the Company's business with buyers originates pursuant to "insertion orders," which are often limited in scope and can be reduced or cancelled by the buyer without incurring any penalty. Accordingly, the Company's business is highly vulnerable to changes in the macro environment and development of new or more compelling offerings by the Company's competitors, which could reduce business generally or motivate buyers to migrate to competitors' offerings. Further, if the Company's relationship with a buyer becomes strained due to service failures or other reasons, it is very easy for that buyer to reduce or terminate its business with the Company. Because the Company does not have long-term contracts, the Company's future revenue may be difficult to predict and there is no assurance that the Company's current buyers will continue to use the Company's solution or that the Company will be able to replace lost buyers with new ones. If a buyer or group of buyers representing a significant portion of the Company's business decides to materially reduce use of the Company's services, it could cause an immediate and significant decline in the Company's revenue and profitability and harm the Company's business.

If the Company fails to detect fraud or serves the Company's advertisers' advertisements on undesirable websites, the Company's reputation will suffer, which would harm the Company's brand and reputation and negatively impact the Company's business, financial condition and results of operations

The Company may be subject to fraudulent and malicious activities undertaken by persons seeking to use the Company's platform to divert, or artificially inflate, purchases by buyers through the Company's platform. Examples of such activities include the use of bots, or other automated or manual mechanisms to generate fraudulent impressions which are delivered through the Company's platform, and which could materially overstate the performance of advertising impressions. The Company actively attempts to identify non-human inventory and traffic. Because buyers will frequently re-allocate campaigns to other sellers, it is difficult to measure the precise impact on paid impressions and revenue from the loss of these sellers. Although the Company assesses the quality and performance of advertising on sellers' digital media properties, it may be difficult to detect fraudulent or malicious activity because the Company does not own content and the Company relies, in part, on sellers to controls such activities. Further, perpetrators of fraudulent impressions frequently change tactics and may become more sophisticated, requiring the Company to improve its processes for assessing the quality of a seller's inventory and controlling fraudulent activity. If fraudulent or other malicious activity is perpetrated by third parties, and the Company fails to detect or prevent it, affected advertisers may experience, or perceive, a reduced return on their investment resulting in dissatisfaction with the Company's services, a refusal to pay, demands for refunds, a loss of confidence of buyers or sellers in the Company and a withdrawal of future business.

The Company could experience similar consequences if inventory sold through the Company's platform is not viewable by end consumers for technical or other reasons or is diverted to publisher websites which the advertiser deems to be unsuitable for its brand.

Real or perceived errors or failures in the operation of the Company's solution could damage the Company's reputation and impair the Company's sales

The Company's solution processes must operate without interruption to support the needs of sellers and buyers. Because the Company's software is complex, undetected errors and failures may occur, especially when new versions or updates are made to the Company's software or network infrastructure, or changes are made to sellers' or buyers' software which interfacing with the Company's platform. Errors or bugs in the Company's software, faulty algorithms, technical or infrastructure problems, or updates to the Company's systems could lead to an inability to process data, place advertisements or price inventory effectively, or cause advertisements to display improperly or be placed in proximity to inappropriate content. Despite testing by the Company, errors or bugs in the Company's software have in the past, and may in the future, not be found until the software is in the Company's live operating environment. Errors or failures in the Company's services, even if caused by the implementation of changes by buyers or sellers to their systems, could also result in negative publicity, damage to the Company's reputation, loss of or delay in market

acceptance of the Company's solution, increased costs or loss of revenue, loss of competitive position or claims by advertisers for losses sustained by them.

The Company may make errors in the measurement of transactions conducted through the Company's platform, causing discrepancies in the internal key performance indicators of buyers and sellers, which may lead to a lack of confidence in the Company and require the Company to reduce the Company's fees or provide refunds. In addition, remedying problems arising as a result of errors in the Company's software could require significant capital and other resource and could cause interruptions, delays or the cessation of the Company's business.

Legislation and regulation of digital businesses and/or industry standards adopted by key players in the market, such as Google, could create unexpected additional costs, subject the Company to enforcement actions for compliance failures, or cause the Company to be forced to change the Company's technology solution or business model, which may have an adverse effect on the demand for the Company's services

In the course of the Company's business, the Company collects, stores, transmits, and uses information related to computing and communications devices, user activity on devices, and advertisements placed through the Company's platform. Several governments across the world are considering passing legislation concerning digital advertising. Such legislation and/or industry standards adopted by key players in the market, such as Google, could affect the costs of doing business online, and may adversely affect the demand for, or effectiveness and value of, the Company's services.

In addition, the Company uses small text files, known as "cookies", to gather user data to enable the Company's services to become more effective. If the use of cookies is restricted or otherwise subject to unfavourable regulation, the Company's performance may decline and the Company may lose advertisers and revenue.

Any acquisitions the Company undertakes may disrupt the Company's business, adversely affect operations, and dilute shareholders

The Company intends to pursue acquisitions in an effort to increase revenue, expand the Company's market position, add to the Company's technological capabilities, respond to dynamic market conditions, or for other strategic or financial purposes, as reflected by Company's option to acquire Taptica Ltd (set out in further detail in paragraph 15.6 of Part IV of this document). There is no assurance that the Company will identify suitable acquisition candidates or complete any acquisitions on favourable terms, or at all. Furthermore, any acquisitions which the Company does complete would involve a number of risks, including:

- the identification, acquisition and integration of acquired businesses will require substantial attention from management. The diversion of management's attention and any difficulties encountered in the transition process could adversely affect the Company's business.
- the identification, acquisition and integration of acquired businesses requires significant investment, including to harmonise service offerings, expand management capabilities and market presence, and improve or increase development efforts and technology features and functions.
- the anticipated benefits from an acquisition may not be achieved, including because of a result of loss of customers or personnel of the target, other difficulties in supporting and transitioning the target's customers, the inability to realise anticipated synergies from an acquisition or negative cultural effects arising from the integration of new personnel.
- the Company may face difficulties in integrating the technologies, solutions, operations, and existing contracts of the acquired business.
- the Company may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company, technology, or solution, including issues related to intellectual property, solution quality or architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues.
- to pay for future acquisitions, the Company may issue Ordinary Shares, pay cash or use a combination of both. Issues of Ordinary Shares will dilute Shareholders. The use of cash reserves could diminish the Company's ability to respond to other opportunities or challenges. Borrowing to fund the cash element of a purchase price will result in increased debt obligations and the terms of any such

borrowings could include covenants or other restrictions that may impair the Company's ability to manage its Company's operations in the way it currently does.

- acquisitions expose the Company to the risk of assumed known and unknown liabilities for which indemnity obligations, escrow arrangements or insurance are not available or not may prove insufficient to provide total coverage.
- New business acquisitions can generate significant intangible assets that result in substantial related amortisation charges and possible impairments.

The Company's proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of the Company's solution without compensating the Company

The Company's success depends, in part, on the Company's ability to protect its proprietary methods and technologies that the Company develops or otherwise acquires, in order that the Company can prevent others from using its inventions and proprietary information. If the Company fails to protect its intellectual property rights adequately, competitors may gain access to its technology, and the Company's business might be adversely affected. The Company relies on copyright, trade secret laws, confidentiality procedures and contractual provisions to protect its proprietary methods and technologies. The Company's patent strategy is still in its early stages and to date the Company has not applied for any patent protection.

The Company generally enters into confidentiality and/or license agreements with the Company's employees, consultants, vendors and advertisers, and generally limits access to, and distribution of, the Company's proprietary information. However, the Company cannot ensure that any steps taken will prevent the misappropriation of the Company's technology and proprietary information or the infringement of the Company's intellectual property rights. Policing the unauthorised use of the Company's technology and intellectual property is difficult and costly. The Company's competitors and others could attempt to capitalise on the Company's brand recognition by using domain names or business names similar to the Company's, and the Company may be unable to prevent third parties from acquiring or using domain names and other trademarks that infringe, are similar to, or otherwise decrease the value of, the Company's brands, or service marks.

In addition, despite the steps which the Company has taken to protect its proprietary rights, it may be possible for unauthorised third parties to copy, or reverse-engineer, certain aspects of the Company's technology or otherwise obtain and use information that the Company regards as proprietary in order to develop technology similar, or superior to, the Company's technology.

The Company may be subject to intellectual property right claims by third parties, which are costly to defend, could require the Company to pay significant damages and could limit the Company's ability to use certain technologies and intellectual property

The digital advertising industry is characterised by the existence of large numbers of patents, copyrights, trademarks, trade secrets and other intellectual property and proprietary rights. Companies in the software industry are often required to defend themselves against litigation claims based on allegations of infringement or other violations of intellectual property rights. The Company's technologies may not be able to withstand any third-party rights or claims against their use.

Third parties may assert claims of infringement or misappropriation of intellectual property rights in proprietary technology against the Company for which the Company may be liable or have an indemnification obligation. The Company cannot ensure that it will not be subject to any claims for the infringement or violation of any third-party intellectual property rights. From time to time, the Company or its buyers and sellers may be subject to legal proceedings relating to the Company's services or the underlying technology and the intellectual property rights of others, particularly as the Company expands the complexity and scope of its business. As a result of the public disclosure of information in filings required of a listed company, the Company's business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties.

Regardless of whether claims that the Company is infringing patents or infringing or misappropriating other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend, and can impose a significant burden on management and employees. The outcome of any litigation is inherently uncertain, and the Company may receive unfavourable interim or preliminary rulings in the course

of litigation. There can be no assurances that favourable final outcomes will be obtained in all cases. The Company may decide to settle lawsuits and disputes on terms that are unfavourable. Some of the Company's competitors have substantially greater resources than the Company and such competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than the Company.

The Company must scale the Company's technology infrastructure to support the Company's growth and transaction volumes. If the Company fails to do so, the Company may lose buyers, sellers and revenue from transactions

When a user visits a website or uses an application where the Company's technology is integrated, the Company's technology must process a transaction for that seller and conduct an auction, often between hundreds of buyers and thousands of advertiser brands, within milliseconds. The Company's technology must scale-up in order to process all of the advertising impressions by visitors of all of the websites and applications offered on the Company's platform, combined. Additionally, for each individual advertising impression, the Company's technology must be able to send bid requests to all of the appropriate and available buyers on the Company's platform. The Company must be able to continue to increase the capacity of its platform in order to support substantial increases in the number of buyers and sellers, to support an increasing variety of advertising formats and to maintain a stable service infrastructure and reliable service delivery. If the Company is unable effectively to increase the scale of the Company's platform to support and manage a substantial increase in the number of transactions, as well as a substantial increase in the amount of data the Company processes, on a cost effective basis, whilst also maintaining a high level of performance, the quality of the Company's services could decline and the Company's reputation and business could be seriously harmed. The Company expects to continue to invest in its platform in order to meet increasing demand. Such investment may negatively affect the Company's profitability and results of operations.

The Company's technology development efforts may be inefficient or ineffective, which may harm the Company's ability to attract buyers and sellers

The Company's future success will depend in part upon the Company's ability to enhance its existing services and to develop and introduce competing new services in a timely manner, with both features and pricing that meet changing client and market requirements. The Company faces intense competition in the marketplace and is confronted by rapidly changing technology, evolving industry standards and consumer needs and the frequent introduction of new services by its competitors to which the Company must adapt and respond. The Company's platform is complex and requires a significant investment of both time and resources to develop, test, introduce into use, and enhance. If development of the Company's platform becomes significantly more expensive because of changes in regulatory requirements or industry practices, or other factors, the Company may find itself at a disadvantage to larger competitors with more resources to devote to development. If the Company does not manage the Company's development efforts efficiently and effectively, the Company may fail to produce, or produce in a timely fashion, services that respond appropriately to the needs of buyers and sellers, and competitors may develop offerings that more successfully anticipate market evolution and address market expectations. If the Company's platform is not responsive and competitive, buyers and sellers may move their business to competing solutions.

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

The Company faces intense competition in the marketplace. The Company is confronted by rapidly changing technology, evolving user needs and the frequent introduction by its competitors of new and enhanced services. The Company competes for advertising spending against competitors who, in some cases, are also buyers on its platform. The Company also competes for supply of advertising inventory against a variety of competitors. Some of its existing and potential competitors are better established, benefit from greater name recognition, and have significantly greater financial, technical, sales, and marketing resources than the Company. In addition, some competitors, particularly those with a more diversified revenue base, may have greater flexibility than the Company to compete aggressively on the basis of price and other contract terms. Some buyers that use the Company's services have their own relationships with sellers and can directly connect advertisers with sellers. The Company's business may suffer to the extent that buyers and sellers purchase and sell advertising inventory directly from one another or through intermediaries other than the Company. New competitors may emerge through acquisitions or through development of disruptive

technologies. Strong and evolving competition could lead to a loss of the Company's market share or make it more difficult to grow its business profitably.

The Company may be adversely affected by exchange rates and the rate of inflation in Israel

Since the Company reports its financial results in US dollars, fluctuations in rates of exchange between the US Dollar and non-US Dollar currencies may have a material adverse effect on the Company's results of operations.

The Company generates its revenues in a variety of currencies, including the euro, pounds Sterling and the NIS. As a result, some of the Company's financial assets are denominated in these currencies and fluctuations in these currencies could adversely affect its financial results. The Company does not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on its results of operations. If the Company were to determine that it was in its best interests to enter into any currency hedging transactions in the future, there can be no assurance that the Company will be able to do so or that such transactions, if entered into, will materially reduce the effect of fluctuations in foreign currency exchange rates on its results of operations. In addition, if, for any reason, exchange or price controls or other restrictions on the conversion of one currency into another currency were imposed, the Company's business could be adversely affected. Although exposure to currency fluctuations to date has not had a material adverse effect on the Company's business, there can be no assurance such fluctuations in the future will not have a material adverse effect on revenues from international sales and, consequently the Company's business, operating results and financial condition.

RISKS RELATING TO THE COMPANY'S TRADING SYSTEMS

Systems failures or delays could materially harm the Company's business

The Company's primary technology platform is the Qadabra platform which is a critical part of the Company's operations. Whilst to date there has been no significant malfunctioning of the Qadabra platform, any damage, malfunction, failure or interruption of the Qadabra platform could result in a lack in confidence in the Company's services and a possible loss of existing customers to its competitors or could expose the Company to higher risk or losses, with a consequential material adverse effect on the Company's operations and results. The Qadabra platform is designed to be scalable using Amazon's Cloud Services and this application automatically balances the workload of Qadabra so that it can adapt to sudden increases in usage and monitor the health of the application. Management has successfully tested this Amazon application with four times the current average daily traffic and there are back-up procedures in place should the Qadabra platform malfunction in any way. Whilst such procedures are intended to mitigate the effects of events such as those listed above on the Company's business, there can be no assurance that such procedures can account for, or protect against, all eventualities or that they will be effective in preventing any interruption to the operations and systems of the Company, in particular to the Qadabra platform.

The Company also relies on its systems and the security of its network for the secure transmission of confidential information such as information about the Company's publishers and advertisers. Whilst the Company has not experienced any known significant network security breaches to date, any such occurrences (whether due to systems malfunction, unauthorised access being gained by persons who circumvent the Company's security or otherwise) could result in the Company's current customers ceasing to do business with the Company and the Company being held criminally or civilly liable.

Various risks could interrupt access to the Company's network infrastructure or data, exposing the Company to significant costs and other liabilities

The Company's revenue depends on the technological ability of the Company's platform to deliver and measure advertising impressions, and the operation of the Company's exchange and the Company's ability to place impressions depend on the continuing and uninterrupted performance of the Company's IT systems. The Company's platform operates on the Company's data processing equipment that is housed in third-party commercial data centres which the Company does not control. In addition, the Company's systems interact with systems of buyers and sellers and their contractors. All of these facilities and systems are vulnerable to interruption and/or damage from a number of sources, many of which are beyond the Company's control, including, without limitation: (i) power loss, loss of adequate cooling and telecommunications failures; (ii) fire, flood, earthquake, hurricane and other natural disasters; (iii) software

and hardware errors, failures or crashes; (iv) financial insolvency; and (v) computer viruses, hacking, terrorism, and similar disruptive problems.

Buyers may perceive any technical disruption or failure in the performance of advertisements on sellers' digital media properties to be attributable to the Company, and the Company's reputation could similarly suffer, or buyers may seek to avoid payment or demand future credits for disruptions or failures, any of which could harm the Company's business and results of operations. If the Company is unable to operate the Company's exchange and deliver advertising impressions successfully, the Company's ability to attract potential buyers and sellers and retain and expand business with existing buyers and sellers could be harmed and the Company's business, financial condition and operating results could be adversely affected.

Malfunction or failure of the Company's systems, or other systems that interact with the Company's systems, could disrupt the Company's operations and negatively impact the Company's business and results of operations to a level in excess of any applicable business interruption insurance. Interruption in the operation of the Company's solution would result in a loss of revenue and potential liability to buyers and sellers, and any significant instances of system downtime could negatively affect the Company's reputation and ability to sell the Company's solution

RISKS RELATING TO THE COMPANY'S FINANCIAL CONDITION

The Company has a limited operating history

The Company was established in March 2007. The Company therefore has a relatively limited operating history and a relatively new business model for investors to be able evaluate the potential of its business development and future success. The Company may not be able to sustain the rate of growth it has achieved to date, or even maintain its current revenue levels. Furthermore, the implementation of the Company's business strategy is in its early stages and subject to all of the risks inherent in the establishment of a relatively new business venture. Any future success the Company might enjoy will depend upon many factors, several of which may be beyond its control, or which cannot be predicted at this time, and which could have a material adverse effect upon the Company's financial condition, business prospects and operations and the value of an investment in the Company.

Loss of business from large buyers or sellers could have a significant negative impact on the Company's results of operations and overall financial condition

Certain large buyers and sellers have accounted for and will continue to account for, a disproportionate share of business transacted through the Company's platform. Consequentially, the retention of large buyers and sellers is important to the Company's operating results, as well as the robustness of the Company's business. Buyer and seller needs and plans can change quickly, and buyers or sellers may reduce volumes or terminate their arrangements with the Company for a variety of reasons, including financial issues or other changes in circumstances, new offerings by or strategic relationships with the Company's competitors, change in control (including consolidations through mergers and acquisitions), or declining general economic conditions (including those resulting from dissolutions of companies). Loss of revenue from significant buyers or failure to collect accounts receivable, whether as a result of buyer payment default, contract termination, or other factors, or significant reductions in inventory, could have a significant negative impact on the Company's results of operation and overall financial condition.

The Company's operating results may fluctuate significantly depending upon various factors, which could make the Company's future operating results difficult to predict and cause the Company's operating results to fall below analysts' and investors' expectations

The Company's operating results are difficult to predict due to a number of factors, particularly because the Company generally does not have long-term arrangements with buyers or sellers. The Company has from time to time experienced significant variations in revenue and operating results from period to period. The Company's operating results may continue to fluctuate and be difficult to predict due to a number of factors, including: (i) seasonality in demand for digital advertising; (ii) changes in pricing of advertising inventory or pricing for the Company's services and the Company's competitors' offerings; (iii) the addition or loss of buyers or sellers; (iv) changes in the advertising strategies or budgets or financial condition of advertisers; (v) the performance of the Company's technology and the cost, timeliness and results of the Company's technology innovation efforts; (vi) advertising technology and digital media industry conditions and the overall demand for advertising, or changes and uncertainty in the regulatory environment for the Company or buyers

or sellers, including with respect to privacy regulation; (vii) the introduction of new technologies or service offerings by the Company's competitors and market acceptance of such technologies or services; and (viii) the Company's level of expenses, including investment required to support the Company's technology development, scale the Company's technology infrastructure and business expansion efforts, including acquisitions and hiring and capital expenditures.

The Company's revenue and operating results are highly dependent on the overall demand for advertising

The Company's business depends on the overall demand for advertising and on the economic health of the Company's current and prospective sellers and advertisers. If advertisers reduce their overall advertising spending, the Company's revenues and results of operations will be directly affected. Economic downturns or instability in political or market conditions generally may cause current or new advertisers to reduce their advertising budgets. Reductions in inventory due to loss of sellers would make the Company's platform less attractive to buyers. Adverse economic conditions and general uncertainty about the global economic recovery are also likely to affect the Company's business prospects.

Management of growth

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

Unavailability of capital in the future may require the Company to raise additional financing or reduce the scope of its operations

The Company currently has no debt financing facilities in place. To the extent that available capital resources in the future are insufficient to fund activities in the long term, or if the Company's actual revenue or operating profit is lower than estimated, the Company may need to raise additional funds through public or private financings. If adequate funds are not available to satisfy its requirements, the Company may be required to reduce its scope of operations or anticipated expansion significantly, refinance any outstanding obligations or forego market and acquisition opportunities, all of which could have a material adverse effect on the Company's business, financial condition and operating results. The inclusion of this risk factor does not seek in any way to qualify the working capital statement made in paragraph 11 of Part IV of this document.

RISK FACTORS RELATING TO THE COMPANY'S DOMICILE AND OPERATIONS IN ISRAEL

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

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

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

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

It may be difficult to enforce an English judgment against the Company or its officers and directors, to assert English securities laws claims in Israel or serve process on substantially all of the Company's officers and directors

The Company is organised under the laws of the State of Israel and the majority of its senior management team are based in Israel. Therefore, it may be difficult for an investor, or any other person or entity, to enforce a judgment obtained in the United Kingdom against the Company or any of these persons, or to effect service of process upon these persons in the United Kingdom. Furthermore, it may be difficult to assert English securities law claims in original actions instituted in Israel. The Israeli courts may refuse to hear a claim based on a violation of English securities laws on the grounds that Israel is not the most appropriate forum in which to bring such a claim. Even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not English law is applicable to the claim. If English law is found to be applicable, the content of applicable English law must be proved as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above.

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

The Company is incorporated under Israeli law. The rights and responsibilities of holders of Ordinary Shares are governed by the Articles and by Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical English incorporated companies.

In particular, a shareholder of an Israeli company has a duty to act in good faith toward the company and other shareholders and to refrain from abusing his power in the company, including, among other things, in voting at a general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable in shareholder votes on, among other things, amendments to a company's articles of association, increases in a company's authorised share capital, mergers and interested party transactions requiring shareholder approval. In addition, a controlling shareholder, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote, and a shareholder that possesses the power to appoint or prevent the appointment of a director or executive officer of a company, has a general duty of fairness toward the company.

Further, the Companies Law requires Israeli public companies to have at least two Outside Directors who shall be appointed for a term of three years (which can be extended for two additional three year terms) and can be removed from office (including by shareholder vote) only under very limited circumstances. See paragraph 19.4 of Part I of this document for further information.

The Company may become subject to claims for remuneration or royalties for assigned service invention rights by its contractors or employees, which could result in litigation and adversely affect its business

The Company enters into assignment of invention agreements with all its employees, pursuant to which such individuals agree to assign to the Company all rights to any inventions created in the scope of their employment or engagement with the Company. Under applicable patent legislation in Israel, inventions conceived by an employee or a person deemed to be an employee during the scope of their employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between employee and employer giving the employee service invention rights. The patent legislation also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee shall determine whether the employee or contractor is entitled to remuneration for their inventions. However, recent decisions by the Israeli Compensation and Royalties Committee and the Supreme Court have created uncertainty in this area, as the Supreme Court has held that employees may be entitled to remuneration for their service inventions despite having specifically waived such rights. Furthermore, the Committee has not yet determined the method for calculating this Committee-enforced remuneration. Therefore, although the Company's contractors and employees have all agreed to assign to the Company service invention rights, the Company may face claims challenging such agreements and demanding remuneration in consideration for assigned inventions. As a consequence of such claims, the Company could be required to pay additional remuneration or royalties to its contractors or employees, or be forced to litigate such claims, which could otherwise negatively affect its business.

The Takeover Code does not apply

The Takeover Code does not and will not apply to the Company. However, the Company's articles of association contain certain provisions in relation to major acquisitions of shares. In addition, the Company is subject to Israeli law, which regulates acquisitions of shares through tender offers and mergers and regulates other matters that may be relevant to these types of transactions. Further information is contained in paragraph 17 of Part IV of this document.

The Company is eligible for certain tax benefits under the Law for the Encouragement of Capital Investments, 1959 (the Investments Law), upon meeting various conditions. These tax benefits may be reduced or abolished in the future, which may result in higher tax expenses.

The Company has obtained a tax ruling from the Israeli Tax Authority ("ITA"), effective for the years 2012 – 2016 (the Company can submit an application to the ITA in order to extend the benefit period), which determines that the Company owns an "Industrial Enterprise" under the Investments Law. Accordingly, provided certain conditions are met, income derived from the industrial enterprise (the "preferred income") would be eligible for certain tax benefits (including beneficial tax rate of 16%). However, the Company's ordinary income is subject to standard corporate tax rate (described below).

In case the Company does not meet the conditions stipulated in the tax ruling and/or in the Investments Law, these tax benefits may be reduced, cancelled or discontinued, and the Company's taxable income would be subject to regular Israeli corporate tax rates. The standard corporate tax rate for Israeli companies in 2011 was 24%, 25% in 2012-2013 and 26.5% for 2014 and thereafter. Additionally, if the Company increases its activities outside of Israel through acquisitions, for example, the expanded activities might not be eligible for inclusion in future Israeli tax benefit programs.

RISKS RELATING TO THE ADMISSION

Risk of investing in shares traded on AIM

An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell shares will depend on there being a willing buyer for them at an acceptable price. Investors may therefore realise less than, or lose all of, their investment.

Market conditions may affect the Ordinary Shares regardless of the Company's operating performance or the overall performance of the sector in which the Company operates. Share market conditions are affected by many factors, including general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others of which may be outside the Company's control.

If the Company's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector as the Company, or the stock market in general, experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Company's business, results of operations or financial condition. Therefore, investors might be unable to resell their Ordinary Shares at or above the Placing Price.

The Placing and Admission may not result in an active or liquid trading market for the Ordinary Shares, and their price may be highly volatile.

Investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could even lose their entire investment. This volatility could be attributable to various factors and events, including the availability (or lack) of information to enable investors to determine the market value of an investment in the Company, regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, developments in the Company's business or its competitors and

changes in market sentiment towards the Ordinary Shares. In addition, the Company's actual operating results and prospects from time to time may be below the expectations of market analysts and investors.

Active, liquid trading markets generally result in lower price volatility and a more efficient execution of buy and sell orders for investors. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile, and it may be difficult to complete a buy or sell order for such Ordinary Shares. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. However, there may only be a limited public free float of the Ordinary Shares in the future. A very low free float may, if determined by AIM to be to the detriment of the market, may result in a delisting of the Ordinary Shares, which would materially affect the liquidity of the Ordinary Shares. In this instance, an investment in the Ordinary Shares may therefore be difficult to realise.

The Company cannot assure investors that it will make dividend payments in the future

The payment of dividends by the Company is subject to it having sufficient distributable reserves and cash for such purpose. The Board may elect to revise the Company's dividend policy and future dividends will depend on, amongst other things, the Company's future profits, underlying growth, financial position, distributable reserves, working capital requirements, general economic conditions and other factors that the Board may deem significant from time to time.

The Company's ability to pay dividends is also subject to the requirements of Israeli law, which permits the distribution of dividends only out of cumulative retained earnings or out of retained earnings over the prior two years, provided that there is no reasonable concern that the payment of the dividend will prevent the Company from satisfying its existing and foreseeable obligations as they become due. The inability on the part of the Company to pay dividends would negatively affect the amount of funds available to the Company to pay dividends.

Future sales of Ordinary Shares could depress the market price of the Ordinary Shares

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

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

The risk factors listed above do not necessarily comprise all those associated with an investment in the Company.

PART III

HISTORICAL FINANCIAL INFORMATION ON MARIMEDIA

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MARIMEDIA FOR THE THREE YEARS ENDED 31 DECEMBER 2013

The Directors
Marimedia Limited.
6 Maskit Street
P.O.B: 4068
Herzliya

22 May 2014

Dear Sir/Madam,

Marimedia Limited (the 'Company')

We report on the financial information set out on pages 46 to 71 (the "Financial information on Marimedia Limited") for the three years ended 31 December 2013, 2012 and 2011. This financial information has been prepared for inclusion in the AIM Admission Document dated 22 May 2014 of Marimedia Limited on the basis of the accounting policies set out in Note 3 of the financial information on Marimedia Limited. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph of the AIM Rules and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 3 of the Financial information on Marimedia Limited and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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

Basis of opinion

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

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

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 22 May 2014, a true and fair view of the state of affairs of Marimedia Limited as at 31 December 2013, 2012 and 2011 respectively and of its income, cash flows and changes in equity for the years then ended

in accordance with the basis of preparation set out in note 3 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

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

Yours Faithfully,

Somekh Chaikin

Certified Public Accountants (Isr.)
Member Firm of KPMG International

Tel Aviv, Israel
22 May 2014

SECTION B: HISTORICAL FINANCIAL INFORMATION OF MARIMEDIA FOR THE THREE YEARS ENDED 31 DECEMBER 2013

Statements of Financial Position as of 31 December

	Note	*2013 USD thousands*	*2012 USD thousands*	*2011 USD thousands*
Assets				
Cash and cash equivalents	9	3,216	2,836	2,969
Investment in money market funds		537	1,169	–
Trade receivables	7	6,882	3,746	2,925
Other receivables	7	852	493	154
Total current assets		11,487	8,244	6,048
Fixed assets	5	389	322	212
Intangible assets	6	827	512	282
Deferred tax assets	4	7	17	27
Total non-current assets		1,223	851	521
Total assets		12,710	9,095	6,569
Liabilities				
Trade payables	8	7,248	4,694	3,950
Other payables	8	4,768	3,798	2,372
Total current liabilities		12,016	8,492	6,322
Employee benefits	13	160	103	84
Total non-current liabilities		160	103	84
Total liabilities		12,176	8,595	6,406
Equity	11			
Share capital		*–	*–	*–
Reserves		182	57	8
Retained earnings		352	443	155
Total equity		534	500	163
Total liabilities and equity		12,710	9,095	6,569

(*) Less than 1 thousand USD

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

Statements of Comprehensive Income for the Year Ended 31 December

	Note	*2013 USD thousands*	*2012 USD thousands*	*2011 USD thousands*
Revenues		43,315	25,311	20,341
Cost of sales		(29,189)	(18,224)	(13,648)
Gross profit		14,126	7,087	6,693
Research and development expenses		795	376	286
Selling and marketing expenses		3,149	1,880	1,608
General and administrative expenses	10	1,753	1,039	977
Operating profit		8,429	3,792	3,822
Financing income		148	193	24
Financing expenses		(44)	(30)	(159)
Financing income (expenses), net		104	163	(135)
Profit before taxes on income		8,533	3,955	3,687
Taxes on income	4	1,431	719	863
Profit for the year		7,102	3,236	2,824
Earnings per share				
Basic earnings per share (in USD)	12	710.20	323.60	282.40
Diluted earnings per share (in USD)	12	688.51	320.08	282.34
Other comprehensive income items that will not be transferred to profit or loss				
Remeasurement of defined benefit plan	13	(5)	(9)	–
Taxes on other comprehensive income items that will not be transferred to profit or loss	4	1	1	–
Total other comprehensive income for the year that will not be transferred to profit or loss, net of tax		(4)	(8)	–
Total comprehensive income for the year		7,098	3,228	2,824

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

Statements of Changes in Equity for the Year Ended 31 December

	Share capital	*Capital Reserves (**)*	*Retained earnings*	*Total*
		US$ thousands		
Balance as at 1 January 2011	*–	–	919	919
1 January 2011				
Total comprehensive income for the year				
Profit for the year	–	–	2,824	2,824
Share-based payments	–	8	–	8
Dividends	–	–	(3,588)	(3,588)
Balance as at 31 December 2011	*–	8	155	163
Total comprehensive income for the year				
Profit for the year	–	–	3,236	3,236
Other comprehensive income for the year, net of tax	–	(8)	–	(8)
Total comprehensive income for the year	–	(8)	3,236	3,228
Transactions with owners, recognized directly in equity				
Share-based payments	–	57	–	57
Dividends	–	–	(2,948)	(2,948)
Balance as at 31 December 2012	*–	57	443	500
Total comprehensive income for the year				
Profit for the year	–	–	7,102	7,102
Other comprehensive income for the year, net of tax	–	(4)	–	(4)
Total comprehensive income for the year		(4)	7,102	7,098
Transactions with owners, recognized directly in equity				
Share-based payments	–	129	–	129
Dividends	–	–	(7,193)	(7,193)
Balance as at 31 December 2013	*–	182	352	534

(*) Less than US$ 1,000
(**) Includes reserves for share-based payments and remeasurement of defined benefit plan

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

Statements of Cash Flows for the Year Ended 31 December

	Note	*2013 USD thousands*	*2012 USD thousands*	*2011 USD thousands*
Cash flows from operating activities				
Profit for the year		7,102	3,236	2,824
Adjustments for:				
Depreciation and amortization	5-6	292	96	48
Net financing expense (income)		(132)	(192)	61
Gain on curtailment or settlement of defined benefit plan	13	(5)	(9)	–
Share-based payment transactions	14	129	57	8
Income tax expense	4	1,431	719	863
Change in trade and other receivables		(3,440)	(995)	(126)
Change in trade and other payables		3,434	905	2,552
Change in employee benefits		57	19	55
Income taxes paid		(1,607)	(1,086)	(862)
Net cash provided by operating activities		7,261	2,750	5,423
Cash flows from investing activities				
Increase in pledged deposits		(206)	–	–
Acquisition of fixed assets	5	(209)	(174)	(201)
Disposal of fixed assets	5	44	–	–
Acquisition of investments in money market fund		–	(2,492)	(1,306)
Proceeds from sale of investments on money market fund		728	1,340	1,313
Development expenditure recognized as intangible assets	6	(509)	(262)	(240)
Net cash used in investing activities		(152)	(1,588)	(434)
Cash flows from financing activities				
Dividends paid	11	(6,775)	(1,283)	(2,524)
Interest paid		–	(1)	(7)
Net cash used in financing activities		(6,775)	(1,284)	(2,531)
Net increase (decrease) in cash and cash equivalents		334	(122)	2,458
Cash and cash equivalents as at the beginning of the year		2,836	2,969	572
Effect of exchange rate fluctuations on cash and cash equivalents		46	(11)	(61)
Cash and cash equivalents as at the end of the year	9	3,216	2,836	2,969

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

Notes to the Financial Statements

Note 1 – General

A. Reporting entity

Marimedia Ltd. (the "Company") was incorporated in Israel under the laws of the state of Israel on 20 March 2007. The address of the registered office is 6 Maskit Street, Herzeliya, Israel 4673306.

Marimedia enables publishers (e.g. websites, blogs) to optimize their advertising revenue. Marimedia uses its proprietary technology, Qadabra, that gathers the maximum relevant advertiser bids and creates an auction for the publisher's on-line advertising space on a per impression/view basis. Marimedia's comprehensive trading desk solution optimizes monetization (conversion of ad space to revenue) for small to large publishers globally through analyzing and leveraging extensive advertiser demand.

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

B. Definitions

In these financial statements:

(1) The Company – Marimedia Ltd.

(2) Related party – Within its meaning in IAS 24 (2009), "Related Party Disclosures".

Note 2 – Basis of Preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 22 May 2014.

B. Functional and presentation currency

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

C. Basis of measurement

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

- Investments in money market funds;
- Deferred tax assets and liabilities;
- liabilities for employee benefits.

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

D. Use of estimates and judgments

Use of estimates

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

The preparation of accounting estimates used in the preparation of the Company's financial statements requires management of the Company to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Company prepares estimates on the basis of past

experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

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

Determination of fair value

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

- Note 14, on share-based payments; and
- Note 15, on financial instruments;

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

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

Use of judgments

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

E. Adoption of New and Revised Standards

Starting from these financial statements, the following new and revised standards and interpretations have been adopted:

Amendments to IAS 1, Presentation of Financial Statements in respect of presentation of items of other comprehensive income;

Amendment to IFRS 7, Financial Instruments; Disclosure Offsetting Financial Assets and Liabilities.

Adoption of these standards did not have any significant impact on the financial position or performance of the Company, or result in changes in accounting policy or additional significant disclosures.

At the date of authorisation of these financial statements, the following standards and interpretations have not yet been adopted:

IFRS 9 (2010), Financial Instruments;

Amendment to IAS 32, Financial Instruments: Presentation;

Amendment to IAS 36, Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets.

The Company does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

Note 3 – Significant Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

A. Foreign currency transactions

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

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

B. Financial instruments

(1) Non-derivative financial assets

Initial recognition of financial assets

The Company initially recognizes receivables and deposits on the date that they are created. All other financial assets acquired in the ordinary course of business, including assets designated at fair value through profit or loss, are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument, meaning on the date the Company undertook to purchase or sell the asset. Non-derivative financial instruments comprise investments, *inter alia*, in money market funds, trade and other receivables and cash and cash equivalents.

Derecognition of financial assets

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

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

Classification of financial assets into categories and the accounting treatment of each category

The Company classifies its financial assets according to the following categories:

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognized in the statement of comprehensive income as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of comprehensive income.

Receivables

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

Receivables comprise cash and cash equivalents, trade and other receivables.

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

(2) Non-derivative financial liabilities

Non-derivative financial liabilities include trade and other payables.

Initial recognition of financial liabilities

The Company recognizes debt instruments issued on the date that they are originated. The Company initially recognizes all financial liabilities on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

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

Derecognition of financial liabilities

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

Offset of financial instruments

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

(3) Share capital

Ordinary shares

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

C. Fixed assets

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

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

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

D. Intangible assets

(1) Computer software development

Where in the opinion of the management, the Company's expenditure in relation to development of software results in future economic benefits, these costs (including directly attributable overheads) are capitalized and amortized over the useful economic life of the asset.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Company are recognized as intangible assets when all the criteria in IAS 38 are met.

Development costs are capitalized only when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product has been ascertained;
- adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- the Company can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;

- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

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

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

The estimated useful lives for the current and comparative periods are three years.

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

(2) Acquired computer software

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

E. Impairment of non-financial assets

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

Non-financial assets that were subject to impairment are reviewed for possible reversal of the impairment recognized in respect thereof at each statement of financial position date.

F. Employee benefits

(1) Post-employment benefits

The Company has a number of post-employment benefit plans. The plans are usually financed by deposits with insurance companies or with funds managed by a trustee, and they are classified as defined contribution plans and as defined benefit plans.

(a) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of comprehensive income in the periods during which related services are rendered by employees. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(b) *Defined benefit plans*

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

defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset).

The discount rate is the yield at the reporting date on government debentures denominated in the same currency, that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability (asset) comprise actuarial gains and losses, the return on plan assets (excluding interest). Remeasurements are recognized immediately directly in retained earnings through other comprehensive income.

Interest costs on a defined benefit obligation and interest income on plan assets that were recognized in the statement of comprehensive income are presented under financing income and expenses, respectively.

When the benefits of a plan are improved or curtailed, the portion of the increased benefit relating to past service by employees or the gain or loss on curtailment are recognized immediately in the statement of comprehensive income when the plan improvement or curtailment occurs.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. Such gains or losses comprise the difference between the portion of the present value of the defined benefit obligation that is settled on the date of settlement, and the settlement price, including transferred plan assets.

(2) Short-term benefits

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

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

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

(3) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a salary expense, with a corresponding increase in equity, over the period that an employee becomes unconditionally entitled to an award. The amount recognized as an expense in respect of share-based payment awards that are conditional upon meeting service, is adjusted to reflect the number of awards that are expected to vest.

G. Revenue recognition

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

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

Advertising revenue

When sales values are based on reach metrics, revenue is recognized by multiplying an agreed amount per impression with the volumes of these units delivered. When sales values are based on performance metrics, revenue is recognized by multiplying an agreed upon amount per click, or action with the volumes of these units delivered.

H. Classification of expenses

Cost of revenues

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

Research and development

Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. Where required, development expenditures are capitalised in accordance with the Company's standard internal capitalised development policy. All research costs are expensed when incurred.

Sales and marketing

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

General and administrative

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

I. Financing income and expenses

Financing income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognized as it accrues using the effective interest method.

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

Financing expenses comprise changes in the fair value of financial assets at fair value through profit or loss.

In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities.

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

J. Income tax expense

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of comprehensive income.

Current taxes

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

Deferred taxes

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

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

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

Offset of deferred tax assets and liabilities

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

K. Earnings per share

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

L. Dividends

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

Note 4 – Income Tax

A. Details regarding the tax environment of the Company

(1) Corporate tax rate

(a) Presented hereunder are the tax rates relevant to the Company in the years 2011-2013:

2011 – 24%
2012 – 25%
2013 – 25%

On 5 August 2013 the Israeli Parliament passed the Law for Changes in National Priorities (Legislative Amendments for Achieving Budget Objectives in the Years 2013 and 2014) – 2013, by which, *inter alia*, the corporate tax rate would be raised by 1.5% to a rate of 26.5% as of 2014.

(b) On 4 February 2010 Amendment 174 to the Income Tax Ordinance (New Version) – 1961 (hereinafter – "the Ordinance") was published in the Official Gazette. The amendment added Section 87A to the Ordinance, which provides a temporary order whereby Accounting Standard No. 29 "Adoption of International Financial Reporting Standards (IFRS)" that was issued by the Israel Accounting Standards Board shall not apply when determining the taxable income for the 2007, 2008 and 2009 tax years even if this standard was applied when preparing the financial statements (hereinafter – "the Temporary Order"). On 12 January 2012 Amendment 188 to the Ordinance was issued, by which the Temporary Order was amended so that Standard 29 shall not apply when determining the taxable income for 2010 and 2011.

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

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

On 29 December 2010 the Israeli Parliament approved the Economic Policy Law for 2011-2012, which includes an amendment to the Law for the Encouragement of Capital Investments – 1959 ("the Amendment"). The Amendment is effective from 1 January 2011 and its provisions apply to preferred income

derived or accrued in 2011 and thereafter by a preferred company, per the definition of these terms in the Amendment.

The Amendment provides that only companies in Development Area A will be entitled to the grants track and that they will be entitled to receive benefits under this track and under the tax benefits track at the same time. In addition, the existing tax benefit tracks were eliminated (the tax exempt track, the "Ireland" track and the "Strategic" track) and two new tax tracks were introduced in their place, a preferred enterprise and a special preferred enterprise, which mainly provide a uniform and reduced tax rate for all the company's income entitled to benefits, such as: for a preferred enterprise – in the 2011-2012 tax years – a tax rate of 10% for Development Area A and of 15% for the rest of the country, in the 2013-2014 tax years – a tax rate of 7% for Development Area A and of 12.5% for the rest of the country, and as from the 2015 tax year – 6% for Development Area A and 12% for the rest of the country. On August 5, 2013 the Israeli Parliament passed the Law for Changes in National Priorities (Legislative Amendments for Achieving Budget Objectives in the Years 2013 and 2014) – 2013, which cancelled the planned tax reduction so that as from the 2014 tax year the tax rate on preferred income will be 9% for Development Area A and 16% for the rest of the country. Furthermore, an enterprise that meets the definition of a special preferred enterprise is entitled to benefits for a period of 10 consecutive years and a reduced tax rate of 5% if it is located in Development Area A or of 8% if it is located in a different area.

During 2013, the Company obtained a tax ruling ("the Ruling") from the Israeli Tax Authorities (the "ITA"), effective for years 2012 – 2016, which determines that the Company owns an industrial enterprise as defined in the Law for the Encouragement of Capital Investments – 1959.

Based on the Ruling, income derived from the industrial enterprise, which is considered "Preferred Income", should be eligible for tax benefits during the aforementioned period (Non A development area), subject to the limitations set forth in the Ruling. However, the Ruling has determined that income which is not considered part of the Company's "Preferred Income" shall not be entitled to the "Preferred Income" tax benefits and will be subject to the standard Israeli corporate tax rate.

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

B. Composition of income tax expense

	Year ended 31 December		
	2013 USD thousands	*2012 USD thousands*	*2011 USD thousands*
Current tax expense	1,420	708	890
Deferred tax expense (income)			
Creation and reversal of temporary differences	12	1	(26)
Change in tax rate	(1)	10	(1)
	11	11	(27)
Income tax expense	1,431	719	863

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

	Year ended 31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Profit (loss) before taxes on income	8,533	3,955	3,687
Primary tax rate of the Company	25%	25%	24%
Tax calculated according to the Company's primary tax rate	2,133	989	885
Additional tax (tax saving) in respect of:			
Tax exempt income	(4)	–	–
Non-deductible expenses	45	22	7
Effect of reduced tax rate on preferred income according to the Law for the Encouragement of Capital Investments – 1959	(757)	(305)	–
Effect of creating deferred taxes at a rate different from the primary tax rate	(10)	9	(1)
Other differences	24	4	(28)
Income tax expenses from continuing operations	1,431	719	863

D. Deferred tax assets and liabilities

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

	Intangible assets USD thousands	*Investment in money market funds USD thousands*	*Employee benefits USD thousands*	*Total USD thousands*
Balance of deferred tax assets as at 1 January 2011	–	–	–	–
Changes recognized in profit or loss	–	–	26	26
Effect of change in tax rate	–	–	1	1
Balance of deferred tax asset as at 31 December 2011	–	–	27	27
Balance of deferred tax assets as at 1 January 2012	–	–	27	27
Changes recognized in profit or loss	–	(2)	1	(1)
Changes recognized in other comprehensive income	–	–	1	1
Effect of change in tax rate	–	–	(10)	(10)
Balance of deferred tax asset (liability) as at 31 December 2012	–	(2)	19	17
Balance of deferred tax assets (liability) as at 1 January 2013	–	(2)	19	17
Changes recognized in profit or loss	(27)	1	14	(12)
Changes recognized in other comprehensive income	–	–	1	1
Effect of change in tax rate	(5)	(1)	7	1
Balance of deferred tax asset (liability) as at 31 December 2013	(32)	(2)	41	7

Note 5 – Fixed Assets

	Computers	*Motor vehicles*	*Office furniture and equipment*	*Installations and leasehold improvements*	*Total*
			USD thousands		
Cost					
Balance as at 1 January 2011	28	–	35	17	80
Additions	78	–	34	89	201
Balance as at 31 December 2011	106	–	69	106	281
Additions	30	54	15	75	174
Balance as at 31 December 2012	136	54	84	181	455
Additions	73	117	10	9	209
Disposals	–	(54)	–	–	(54)
Balance as at 31 December 2013	209	117	94	190	610
Depreciation					
Balance as at 1 January 2011	12	–	5	17	34
Additions	21	–	7	7	35
Balance as at 31 December 2011	33	–	12	24	69
Additions	38	3	9	14	64
Balance as at 31 December 2012	71	3	21	38	133
Additions	52	18	11	17	98
Disposals	–	(10)	–	–	(10)
Balance as at 31 December 2013	123	11	32	55	221
Carrying amounts					
As at 1 January 2011	16	–	30	–	46
As at 31 December 2011	73	–	57	82	212
As at 31 December 2012	65	51	63	143	322
As at 31 December 2013	86	106	62	135	389

Note 6 – Intangible Assets

	Computer software development	*Acquired computer software*	*Total*
		USD thousands	
Cost			
Balance as at 1 January 2011	51	4	55
Additions	196	44	240
Balance as at 31 December 2011	247	48	295
Additions	226	36	262
Balance as at 31 December 2012	473	84	557
Additions	479	30	509
Balance as at 31 December 2013	952	114	1,066
Amortization			
Balance as at 1 January 2011	–	* –	*–
Additions	–	13	13
Balance as at 31 December 2011	–	13	13
Additions	–	32	32
Balance as at 31 December 2012	–	45	45
Additions	156	38	194
Balance as at 31 December 2013	156	83	239
Carrying amounts			
As at 1 January 2011	51	4	55
As at 31 December 2011	247	35	282
As at 31 December 2012	473	39	512
As at 31 December 2013	796	31	827

(*) Less than US$ 1,000

Note 7 – Trade and Other Receivables

Current assets

	31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Trade receivables (1)	6,882	3,746	2,925
Other receivables			
Advances to suppliers and prepaid expenses	87	71	111
Institutions	550	160	27
Related parties (Note 16)	9	262	16
Pledged deposits (Note 16)	206	–	–
	852	493	154

(1) Including trade receivables due from related parties in the amount of USD 140 thousand, USD 547 thousand and USD 222 thousand, as at 31 December 2013, 2012 and 2011, respectively.

Note 8 – Trade and Other Payables

Current liabilities

	31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Trade payables (1)	7,248	4,694	3,950
Other payables			
Advances from customers	802	732	808
Wages and salaries	701	261	196
Provision for vacation	54	23	23
Institutions	25	10	218
Dividends payable	3,147	2,729	1,064
Others	39	43	63
	4,768	3,798	2,372

(1) Including trade payables due to related parties in the amount of USD 90 thousand, USD 69 thousand and USD 34 thousand, as at 31 December 2013, 2012 and 2011, respectively.

Note 9 – Cash and Cash Equivalents

	31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Cash	3,116	2,836	2,969
Bank deposits	100	–	–
Cash and cash equivalents	3,216	2,836	2,969

The Company's exposure to credit, and currency risks are disclosed in Note 15 on financial instruments.

Note 10 – General and Administrative Expenses

	Year ended 31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Wages and salaries (see also Note 13)	554	380	334
Share-based payments (see also Note 14)	129	57	8
Rent and office maintenance	181	191	191
Depreciation and amortization	292	96	48
Professional services, legal and audit fees	161	60	158
Traveling and car expenses	86	58	88
Other administrative expenses	350	197	150
	1,753	1,039	977

Note 11 – Capital and Reserves

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

	Ordinary shares		
	2013	*2012*	*2011*
Issued and paid-in share capital as at 31 December	10	10	10
Authorized share capital	2,000	2,000	2,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

See Note 14 on share-based payments for information regarding the exercise of share options.

B. Dividends

The following dividends were declared and paid by the Company (in USD thousands unless stated otherwise):

	Year ended 31 December		
	2013	*2012*	*2011*
USD 405 per ordinary share (2012: USD 22, 2011: USD 252)	4,046	219	2,524

The following dividends were declared but have not yet been paid at the end of each reporting period (in USD thousands unless stated otherwise):

	Year ended 31 December		
	2013	*2012*	*2011*
USD 315 per ordinary share (2012: USD 273, 2011: USD 106)	3,147	2,729	1,064

Note 12 – Earnings per Share

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2013 was based on the profit for the year divided by a weighted average number of ordinary shares outstanding, calculated as follows:

Profit for the year

	Year ended 31 December Continuing operations		
	2013	*2012*	*2011*
	USD thousands		
Profit for the year	7,102	3,236	2,824

Weighted average number of ordinary shares:

	Year ended 31 December		
	2013	*2012*	*2011*
	Shares of NIS 0.01 par value	*Shares of NIS 1 0.01 par value*	*Shares of NIS 1 0.01 par value*
Weighted average number of ordinary shares used to calculate basic earnings per share as at 31 December	10,000	10,000	10,000
Basic earnings per share	710.20	323.60	282.40

Diluted earnings per share

The calculation of diluted earnings per share as at 31 December 2013 was based on profit for the year divided by a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted):

	Year ended 31 December		
	2013	*2012*	*2011*
	Shares of NIS 0.01 par value	*Shares of NIS 0.01 par value*	*Shares of NIS 0.01 par value*
Weighted average number of ordinary shares used to calculate basic earnings per share	10,000	10,000	10,000
Effect of share options on issue	315	110	2
Weighted average number of ordinary shares used to calculate diluted earnings per share	10,315	10,110	10,002
Diluted earnings per share	688.51	320.08	282.34

Note 13 – Employee Benefits

Employee benefits include post-employment benefits, short-term benefits and share-based payments.

The Company's liability for severance pay for its Israeli employees is calculated pursuant to Israeli Severance Pay Law. The Company's liability is mostly covered by monthly deposits with severance pay funds, insurance policies and by an accrual on the statements of financial position.

As regards share-based payments see Note 14 on share-based payments.

As regards to benefits to key management employees see Note 16 on related parties.

Composition of employee benefits:

		31 December	
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Presented under current liabilities – other payables:			
Short-term employee benefits (*)	755	284	219
Presented under non-current liabilities – Employee benefits:			
Recognized liability for defined benefit plan, net	160	103	84

(*) Short-term employee benefits include liabilities for salary and bonuses and provision for vacation.

Post employment benefit plans – defined benefit plan

Movement in net defined benefit liabilities and in their components

	Total present value of obligations		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Balance as at 1 January	103	84	29
Expense included in profit or loss:	75	53	55
Included in other comprehensive income:	5	9	–
Other movements			
Benefits paid	(23)	(25)	–
Benefits transferred to related companies	–	(18)	–
Balance as at 31 December	160	103	84

Note 14 – Share-Based Payment Arrangements

The terms and conditions related to the grants of the share option programs are as follows; all the share options that were granted are non-marketable, all options are to be settled by physical delivery of shares.

Grant date	*Number of instruments*
Options granted on 20 October 2011	192
Options granted on 16 July 2012	147
Options granted on 27 January 2013	95
Options granted on 29 October 2013	32

Each option is exercisable into one share of NIS 0.01 par value at an exercise price of USD 142.5.

The options are exercisable within three years from the date of their issuance and will expire 10 years from the date of their issuance.

In the event of an initial public offering and/or sale transaction, all the options noted above, which are effective as of such date, will become vested immediately.

A. The number of share options is as follows:

	Number of options		
	2013	*2012*	*2011*
Outstanding at 1 January	307	192	–
Forfeited during the year	(21)	(32)	–
Granted during the year	127	147	192
Outstanding at 31 December	413	307	192

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

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

Equity-settled share-based payment

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

	Share option programs			
	20 October 2011	*16 July 2012*	*27 January 2013*	*29 October 2013*
Grant date fair value	627	1,019	1,606	5,536
The parameters used to calculate fair value:				
Share price (on grant date)	713	1,113	1,700	5,636
Exercise price	142.5	142.5	142.5	142.5
Expected volatility (weighted average)	35%	35%	35%	35%
Expected life (weighted average)	10	10	10	10
Expected dividends	0%	0%	0%	0%
Risk-free interest rate	4.66%	4.03%	4.02%	3.57%

Note 15 – Financial Instruments

A. Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

B. Credit risk

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

	31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
Cash and cash equivalents	3,216	2,836	2,969
Investment in money market funds (*)	537	1,169	–
Trade receivables	6,882	3,746	2,925
Other receivables	215	262	16
	10,850	8,013	5,910

(*) The Company invests in money market funds with banks and financial institutions rated AA+.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

	31 December		
	2013	*2012*	*2011*
	USD thousands	*USD thousands*	*USD thousands*
North America	3,714	819	695
South America	45	210	86
Europe	1,125	1,113	1,160
Asia	2,161	1,609	863
Africa	49	255	132
Australia	3	2	5
	7,097	4,008	2,941

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its

liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough facilities. These forecasts take into consideration matters such as compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company uses activity-based costing to cost its services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

D. Market risk

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

(1) Linkage and foreign currency risks

Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company, the US dollar (USD). The principal currencies in which these transactions are denominated are NIS and Euro.

At any point in time, the Company aims to match the amounts of its assets and liabilities in the same currency in order to hedge the exposure to changes in currency.

Furthermore, a major portion of the employees' salaries, paid in NIS consists of bonuses linked to the functional currency of the Company, the USD. This provides an economic hedge without derivatives being entered into and without the application of hedge accounting.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) The exposure to linkage and foreign currency risk

The Company's exposure to linkage and foreign currency risk was as follows:

	31 December 2013			
		Foreign currency		
	USD	*NIS*	*Euro*	*Total*
	USD thousands			
Financial assets and financial liabilities:				
Current assets:				
Cash and cash equivalents	2,354	527	335	3,216
Investments in money market fund	–	537	–	537
Trade receivables	6,187	328	367	6,882
Other receivables	–	215	–	215
Current liabilities:				
Trade payables	6,251	881	116	7,248
Other payables	–	3,186	–	3,186
Total exposure in statement of financial asset and financial liability	2,290	(2,460)	586	416

	31 December 2012			
		Foreign currency		
	USD	*NIS*	*Euro*	*Total*
	USD thousands			
Financial assets and financial liabilities:				
Current assets:				
Cash and cash equivalents	1,962	264	610	2,836
Investments in money market fund	–	1,169	–	1,169
Trade receivables	2,524	840	382	3,746
Other receivables	–	262	–	262
Current liabilities:				
Trade payables	4,023	524	147	4,694
Other payables	–	2,772	–	2,772
Total exposure in statement of financial asset and financial liability	463	(761)	845	547

	31 December 2011			
		Foreign currency		
	USD	*NIS*	*Euro*	*Total*
	USD thousands			
Financial assets and financial liabilities:				
Current assets:				
Cash and cash equivalents	1,031	1,298	640	2,969
Trade receivables	1,415	537	973	2,925
Other receivables	–	16	–	16
Current liabilities:				
Trade payables	3,408	272	270	3,950
Other payables	–	1,127	–	1,127
Total exposure in statement of financial asset and financial liability	(962)	452	1,343	833

Information regarding significant exchange rates:

	31 December 2013 USD	2012 USD	2011 USD
1 NIS	0.29	0.27	0.26
1 Euro	1.38	1.32	1.29

	Year ended 31 December					
	2013		2012		2011	
	Rate of change %	Average USD	Rate of change %	Average USD	Rate of change %	Average USD
1 NIS	7.41	0.28	3.85	0.26	(7.14)	0.28
1 Euro	4.55	1.33	1.54	1.28	(2.99)	1.39

E. Fair value

The book value of certain financial assets and liabilities, including cash and cash equivalents, investments in money market funds, trade and other receivables, and trade and other payables, are equal or approximate to their fair value.

All investments in money market fund are in Level 1.

Note 16 – Related Parties

A. Compensation and benefits to key management personnel

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

Executive officers also participate in the Company's share option programs. For further information see Note 14 regarding share-based payments.

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

	Year ended 31 December					
	2013		2012		2011	
	Number of people	Amount USD thousands	Number of people	Amount USD thousands	Number of people	Amount USD thousands
Share-based payments	1	40	1	10	1	1
Other compensation and benefits (*)	3	1,121	3	696	3	505
		1,161		706		506

(*) Including management fees as indicated in Section B below.

B. Transactions with related parties

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

		Year ended 31 December		
		2013	*2012*	*2011*
		Value of transactions		
		USD thousands	*USD thousands*	*USD thousands*
Related party	*Nature of transaction*			
Sprintile Ltd.	Sale and purchase of media by/from the Company.	674	715	198
Other related parties	Sale and purchase of media by/from the Company.	(3)	43	–
Other related parties	Provision of office services and rentals.	100	106	–
Cababie Holdings Ltd.	Payment of management fees to the parent company.	412	272	200
Dooi Holdings Ltd.	Payment of management fees to the parent company.	408	276	164

C. Guarantees and liens of the entity for debts of related parties and an interested party

The Company is a guarantor for the debt of a related party in amount of USD 206 thousand as at 31 December 2013.

Note 17 – Subsequent Events

1. In April 2014, the Company entered into an agreement which provides the Company with an option to purchase 100% of the outstanding shares of Taptica Ltd. ("Taptica") and to cause all outstanding options, warrants and other convertible securities of Taptica to be cancelled, in exchange for a purchase price contingent on Taptica's financial performance during the period of three months preceding the exercise of the option (the "Taptica Transaction"). As a result, the total consideration required for the Taptica Transaction will range from $7.6 million to $19.6 million.

   The purchase price is be paid to Taptica's shareholders (i) 50% in cash and (ii) 50% by the issue of Ordinary Shares of the Company, based on the expected placing price.

   The Taptica Transaction was signed on April 2, 2014 and provides an option for Marimedia to purchase Taptica until 1 August 2014. Taptica shareholders may extend the exercise period by 60 days.

   In addition, the Company and Taptica entered into a loan agreement whereby the Company agreed to lend to Taptica an amount up to USD 1.5 million (the "Credit Line"). Taptica may draw amounts up to the aggregate amount of the Credit Line from the date of the agreement and until the earlier of (i) the execution of the option or (ii) 1 August 2014. Each credit instalment shall bear interest at an annual fixed rate equal to 3% on the outstanding principal.

   All principal and interest accrued shall be repaid on 1 August 2015. However, in the event that the option has expired, the outstanding amount of the credit instalment along with accrued interest shall be converted into Taptica shares. As of 22 May 2014, Taptica has drawn an amount of $1 million.

2. In January and February 2014 the Company issued 32 and 272 options to employees at an exercise price of $2,850 and $11,400 respectively. The options vest over a period of two or three years. The options granted in January 2014 and 38 of the options granted in February 2014 will vest upon Admission.

3. On 30 April 2014, 49,990,000 Ordinary Shares were issued pursuant to a distribution by way of a bonus issue of 4,999 Ordinary Shares for each Ordinary Share in issue on 30 April 2014. Correspondingly, options granted prior to this distribution should adjust accordingly.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors and the Proposed Directors whose names appear on page 8 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors and all the Proposed Directors accept individual and collective responsibility for compliance with the AIM Rules.

2. THE COMPANY

2.1 The Company was incorporated and registered in the State of Israel with registered number 513956060 on 20 March 2007 as a private limited liability company under the name Marimedia Ltd. The Company's telephone number is +972-9-9532700.

2.2 The principal legislation under which the Company operates is the Companies Law and regulations made under the Companies Law. The liability of the Shareholders is limited.

3. SUBSIDIARIES

The Company does not currently have any subsidiaries. The Company has an option to purchase the entire issued share capital of Taptica Ltd., as described in paragraph 15.6 of this Part IV.

4. SHARE CAPITAL

4.1 Pursuant to the Articles, the authorised share capital of the Company is NIS 3,000,000 divided into 300,000,000 Ordinary Shares. Pursuant to the Companies Law, the authorised share capital reflects the maximum number of shares which can be issued by the Company, unless and until the Shareholders amend the Articles to increase the authorised share capital. Set out below are details of the issued share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following the Placing and Admission:

	As at the date of this document		*Immediately following Admission*	
	Number	*Aggregate nominal value (NIS)*	*Number*	*Aggregate nominal value (NIS)*
Issued Ordinary Shares	50,000,000	500,000	61,913,744	619,137

4.2 On incorporation, the issued share capital of the Company consisted of NIS100, divided into 100 Ordinary Shares, nominal value NIS 1.00 per share.

4.3 The following changes to the issued share capital of the Company have taken place since incorporation:

4.3.1 on 29 August 2011, the Company adopted a 1:100 split of all it Ordinary Shares, resulting in each one (1) Ordinary Share, nominal value NIS 1.00, being split into one hundred (100) Ordinary Shares, nominal value NIS 0.01 per share; and

4.3.2 on 30 April 2014, 49,990,000 Ordinary Shares were issued pursuant to the distribution by way of a bonus issue of 4,999 Ordinary Shares for each Ordinary Share in issue on 30 April 2014.

4.4 The following is a reconciliation of the number of issued Ordinary Shares at the beginning and end of the financial year of the Company ended 31 December 2013:

Date	*Description*	*Issued Ordinary Shares*
1 January 2013	Balance at start of year	10,000
31 December 2013	Balance at end of year	10,000

4.5 The New Ordinary Shares will be issued in accordance with the resolution of the Company passed on 13 May 2014.

4.6 The provisions of article 10(b) of the Articles confer on Shareholders rights of pre-emption in respect of the allotment or issue of securities which are, or are to be, paid up in cash. In accordance with the resolution of the Company passed on 13 May 2014, the directors are empowered pursuant to article 10(c) of the Articles to allot and issue up to 50,000,000 Ordinary Shares in connection with the Placing for cash as if article 10(b) of the Articles did not apply to such allotment and issue.

4.7 By a resolution of the Board passed on 21 May 2014 it was resolved conditionally upon (but effective immediately prior to) Admission, to allot the New Ordinary Shares for cash at the Placing Price.

4.8 The Ordinary Shares in issue on Admission will be in certificated form and, following Admission, will be capable of being held in uncertificated form.

4.9 It is anticipated that, where appropriate, share certificates will be despatched by first class post by 11 June 2014. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

4.10 The International Security Identification Number ("**ISIN**") of the Ordinary Shares is IL0011320343 and the Stock Exchange Daily Official List ("**SEDOL**") number is BM7RZM4.

4.11 The legislation under which the New Ordinary Shares will be issued is the Companies Law and regulations made under the Companies Law.

4.12 The Ordinary Shares are denominated in NIS.

4.13 Following the Placing and Admission (assuming all the New Ordinary Shares are allotted pursuant to the Placing), the Existing Ordinary Shares will represent 80.8% of the Enlarged Share Capital.

4.14 Save as disclosed in this paragraph 4, as at the date of this document:

4.14.1 the Company does not hold any treasury shares;

4.14.2 no shares have been issued otherwise than as fully paid;

4.14.3 the Company has no outstanding convertible securities, exchangeable securities or securities with warrants; and

4.14.4 the Company has given no undertaking to increase its share capital.

5. OPTIONS

5.1 Option Scheme

5.1.1 The Company's Global Share Incentive Plan (2011) (the "**Plan**") authorises the Board to issue options to purchase its Ordinary Shares and restricted shares ("**Awards**"). The following is a summary of the Plan's main provisions:

5.1.2 *Administration.* The Plan is administered by the Company's board of directors or a committee established by the board (the "**Administrator**"). Following Admission, the Remuneration Committee shall administer the Plan and recommend to the Board when to approve the grant of Awards.

5.1.3 *Eligible Participants.* The Plan prescribes that all Company directors, employees, officers or consultants are eligible to receive Awards subject to the further provisions of the Plan and the Companies Law.

5.1.4 *Vesting.* Options vest two or three years from the date of grant, provided that the option holder is still employed/engaged with the Company upon such vesting date. In addition, a portion of the options are entitled to automatic acceleration and vesting of their Awards upon the consummation of an M&A transaction or an IPO, as defined in the Plan.

5.1.5 *Tax.* Awards granted to Israeli resident employees and board members, who are not "controlling shareholders" of the Company (as such term is defined in the Israeli Income Tax Ordinance (New Version) – 1961) (the "**Ordinance**"), qualify for special beneficial tax treatment under Section 102 of the Ordinance. The Company grants its eligible employees and officers options under the "capital gains" track (Section 102(b)(2) of the Ordinance), which means that subject to compliance with the requirements of Section 102(b)(2), the options will be taxed as capital gains at the rate 25%, upon the earlier of: (i) sale of the shares issued upon exercise of the options; or (ii) transfer of the shares from the trustee to any individual option holder. Under this track, shares issued as a result of exercise of options must be issued to a trustee approved as a 102 trustee by the Israeli Tax Authorities (in the Company's case – Tamir Fishman Trusts 2004 Ltd.) and held by the trustee for the benefit of the option holders for at least two years from the date of grant. The option holder may not sell or otherwise transfer any of the shares held by the trustee until the holding period has lapsed. All tax consequences relating to the options and shares issued upon exercise of such options shall be borne solely by the option holder.

5.1.6 As at 21 May 2014, (being the latest practicable date prior to the publication of this document), options to purchase 3,585,000 Ordinary Shares were outstanding under the Plan and held by employees of the Company, of which options to purchase 192,724 Ordinary Shares will be exercised and sold as part of the Sale Shares in the Placing. All such options (except for 1,170,000 options that were granted in February 2014) will vest upon Admission, with exercise prices ranging from $0.0285 to $2.28 and termination dates from 15 July 2022 to 31 January 2024. The 1,170,000 options granted in February 2014 have an exercise price of $2.28 with a 1 February 2024 termination date.

6. ARTICLES OF ASSOCIATION AND COMPANIES LAW

The Articles and Companies Law include provisions to the following effect:

6.1 Objects

Section 18 of the Companies Law provides that the objects of a company are to be set forth in the articles of association. The Articles provide that the Company's objectives are to carry on any business and perform any act which is not prohibited by law.

6.2 Voting rights

6.2.1 Subject to any rights or restrictions attached to any shares, on a show of hands:

6.2.1.1 every shareholder who is present in person has one vote;

6.2.1.2 every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution(s) has one vote; and

6.2.1.3 a proxy has one vote for and one vote against the resolution(s) if he has been duly appointed by more than one shareholder entitled to vote on the resolution and either (i) is instructed by one or more of those shareholders to vote for the resolution and by one or more others to vote against it; or (ii) is instructed by one or more of those shareholders to vote in one way and is given a discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way).

6.2.2 Subject to any rights or restrictions attached to any shares, on a poll every shareholder who is entitled to vote on the resolution and who is present in person or by proxy shall have one vote for every share of which he is the holder.

6.2.3 Where there are joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders. Seniority is determined by the order in which the names of the holders stand in the register.

6.2.4 A shareholder shall not be entitled to vote unless all calls or other sums payable by him in respect of his shares in the Company have been paid.

6.3 **Dividends**

6.3.1 Subject to the Companies Law and the Articles, the Board may declare and cause the Company to pay such dividend as may appear to the Board to be justified by the profits of the Company. Pursuant to the Companies Law, the payment of dividends may be made only out of (i) the Company's accumulated retained earnings or (ii) the Company's earnings accrued over the two most recent years, as evidenced by the Company's audited or reviewed financial statements, whichever is greater (the "**Profits Test**"), and in either case provided that there is no reasonable concern that the dividend will prevent the Company from satisfying its current or foreseeable obligations as they become due (the "**Solvency Test**"). If the Company does not comply with the Profits Test, it can only distribute a dividend with prior Israeli court approval, and provided the court is satisfied that the Company is in compliance with the Solvency Test.

6.3.2 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up or credited as paid up (other than amounts paid in advance of calls) on the shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on such shares held at the date so appointed by the Company.

6.3.3 Unless otherwise provided by the rights attached to the shares, dividends shall not carry a right to receive interest.

6.3.4 All dividends unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed.

6.3.5 Upon the determination of the Board, the Company may cause:

6.3.5.1 any monies, investments or other assets forming part of, *inter alia*, the undivided profits of the Company to be capitalised and distributed to shareholders, or to be applied in paying up unissued shares on behalf of such shareholders which shall then be distributed accordingly; and

6.3.5.2 such distribution or payment to be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

6.3.6 There are no fixed or specified dates on which entitlements to dividends payable by the Company arise.

6.4 **Pre emption rights**

Subject to the terms of any ordinary resolution of the Company to the contrary as described in paragraph 4.6 above, the Company shall not, subject to certain exceptions, allot its Ordinary Shares to any person for cash unless it shall first have made an offer to each shareholder to allot to him on the same or more favourable terms a proportion of those shares which is as nearly as practical equal to the proportion in nominal value of the Ordinary Shares held by him on the record date for any such allotment of the aggregate of all such shares, but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in their exclusive discretion to deal with fractional entitlements or legal or practical problems under the laws or the requirements of any regulatory authority or stock exchange in any jurisdiction.

6.5 **Distribution of assets on a winding-up**

On a winding-up, the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the shareholders in kind the whole or any part of the assets of the Company and may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders in proportion to their respective holdings. The liquidator may, with the like sanction, transfer any part of the assets of the Company to trustees on such trusts for the benefit of shareholders as he may determine. The liquidator shall not, however (except with the consent of the shareholder concerned) distribute to a shareholder any asset to which there is attached a liability or potential liability for the owner.

6.6 **Depositary interests**

The directors of the Company are authorised to make such arrangements as they think fit in order to enable Ordinary Shares to be represented by and exchanged for depositary interests which are eligible to be held and transferred in uncertificated form in a computer-based system.

6.7 **Transfer of shares**

6.7.1 No transfer of shares which are in certificated form shall be registered unless a proper instrument of transfer (in any usual form or in any form approved by the Board) has been submitted to the Company (or its transfer agent), executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee.

6.7.2 The Board may, in its discretion to the extent it deems necessary, close the register for registrations of transfers of shares during any year for a period determined by the Board, and no registrations of transfers of shares shall be made by the Company during any such period during which the register is so closed.

6.8 **Variation of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the Articles, may be modified or abrogated by a resolution of the shareholders, subject to the consent in writing of the holders of at least a majority of the issued shares of such class or the adoption of a resolution passed at a separate general meeting of the holders of the shares of such class. The quorum at any such meeting (other than an adjourned meeting) is two or more persons holding or representing by proxy not less than a majority of the issued shares of the class in question.

6.9 **Share capital**

6.9.1 Subject to the Companies Law and to the Articles, the power of the Company to allot and issue shares shall be exercised by the Board at such times and on such terms and conditions as the Board may determine.

6.9.2 Subject to the Articles and to any rights attached to any existing shares any share may be issued with such rights or restrictions as the Company may from time to time determine by ordinary resolution.

6.9.3 Subject to the Companies Law and to the Articles, the Company may issue redeemable shares and the Board may determine the terms, conditions and manner of redemption of such shares, provided it does so before the shares are allotted.

6.10 **Share control limits**

6.10.1 A person must not, whether by himself or with persons determined by the Board to be acting in concert with him, acquire shares which, taken together with shares held or acquired by persons determined by the Board to be acting in concert with him, carry 25% or more of the voting rights attributable to the shares of the Company (the "*Limit*"), except as a result of a "permitted acquisition". An acquisition is a "permitted acquisition" if (i) the acquisition is made in compliance with any applicable tender offer rules under the Companies Law as may be in effect at such time and (ii) the acquisition is made in circumstances which the Takeover Code, if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the Takeover Code, as

if such Rule applied or (iii) the acquisition is made by a person acting solely as the Depositary or (iv) in relation to any issue of shares by the Company pursuant to the Taptica Option.

6.10.2 Subject to applicable law, any shares obtained in violation of the prohibition in paragraph 6.10.1 above automatically become Dormant Shares (as defined in the Companies Law). The Board has various rights where it believes the Limit is or may have been broken, including requiring a shareholder to provide such information as the Board considers appropriate.

6.10.3 The Board has full authority to determine the application of the provisions in paragraphs 6.10.1 and 6.10.2 above with respect to the application of Rule 9 of the Takeover Code. Such authority shall include all discretion vested in the UK Panel on Takeovers and Mergers as if Rule 9 applied to the Company, including, without limitation, the determination of conditions and consents, the consideration to be offered and any restrictions on the exercise of control, so long as such authority does not breach the Companies Law. Any decision or determination by the Board in respect of the provisions in paragraphs 6.10.1 and 6.10.2 above and this 6.10.3 with respect to the deemed application of Rule 9 shall be conclusive and binding on all persons concerned, shall not be open to challenge and the Board shall not be required to give any reasons for any decision, determination or declaration.

6.10.4 The provisions of the Company's Articles contained in paragraphs 6.10.1 to 6.10.3 above shall only apply to the Company whilst the Takeover Code does not apply to the Company. Notwithstanding anything to the contrary, nothing in the Company's Articles shall relieve any person or shareholder from any requirement to commence a special tender offer or full tender offer in accordance with the Companies Law, if and to the extent such a tender offer is required pursuant to the Companies Law in connection with the purchase of any shares of the Company.

6.11 **General meetings**

6.11.1 The Board may convene a general meeting whenever it thinks fit. Pursuant to the Companies Law, shareholders have a statutory right to requisition a general meeting in certain circumstances. The Company must hold an annual general meeting of shareholders each calendar year no later than 15 months from the last annual meeting, at a time and place determined by the Board. A special meeting may be convened at the request of two directors, one quarter of the directors in office, or by written request of one or more shareholders holding at least 5% of the Company's issued share capital and 1% of the voting rights or one or more shareholders holding at least 5% of the voting rights.

6.11.2 Pursuant to the Companies Law, a general meeting shall be called on not less than 21 days' or 35 days' notice (depending on the matters on the agenda for the meeting).

6.11.3 The quorum for a general meeting is two or more shareholders present in person or by proxy and entitled to vote who hold at least 25% of the voting power of the Company.

6.11.4 The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction which it or he considers appropriate to ensure the security or orderly conduct of the meeting. This may include requirements for evidence of identity to be produced by those attending, the searching of their personal property and the restriction of items which may be taken into the meeting place.

6.12 **Appointment of directors**

6.12.1 The number of directors shall not exceed seven but shall not be less than four.

6.12.2 Subject to the Companies Law and the Articles, the Company may by ordinary resolution appoint any person who is willing to act as a director either as an additional director or to fill a vacancy (other than Outside Directors) who are elected in the manner specified in paragraph 6.12.4 below). The Board may also appoint any person who is willing to act as a director, subject to the Companies Law and the Articles. Any person appointed by the Board as a director will hold office only until conclusion of the next annual general meeting of the Company, unless he is re-elected during such meeting.

6.12.3 In accordance with the Companies Law, the Board shall have at least two Outside Directors. The Outside Directors must meet certain statutory requirements of independence. The term of office of an Outside Director is three years, which can be extended for two additional three year-terms. An Outside Director can be removed from office only under very limited circumstances. See paragraph 19.4 of Part I of this document for further information regarding Outside Directors.

6.12.4 Under the Companies Law, a person may not serve as an Outside Director if at the date of the person's election or within the prior two years the person is a relative of a Controlling Shareholder of the Company, or the person or their relatives, partners, employers, supervisors or entities under the person's control, have or have had any affiliation with the Company or with a Controlling Shareholder or relatives of a Controlling Shareholder, and, in the case of a company without a Controlling Shareholder or a shareholder holding at least 25% of the voting rights, any affiliation, at the time of election, to the chairman of the Board, the chief executive officer, an interested party or the Company's chief finance officer. For these purposes, a "*Controlling Shareholder*" is a shareholder who has the ability to direct the Company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the Company, and an "*interested party*" is defined as a holder of 5% or more of the Company's shares or voting rights, any person or entity that has the right to nominate or appoint at least one of the Company's directors or its chief executive officer, or any person who serves as one of the Company's directors or as its chief executive officer. In addition, a person may not serve as an Outside Director if: (i) at the time of appointment as Outside Director, the person or their relatives, partners, employers, supervisors or entities under the person's control, maintains a business or professional relationship with the Company, even if such relationship is not on a regular basis, other than a negligible business or professional relationship; or (ii) in the case of a person who has served as an Outside Director to the Company in the past, such person received compensation in their capacity as an Outside Director during such period in excess of the amounts permitted by the Companies Law and regulations thereunder.

6.12.5 A person may also not serve as an Outside Director if that person's position or other business activities create, or may create, a conflict of interest with the person's service as a director or may otherwise interfere with the person's ability to serve as a director.

6.12.6 If at the time any Outside Director is to be elected all members of the Board that are not Controlling Shareholders or their respective relatives are of the same gender, then the Outside Director to be elected must be of the other gender.

6.12.7 The Board may appoint any director (other than an Outside Director) to hold any employment or executive office in the Company and may also revoke or terminate any such appointment (without prejudice to any claim for damages for breach of any service contract between the director and the Company).

6.13 **Remuneration of directors**

6.13.1 The total fees paid to each non-executive director for their services shall be determined by the Remuneration Committee, the Board and by the Shareholders by ordinary resolution. With the prior approval of the Remuneration Committee, the Board and the Shareholders, the Board may decide to pay additional remuneration to a non-executive director for services which the Board determines are outside the scope of the ordinary duties of a director, whether by way of additional fees, salary, percentage of profits or otherwise.

6.13.2 The salary or remuneration of executive directors shall be determined by the Remuneration Committee, the Board and the Shareholders by ordinary resolution and may be either a fixed sum of money or may in whole or in part be subject to performance conditions or otherwise determined by the Remuneration Committee, the Board and the Shareholders.

6.13.3 In accordance with the Companies Law, the Company is required to adopt within nine months after Admission a compensation policy for the Company's executive and non-executive directors and for other executive officers who are not directors. The purpose of the policy is to describe the Company's overall compensation strategy for the Company's

executive and non-executive directors and for other executive officers who are not directors and to provide guidelines for setting their compensation, as prescribed by the Companies Law. In accordance with the Companies Law, the policy must be reviewed and readopted at least once every three years.

6.13.4 Approval of the Remuneration Committee, the Board and the Shareholders, in that order, is required for the adoption of the compensation policy. The Shareholders approval must include the majority of shares voted at the meeting. In addition to the majority vote, the Shareholders' approval must satisfy either of two additional tests: (i) the majority includes at least a majority of the Ordinary Shares voted by Shareholders other than the Company's Controlling Shareholders or Shareholders who have a personal interest in the adoption of the executive compensation policy; or (ii) the total number of Ordinary Shares held by non-Controlling Shareholders and disinterested shareholders that voted against the adoption of the executive compensation policy does not exceed 2% of the aggregate voting rights of the Company.

6.14 **Retirement and removal of directors**

6.14.1 At each annual general meeting of the Company, each director (excluding the Outside Directors) shall retire from office. Each such director may, if eligible, offer himself for re-election. If the Company, at the meeting at which a director retires, does not fill the vacancy the retiring director shall, if willing, be deemed to have been reappointed unless it is expressly resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost.

6.14.2 Without prejudice to the provisions of the Companies Law, the Company may by ordinary resolution remove any director (other than an Outside Director) before the expiration of his period of office and may appoint by ordinary resolution another director in his place.

6.15 **Directors' interests**

6.15.1 The Companies Law provides that any transaction of the Company with a director or any transaction of the Company in which a director has a Personal Interest requires the approval of the Board. The transaction must not be approved unless it is in the Company's best interest. If the transaction is an extraordinary transaction (as defined below) then Audit Committee approval is required in addition to Board approval. If the transaction concerns exculpation, indemnification, insurance or compensation of the director, then the approvals of the Remuneration Committee, the Board and the Shareholders by way of ordinary resolution are required (in that order). The Companies Law defines an "*extraordinary transaction*" as a transaction that is not in the ordinary course of business, that is not on market terms or that is likely to have a material impact on a company's profitability, assets or liabilities.

6.15.2 A director who has a personal interest in a matter that is considered at a meeting of the Board, the Audit Committee or the Remuneration Committee may not attend that meeting or vote on that matter, unless a majority of the Board, the Audit Committee or the Remuneration Committee, as applicable, has a personal interest in the matter or if such director is invited by the chair of the Board, the Audit Committee or the Remuneration Committee, as applicable, to present the matter being considered. If a majority of the Board, the Audit Committee or the Remuneration Committee, as applicable, has a personal interest in the transaction, Shareholder approval, by way of ordinary resolution, is also required.

A "*Personal Interest*" as defined by the Companies Law, includes a personal interest of any person in an act or transaction of the company, including a personal interest of his relative or of a corporation in which that person or a relative of that person is a 5% or greater shareholder, a holder of 5% or more of the voting rights, a director or general manager, or in which he or she has the right to appoint at least one director or the general manager, and includes shares for which the person has the right to vote pursuant to a power-of-attorney. A "*Personal Interest*" does not apply to a personal interest solely arising from holding shares in the Company.

6.16 **Powers of the directors**

6.16.1 The business of the Company shall be managed by the Board.

6.16.2 Subject to the provisions of the Companies Law and save as set out below, the Board may at its discretion, cause the Company to borrow or secure the payment of any sum of money for the purpose of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions as it deems fit, including by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of the property of the Company, both present and future), including its uncalled or called but unpaid capital for the time being. The Board shall restrict the borrowings of the Company (and any of its future subsidiaries) and, insofar as it is able, of its subsidiary undertakings, so as to procure that the aggregate principal amount outstanding in respect of borrowings by the Company (excluding, in the event the Company has one or more subsidiaries in the future, any inter-group borrowings) less cash deposited shall not, without an ordinary resolution of the Company, exceed a sum equal to: (a) 2x the annual EBITDA of the Company; or (b) any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.

6.16.3 The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities, by insurance or otherwise, for any person who is, or has at any time been, employed by or in the service of the Company or of any company which is a subsidiary company of the Company, or is allied to or associated with the Company or any such subsidiary, or any predecessor in business of the Company or any such subsidiary, and for any member of his family (including a spouse or former spouse) or any person who is, or was, dependent on him.

6.17 **Directors' indemnity, insurance and exculpation**

6.17.1 *Indemnification*. Under the Companies Law and the Articles, the Company may indemnify a director or officer for any of the following liabilities or expenses that a director may incur due to an act performed or failure to act in their capacity as a director or officer of the Company:

- monetary liability imposed on the director or officer in favour of a third party in a judgment, including a settlement or an arbitral award confirmed by a court;
- reasonable legal costs, including attorneys' fees, expended by a director or officer (a) as a result of an investigation or proceeding instituted against the director or officer by a competent authority, provided that such investigation or proceeding concludes without the filing of an indictment against the director or officer and either: no financial liability was imposed on the director in lieu of criminal proceedings, or a financial liability was imposed on the director in lieu of criminal proceedings with respect to an alleged criminal offence that does not require proof of criminal intent or (b) in connection with an administrative enforcement proceeding or a financial sanction (without derogating from the generality of the foregoing, such expenses will include a payment imposed on the director or officer in favour of an injured party as set forth in Section 52(54)(a)(1)(a) of Israel's Securities Law, 5728-1968 (the "**Securities Law**"), and expenses that the director incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses such as attorneys' fees); and
- reasonable legal costs, including attorneys' fees, expended by the director or officer or for which the director is charged by a court:
    - in an action brought against the director or officer by the Company, on behalf of the Company or on behalf of a third party,
    - in a criminal action from which the director or officer is acquitted; or
    - in a criminal action in which the director or officer is convicted of a criminal offence which does not require proof of criminal intent.

6.17.2 The Company may indemnify a director in respect of these liabilities either in advance of an event or following an event. If the Company undertakes to indemnify a director or officer in advance of an event, the indemnification, other than legal costs, must be limited to foreseeable events in light of the Company's actual activities when the Company undertook such indemnification, and reasonable amounts or standards, as determined by the Board.

6.17.3 *Insurance.* Under the Companies Law and the Articles, the Company may obtain insurance for a director or officer against liabilities incurred in their capacity as a director or officer. These liabilities include:

- a breach of duty of care to the Company or a third-party;
- a breach of duty of loyalty;
- any monetary liability imposed on the director or officer in favour of a third-party; and
- reasonable legal costs, including attorneys' fees, incurred by the director or officer as a result of an administrative enforcement proceeding instituted against him (without limiting from the generality of the foregoing, such expenses will include a payment imposed on the director or officer in favour of an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, and expenses that the director incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses such as attorneys' fees).

6.17.4 *Exemption.* Under the Companies Law and the Articles, the Company may exculpate a director or officer from a breach of duty of care in advance of that breach. The Company's Articles provide for exculpation both in advance or retroactively, to the extent permitted under Israeli law. The Company may not exculpate a director or officer from a breach of duty of loyalty towards the Company or from a breach of duty of care concerning dividend distribution or a purchase of the Company's shares by the Company or other entities controlled by the Company.

6.17.5 *Limitations on Exemption, Insurance and Indemnification:* Under the Companies Law, the Company may indemnify or insure a director or officer against a breach of duty of loyalty only to the extent that the director or officer acted in good faith and had reasonable grounds to assume that the action would not prejudice the Company. In addition, the Company may not indemnify, insure or exempt a director or officer against a breach of duty of care if committed intentionally or recklessly (excluding mere negligence), or committed with the intent to derive an unlawful personal gain, or for a fine, civil fine, financial sanction or forfeit levied against the director or officer.

6.17.6 Pursuant to the Companies Law, exculpation of, procurement of insurance coverage for, and an undertaking to indemnify or indemnification of, the Company's directors or officers must be approved by the Remuneration Committee, the Board and the Shareholders by way of ordinary resolution.

6.17.7 The Articles allow the Company to indemnify, exempt and insure the Company's directors or officers to the fullest extent permitted under the Companies Law, and the Remuneration Committee, the Board and the Shareholders have resolved to indemnify the Directors and Proposed Directors to the extent permitted by law and by the Articles for liabilities not covered by insurance, that are of certain enumerated types of events, and subject to limitations as to amount. The Company has also entered into insurance, indemnification and exculpation agreements with each of the Directors and Proposed Directors and other executive officers as described in paragraph 15.4 of this Part IV.

6.18 **Branch register**

The Company may, subject to and in accordance with the provisions of the Companies Law, cause a branch register or registers of shareholders to be kept at any place outside of Israel as the Board may think fit and, subject to all applicable requirements of law, the Board may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such a branch register or registers.

6.19 **Shareholder notification requirements**

6.19.1 A shareholder must notify the Company of the percentage of its Voting Rights (as defined in the Articles) if the percentage of voting rights which he holds directly or indirectly as a shareholder or through his direct or indirect holding of financial instruments as set out in the Disclosure and Transparency Rules (or a combination of such holdings) (i) exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100% and/or (ii) reaches, exceeds or falls below an applicable threshold as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules.

6.19.2 The shareholder notification requirements exclude Dormant Shares (as defined in the Companies Law).

6.19.3 The Board may, by written notice, require any person whom the Board knows or has reasonable cause to believe to be interested in shares in the Company to indicate whether or not it is the case, and to provide the particulars of their interest ("**Disclosure Notice**"). The Disclosure Notice will remain in effect until the Board determines otherwise and notify the Shareholder accordingly.

6.19.4 Where a Shareholder is in default of a Disclosure Notice, and remains so following the period provided for in the notice, the shares in respect of which he is in default ("**Default Shares**") will be subject to certain restrictions, provided those shares represent at least 1% of the issued and outstanding shares of the Company. The restrictions include forfeiting his entitlement to dividends in respect of the Default Shares until he complies with the Disclosure Notice, although the amount of the dividend that would otherwise be due will be set aside and become payable upon his compliance. Further, he will be restrained from transferring the Default Shares, or any rights in them (other than on arm's length terms as outlined below).

6.19.5 The restrictions shall cease to apply the trading day after the earlier of due compliance to the satisfaction of the Board with the Disclosure Notice, receipt by the Company of a notice that the shareholding has been sold to a third party under an arm's length transfer, or a decision of the Board to waive those restrictions in whole or in part. However, the restrictions shall not restrict the shareholder's ability to sell or agree to sell the shares under an arm's length transfer.

6.19.6 Where a Disclosure Notice is served on a Depositary which fails to comply for any reason, the restrictions described in paragraph 6.19.4 above will only be implemented in relation to those Default Shares in respect of which there has been a failure, and not in relation to any other shares held by the Depositary.

7. DIRECTORS' AND OTHER INTERESTS

7.1 As at the date of this document and immediately following the Placing and Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors and Proposed Directors and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, are as follows:

	As at the date of this document		*Immediately following the Placing and Admission*	
Director	*Number of Ordinary Shares*	*Percentage of Existing Ordinary Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Tim Weller*	Nil	Nil	81,698	0.1
Hagai Tal**	12,500,000	25.00	10,603,125	17.1
Maia Shiran***	12,500,000	25.00	10,603,125	17.1
Yaniv Carmi****	Nil	Nil	Nil	Nil
René Rechtman	Nil	Nil	Nil	Nil
Joanna Parnell	Nil	Nil	Nil	Nil
Neil Jones	Nil	Nil	3,267	0.0

*Being the Salary Shares.

**The Ordinary Shares are registered in the name of Marimedia Holdings Ltd. MTD PTE Ltd, a Singapore company (No. 201128098R) is the beneficial owner of 50% of the issued share capital of Marimedia Holdings Ltd. The shares of MTD PTE Ltd. are held in trust by Fiduciary Holdings PTE Ltd., a Singapore company (No. 200200594R), in favour of YSYHY Ltd., a company organised under the laws of Belize (No. 108,109). Mr Tal is the sole shareholder and beneficial owner of YSYHY Ltd.

***The Ordinary Shares are registered in the name of Dooi Holdings Ltd. Ms. Shiran is the sole beneficial owner of Dooi Holdings Ltd.

****Mr Carmi beneficially owns options to purchase 530,000 Ordinary Shares, which shall fully vest upon Admission, of which 80,428 are being exercised and sold in the Placing as part of the Sale Shares.

7.2 Save as disclosed in paragraph 7.1 above, none of the Directors nor Proposed Directors has any interest in the share capital of the Company or of any of its subsidiaries nor does any member of their family (within the meaning set out in the AIM Rules) have any such interest, whether beneficial or non-beneficial.

7.3 As at 21 May 2014 (being the last practicable date prior to the publication of this document) and so far as the Directors are aware, the only persons (other than any Director or Proposed Director) who are or will be interested, directly or indirectly, in 3% or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

	Before Admission		*Following Admission*	
Shareholder	*Number of Ordinary Shares*	*Percentage of Existing Ordinary Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Cababie Holdings Ltd*	12,500,000	25.00	10.603,125	17.13
Dooi Holdings Ltd**	12,500,000	25.00	10,603,125	17.13
Marimedia Holdings Limited***	25,000,000	50.00	21,206,250	34.26
Schroder Investment Management	–	–	4,668,534	7.54
Investec Asset Management	–	–	3,374,619	5.46
Legal & General	–	–	2,813,849	4.54
River & Mercantile Asset Management	–	–	2,813,849	4.54
Slater Investments Limited	–	–	2,363,633	3.82

*Mr Ariel Cababie is the sole beneficial owner of Cababie Holdings Ltd.

**Ms Maia Shiran is the sole beneficial owner of Dooi Holdings Ltd.
Mr Cababie and Ms Shiran are co-habiting.

***MTD PTE Ltd, a Singapore company (No. 201128098R), is the beneficial owner of 50% of the issued share capital of Marimedia Holdings Ltd. The shares of MTD PTE Ltd. are held in trust by Fiduciary Holdings PTE Ltd., a Singapore company (No. 200200594R), in favour of YSYHY Ltd., a company organized under the laws of Belize (No. 108,109). Mr Tal is the sole shareholder of YSYHY Ltd. Smart & Simple Ltd is the beneficial owner of 50% of the issued share capital of Marimedia Holdings Ltd. Mr Ehud Levy is the sole beneficial owner of Smart & Simple Ltd.

7.4 The Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company, nor (ii) any arrangements the operation of which may, at a subsequent date, result in a change in control of the Company.

7.5 The voting rights of the persons listed in paragraph 7.3 above do not differ from the voting rights of any other holder of Ordinary Shares.

7.6 There are no outstanding loans granted by the Company to any Director nor are there any guarantees provided by the Company for the benefit of any Director.

7.7 No Director nor any member of his or her family (within the meaning set out in the AIM Rules) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

7.8 The Directors and Proposed Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current*	*Previous*
Tim Weller	Incisive Media Holdings Limited Incisive Media (Bidco) Ltd Breakthrough Publishing Ltd Buckley Press Ltd Buckley Publishing Company Ltd Buckpill Limited Central Banking Publications Limited CIFT Limited City Financial Communications Limited Conjecture Limited DWT Conferences Limited E-Trader Group Limited (in liquidation) Global Professional Media Limited Global Technology Forum Limited IMARK Communications Ltd Incisive Alliance Limited Incisive Financial Publishing Ltd Incisive Media (Bidco) Limited Incisive Media Investments Ltd Incisive Media Ltd Incisive Media Services Limited Incisive Photographic Ltd Incisive RWG Ltd Incisive Services Ltd Incisive TBP Group Limited Internet Q plc Initiative Europe Consulting Limited Initiative Europe Holdings Limited Initiative Europe Limited Learned Information (Europe) Ltd Matching Hat Limited MSM International Limited Timothy Benn Publishing Ltd Top Furbco Limited VNU Business Publications Ltd Web Recruitment Services Limited *USA* Incisive RWG Inc Incisive Interactive Marketing LLC	Cavendish Group Polestar Company Limited RDF Media plc Apax Summer LLP (dissolved) Apax Summer (Holdco) Ltd Apax Summer (Topco) Ltd Apax Summer UK Acquisition Ltd Apax Summer UK Acquisition (Holdco) Ltd Incisive Media US Holdings Inc Liontrust Investment Solutions Limited North Investment Partners Limited Professional Publishers Association Ltd Workdigital Limited Zodiak Media Limited

Director	*Current*	*Previous*
Tim Weller (continued)	*Hong Kong* AVCJ Group Incisive Financial Publishing (HK) Ltd *Other Directorships* Weller Management Ltd Incisive Media Holdings Limited Issets Property Limited Recoverex Limited (in liquidation) Stylus Limited Trust Pilot A/S	
Hagai Tal	None	Taptica Ltd Marimedia Holdings Ltd BlueSnap Inc BT Global
Maia Shiran	Sprintile Ltd CDI Holdings Ltd Cashi Investments Inc. Dooi Holdings Ltd Darian Ltd	None
Yaniv Carmi	None	None
René Rechtman	Movellas ApS Qriously Limited Freespee AB TradeMob GMBH	Gateway Japan ApS Goviral ApS AOL Japan Adjug Limited Goviral Limited AOL (UK) Limited
Joanna Parnell	None	None
Neil Jones	ITE Group plc	None

7.9 In September 2012, Great Hill Equity Partners IV LP, Great Hill Investors LLC, Fremont Holdco, Inc and Bluesnap Inc (formerly Plimus Inc), (collectively "**Great Hill**"), filed a complaint in the Court of Chancery of the State of Delaware against SIG Growth Equity Fund I LLP, SIG Growth Equity Management LLC, Hagai Tal and others (collectively the "**Defendants**") arising out of the acquisition by Great Hill in August 2011 of Plimus Inc ("**Plimus**"), a provider of mobile and internet payment solutions. Great Hill filed a further amended complaint in April 2014. The Defendants include the principal selling shareholders of Plimus and certain members of its management team at the time of the sale to Great Hill. Hagai Tal was both a selling shareholder (owning approximately 8% of the company) and the chief executive officer of Plimus at the relevant time. In its complaint (as amended) Great Hill alleges that the Defendants deliberately and fraudulently concealed material facts regarding Plimus's relationships with its payment processors and its compliance with various credit card regulations and seek judgment either that the transaction be rescinded and the US$115 million consideration be returned to Great Hill together with interest, or that damages and costs be assessed and awarded by the court. The Defendants deny any liability and intend to vigorously defend themselves against the claim. However, there can be no guarantee that, should the claim proceed to trial, their defence would be successful. Any judgment against Mr Tal could have an adverse effect on the Company, its reputation and its relationships with its customers.

7.10 Tim Weller was a director of E-trader Group Limited when it was placed into administration in January 2012 and then when it went into voluntary creditors' liquidation in 2012. Although all trade creditors were paid in full, certain other creditors were not. Tim Weller and certain other shareholders of E-trader Group Limited bought certain assets of that company through a "pre-pack" administration deal with its administrator. This was done through Recoverex Limited, of which Tim Weller is also a director.

Recoverex Limited was itself put into voluntary creditors' liquidation in February 2014. It is expected that all creditors will be paid in full.

7.11 Other than as disclosed above, as at the date of this document no Director:

7.11.1 has any unspent convictions in relation to any indictable offences; or

7.11.2 has been declared bankrupt or entered into an individual voluntary arrangement; or

7.11.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

7.11.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

7.11.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

7.11.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

8. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

8.1 Each of the executive Directors provides their services to the Company pursuant to a service contract. Details of these service contracts and letters of appointment are set out below:

8.1.1 Hagai Tal is employed by the Company as Chief Executive Officer pursuant to a service contract dated 30 April 2014. Under the agreement, Mr Tal is entitled to a salary of NIS 1,048,140 per annum, and an annual bonus not to exceed NIS 1,048,140 based on criteria to be approved by the Remuneration Committee and the Board, reviewed annually. He is also entitled to contributions from the Company towards a professional education fund and insurance policies in respect of severance pay benefits, pension benefits and disability. Either party may terminate the agreement by giving 240 days' written notice. The Company may terminate the agreement with immediate effect for cause. On termination of the agreement, the Company will be obliged to pay all salary, bonus and benefits accrued, and, unless the termination is for cause under the circumstances prescribed by Israeli law, the Company will assign the benefit of the severance pay benefit insurance policy to Mr Tal. On termination, Mr Tal has agreed that, for a period of 12 months, he will not solicit or canvas the custom of, or deal with, any customer or potential customer. Neither will he, for a period of 12 months, engage in business activity that competes with the Company in a country or geographical area in which the Company operates. The service contract also contains provisions which, among other things, restrict the disclosure of confidential information and protect the Company's intellectual property rights.

8.1.2 Yaniv Carmi is employed by the Company as Chief Financial Officer pursuant to a service contract dated 30 April 2014. Under the agreement, Mr Carmi is entitled to a salary of NIS 458,533 per annum, and an annual bonus not to exceed NIS 458,533 based on criteria to be approved by the Remuneration Committee and the Board, reviewed annually. He is also entitled to contributions from the Company towards a professional education fund and insurance policies in respect of severance pay benefits, pension benefits and disability. Either party may terminate the agreement by giving 180 days' written notice. The Company may terminate the agreement with immediate effect for cause. On termination of the agreement, the Company will be obliged to pay all salary, bonus and benefits accrued, and, unless the termination is for cause under the circumstances prescribed by Israeli law, the Company will assign the benefit of the severance pay benefit insurance policy to Mr Carmi. On termination, Mr Carmi has agreed that, for a period of 12 months, he will not solicit or canvas the custom of, or deal with, any customer or potential customer. Neither will he, for a period of 12 months, engage in business activity that competes with the Company in a country or geographical area in which the Company operates. The service

contract also contains provisions which, among other things, restrict the disclosure of confidential information and protect the Company's intellectual property rights.

8.1.3 Maia Shiran is employed by the Company as Chief Operating Officer pursuant to a service contract dated 30 April 2014. Under the agreement, Ms Shiran is entitled to a salary of NIS 1,048,140 per annum, and an annual bonus not to exceed NIS 1,048,140 based on criteria to be approved by the Remuneration Committee and the Board, reviewed annually. She is also entitled to contributions from the Company towards a professional education fund and insurance policies in respect of severance pay benefits, pension benefits and disability. Either party may terminate the agreement by giving 240 days' written notice. The Company may terminate the agreement with immediate effect for cause. On termination of the agreement, the Company will be obliged to pay all salary, bonus and benefits accrued, and, unless the termination is for cause under the circumstances prescribed by Israeli law, the Company will assign the benefit of the severance pay benefit insurance policy to Ms Shiran. On termination, Ms Shiran has agreed that, for a period of 12 months, she will not solicit or canvas the custom of, or deal with, any customer or potential customer. Neither will she, for a period of 12 months, engage in business activity that competes with the Company in a country or geographical area in which the Company operates. The service contract also contains provisions which, among other things, restrict the disclosure of confidential information and protect the Company's intellectual property rights.

8.2 Each of the Proposed Directors has a non-executive letter of appointment with the Company, details of which are set out below:

René Rechtman, Joanna Parnell and Neil Jones were appointed as non-executive directors of the Company and Tim Weller was appointed as non-executive chairman with effect from Admission by letters of appointment dated 14 April 2014 (René Rechtman and Joanna Parnell), 23 April 2014 (Neil Jones) and 29 April 2014 (Tim Weller). The appointments shall continue until terminated (subject to re-election at the next annual general meeting in which such appointment is subject to re-election). The appointments are terminable on 3 months' notice by either the Company or the non-executive Director. The fee payable for Tim Weller's services as a non-executive Director and chairman is £75,000 gross per annum (of which £25,000 is payable in cash and £50,000 will be satisfied by the issue of fully paid Ordinary Shares) and is subject to annual review. Following Admission, Mr Weller is also entitled to a one-off fee of £25,000 (which will be satisfied by the issue of Ordinary Shares at the Placing Price). The fee payable for the services of René Rechtman as a non-executive Director is £35,000 gross per annum, the fee payable for the services of Joanna Parnell as a non-executive Director is £25,000 gross per annum and the fee payable for the services of Neil Jones as a non-executive Director is £35,000 (including £5,000 for serving as the Chairman of the Audit Committee), in each case subject to annual review. None of the Proposed Directors will be paid any fees in the event Admission does not occur.

8.3 Save as disclosed in paragraphs 8.1 to 8.2 above, there are no existing or proposed service contracts or consultancy agreements between any of the Directors or Proposed Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.

8.4 The aggregate of the remuneration paid and benefits in kind (including bonus payments) granted to the Directors (directly or indirectly) by the Company in respect of the financial year ended 31 December 2013 was approximately £408,000.

8.5 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year immediately preceding the date of this document.

9. RELATED PARTY TRANSACTIONS

Save as disclosed in Note 16 to the financial information on the Company in Section A of Part III of this document and as set out below, the Company has not entered into any related party transactions in the last three financial years preceding the date of this document and from 1 January 2014 up to the date of this document:

9.1 the Indemnification Agreements (which are further detailed at paragraph 15.4 of this Part IV);

9.2 the Taptica Option Agreement (which is further detailed at paragraph 15.6 of this Part IV);

9.3 the Taptica Loan Agreement (which is further detailed at paragraph 15.7 of this Part IV); and

9.4 the Inter-Company Services Agreements (which are further detailed at paragraph 15.8 of this Part IV).

10. TAXATION

10.1 The following is only a general guide to the main UK and Israeli tax consequences that should apply to Shareholders who acquire their shares via trading on AIM, hold their shares as investments, who are the absolute beneficial owners of the shares and any dividends received in respect of those shares and are UK tax resident individuals or companies. It does not purport to be a comprehensive analysis of all the tax consequences applicable to all types of Shareholders of acquiring, holding or disposing of shares. Specifically, it is not addressed to certain categories of Shareholders who are subject to special rules, such as dealers in securities or those who have acquired (or are deemed for tax purposes to have acquired) their shares by reason of employment.

10.2 Any statements made as regards the main UK tax consequences applicable to Shareholders are based on current UK tax legislation and what is understood to be the current practice of Her Majesty's Revenue and Customs ("**HMRC**").

10.3 The descriptions of the Israeli tax laws and practices set forth below are based on the statutes, regulations, rulings, judicial decisions and other authorities in force and applied in practice as of the date of this document, all of which are subject to change and differing interpretations.

10.4 If you are in any doubt as to your own tax position or are resident or subject to tax in a jurisdiction outside the UK, you should seek independent professional advice without delay.

10.5 The directors intend that the Company will be tax resident in Israel.

10.6 With respect to dividends sourced from ordinary earnings, based on the Israeli domestic tax laws, the withholding tax rate which will apply to dividends paid by an Israeli company to an Israeli resident individual shareholder or to a foreign resident shareholder (Individual and/or corporation) is 30% for distributions to a "substantial shareholder" (being someone who holds, directly or indirectly, by himself or "together with another", at least 10% of one or more of the means of control in the company – "together with another" means together with a relative, or together with someone who is not a relative but with whom, according to an agreement, there is regular cooperation in material matters of the Company, directly or indirectly) and 25% with respect to distributions to all other shareholders, unless a lower rate is provided in a double taxation treaty signed between Israel and the shareholder's country of residence. Israeli resident companies are generally exempt from tax on the receipt of dividends paid by Israeli companies.

10.7 Notwithstanding the above, with respect to dividends sourced from regular earnings which are distributed to a substantial shareholder (as defined in paragraph 10.6 above), that holds its shares in a publicly traded company via a "nominee company" (as defined under the Securities Law, 1968), a 25% withholding tax rate should apply. In such a case, the substantial shareholder in question is required to file an Israeli tax return for the tax year in which the distribution was executed. Within the framework of such return, the dividend income shall be reported and pursuant thereto an additional tax liability in the amount of 5% of the gross dividend (for an overall tax rate of 30%) should be paid. All the above mentioned will not apply in cases where a specific double taxation treaty signed between Israel and the shareholder's country of residence provides a different tax rate.

10.8 In addition, based on the Israeli domestic tax laws, dividends distributed by the Company to an Israeli resident individual shareholder or to a foreign resident shareholder (Individual and/or corporation) which are sourced from preferred income generated by the Company in accordance with the provisions of the Investments Law, are generally subject to withholding tax at a rate of 20%, unless a lower rate is provided in a double taxation treaty between Israel and the shareholder's country of

residence. Israeli resident companies are generally exempt from tax on the receipt of dividends paid by Israeli companies, which are sourced from preferred income.

10.9 The double taxation treaty between Israel and the UK (the "**UK Treaty**") provides for the foregoing withholding to be reduced to 15% where the recipient is subject to tax on the dividends received in the UK. This relief under the UK Treaty would not be available if the holder of Ordinary Shares had a permanent establishment in Israel and their holding of Ordinary Shares with respect to which the dividends are paid was effectively connected with the business or trade of that permanent establishment. The reduced rate of withholding tax is also not available under the UK Treaty if: (a) the recipient owns 10% or more of the class of Ordinary Shares in respect of which the dividend is paid, to the extent that the dividend in question could only have been paid out of profits which the Company earned or out of other income which it received in a period ending twelve months or more before the relevant date (for these purposes, the "relevant date" is the date on which the recipient of the dividend became the owner of 10% or more of the class of Shares in question); and (ii) the recipient cannot show that the Shares were acquired for bona fide commercial reasons and not primarily for the purpose of securing the benefit of the reduced withholding tax rate under the UK Treaty.

10.10 In order to enjoy the reduced withholding tax rate prescribed under the UK Treaty, a certificate from the Israeli tax authorities may need to be obtained, which in some cases requires the shareholder to confirm their tax residence.

10.11 Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to withholding taxes in the UK).

10.12 It is the intention of the Directors and Proposed Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors and Proposed Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

10.13 A UK tax resident individual Shareholder who receives a dividend from the Company (the amount received being the "net dividend") will normally be entitled to a tax credit equal to one-ninth of the amount of the net dividend provided that the shareholder does not hold more than 10% of the shares. The individual will be subject to UK income tax on the aggregate of the net dividend and the related tax credit (the "gross dividend"), which will be regarded as the top slice of the individual's income. The individual will be liable to income tax in respect of the dividend at the dividend ordinary rate, the dividend upper rate or the dividend additional rate.

10.14 An individual Shareholder who is liable to UK tax at the basic rate, will be charged to tax on the gross dividend at the dividend ordinary rate of 10% (for the tax year 2014/15). So the tax credit will fully discharge that Shareholder's income tax liability on the dividend.

10.15 An individual Shareholder liable to UK tax at the higher rate will be charged to income tax on the gross dividend at the higher dividend rate of 32.5% (for the tax year 2014/15).

10.16 The 10% tax credit attached to the dividend will only partially discharge the Shareholder's 32.5% tax liability. An income tax charge of 22.5% of the gross dividend (25% of the net dividend) will remain.

10.17 An individual Shareholder liable to UK tax on their income at the additional rate will be charged tax on the gross dividend at the additional dividend rate of 37.5% (for the tax year 2014/15).

10.18 In this situation, the 10% tax credit attached to the dividend will only partially discharge the Shareholder's 37.5% tax liability. An income tax liability at the rate of 27.5% of the gross dividend (approximately 30.6% of the net dividend) will remain.

10.19 Individual Shareholders may be able to claim relief for withholding tax suffered on dividends paid to them.

10.20 UK resident individual Shareholders who are not domiciled within the UK and who are claiming the remittance basis of taxation (or who are within it automatically), will generally be subject to UK income tax on the dividend receipt only if the dividend is remitted (or deemed to be remitted) to the UK. In such a case, it should be noted that advantage can only be taken of the reduced rate of withholding tax under the UK Treaty if the dividends are subject to UK tax and the recipient qualifies as a resident under the UK Treaty.

10.21 A corporate Shareholder (within the charge to UK corporation tax) which is a "small company" for the purposes of the UK taxation of dividends legislation will not generally be subject to UK corporation tax on dividends from the Company.

10.22 Other corporate Shareholders (within the charge to UK corporation tax) will not be subject to tax on dividends from the Company provided the dividends fall within an exempt class and certain conditions are met. In general, most dividends received by corporate Shareholders will fall within an exempt class. Examples of dividends that fall within exempt classes include dividends paid on shares that are non-redeemable ordinary shares, and dividends paid to a person holding less than 10% of the issued share capital of the Company (or any class of that share capital).

10.23 The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company. UK corporation tax is charged on dividends at the rate applicable to that company.

10.24 Shareholders who are able to claim an exemption from UK corporation tax on dividends from the Company will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

Capital gains tax

10.25 An individual, who is resident in the UK or ordinarily resident for tax purposes, shall be liable to capital gains tax where a gain arises on the disposal of shares (including shares in the Company held as an investment) subject to the application of relevant reliefs and exemptions.

10.26 Capital gains tax for individuals is payable (subject to certain reliefs) at 18% (for the tax year 2014/15) to the extent the individual is a basic rate taxpayer with total taxable income and capital gains below £31,866 and at 28% (for the tax year 2014/15) for all trustees and personal representatives, and on all gains above that level and on all gains of individuals who pay income tax at the higher or additional rate.

10.27 A company resident in the UK for corporation tax purposes will be liable for corporation tax in respect of a chargeable gain (or an allowable loss may arise) on the disposal of shares in the Company, depending on the circumstances and subject to indexation allowance and any other available exemption or relief.

10.28 An individual Shareholder who is resident but not domiciled in the UK who claims the remittance basis of taxation (or who is automatically within the remittance basis) and whose shares are not situated in the UK, will be liable to UK capital gains tax only to the extent that chargeable gains made on the disposal of shares are remitted or deemed to be remitted to the UK. Provided the Company's share register is situated outside the UK, the shares should be considered to be located abroad for capital gains tax purposes, but dealings in the shares on AIM or through depositary interest programmes located in the UK may give rise to remitted profits which would therefore be taxable.

10.29 Under the Israeli domestic tax laws, in general, foreign residents (Individual and/or corporation) are exempt from tax in Israel with respect to capital gains realized on the sale of shares of an Israeli resident company which were acquired starting from January 1, 2009, provided (i) such gains are not attributable to a permanent establishment of the shareholder in Israel; (ii) the acquisition of the shares was not from a relative and the provisions of Part E2 of the Income Tax Ordinance (New Version) 1961, or the provisions of Section 70 of the Real Estate Taxation Law, do not apply to it; (iii) the shares were not traded on a stock exchange in Israel at the time of the sale; and (iv) most of the value of the assets held, directly or indirectly, by the company on the acquisition date of the shares and for the two years preceding their sale was not attributable to real estate rights or rights in a real estate

association or the right to use the land or any property connected to land in Israel or the right to exploit natural resources located in Israel.

10.30 Under the Israeli domestic tax laws, foreign resident corporations will not be entitled to such exemption if (i) an Israeli resident has a controlling interest, directly or indirectly, alone, together with another (as defined in section 10.6 above), or together with another Israeli resident, of 25% or more in one or more of the means of control in such non-Israeli resident company; or (ii) Israeli residents are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli resident company, whether directly or indirectly.

10.31 In any event, UK residents disposing of shares in the Company could rely on the UK Treaty which exempts UK resident shareholders from Israeli tax on capital gains where the capital gains are subject to tax in the UK and are not attributable to a permanent establishment of the shareholder in Israel. However, where shares in the Company are, for example, held by a UK resident that qualifies under UK law for a tax exemption upon the disposal of such shares, it is uncertain that the Israeli Tax Authorities ("ITA") will accept that the benefits of the UK Treaty apply as the capital gain might be deemed by the ITA not to have been subject to UK tax. Therefore the exemption contained within Israeli domestic law may be the only protection available from Israeli taxation.

Stamp duty and stamp duty reserve tax

10.32 The following comments are intended as a guide to the general Israeli and UK stamp duty and stamp duty reserve tax ("**SDRT**") position and do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with voluntary arrangements, depositary receipt arrangements or clearing services or persons who enter into sale and repurchase transactions in respect of the Ordinary Shares for whom special rules apply.

10.33 No UK stamp duty or SDRT should be payable on the issue of the Ordinary Shares.

10.34 For Ordinary Shares held outside CREST, no UK stamp duty should generally be payable, provided that any instrument of transfer is not executed in the UK and is kept outside the UK and does not relate to any property situated, or to any matter or thing done or to be done in the UK. If this is not the case, the transfer of the Ordinary Shares will generally be subject to UK stamp duty (at the rate of 0.5% of the amount or value of the consideration given for the transfer, rounded up, where necessary, to the nearest £5). The purchaser usually pays the UK stamp duty.

10.35 Provided that any Ordinary Shares held outside CREST are not registered in a register kept in the UK by or on behalf of the Company nor are paired with shares issued by a body corporate incorporated in the UK, no UK SDRT should be generally chargeable in respect of any agreement to transfer Ordinary Shares. If this is not the case, the agreement to transfer the Ordinary Shares will generally be subject to UK SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. UK SDRT is, in general, payable by the purchaser.

10.36 No stamp duty or SDRT should arise on the transfer of the Ordinary Shares to the Depositary (or one of its subsidiaries), to hold in its capacity as Depositary, nor on the subsequent issue by the Depositary to that transferor of DIs representing the underlying Ordinary Shares in an uncertificated form (which are eligible for settlement through CREST).

10.37 Assuming that transfers of DIs operate without any written instrument or transfer or written assignment to transfer, no stamp duty will be payable by the purchasers of such DIs. However, UK SDRT will be payable in respect of agreements to transfer DIs within CREST at the rate of 0.5% of the amount or value of the consideration payable for the transfer, subject as provided below.

10.38 Pursuant to the Finance Bill 2014, from 28 April 2014, stamp duty and the stamp duty reserve tax will no longer be chargeable on transactions in securities admitted to trading on a Recognized Growth Market provided that they are not also listed on a Recognized Stock Exchange (the "**Stamp Duty Exemption**"). HMRC have confirmed to the Company's advisers that a depository instrument that relates to securities admitted to trading on a Recognized Growth Market should qualify for the Stamp Duty Exemption, such that no UK SDRT should be payable in respect of agreements to transfer the DIs.

10.39 London Stock Exchange (the 'Exchange') has applied to HMRC for Recognized Growth Market status for AIM and the High Growth Segment on the basis of the criteria set out in Clause 108 and Schedule 20 of the Finance Bill 2014.

10.40 There is no stamp duty in Israel on issuance or transfer of shares.

11. WORKING CAPITAL

The Directors and Proposed Directors are of the opinion, having made due and careful enquiry, taking into account the net proceeds of the Placing receivable by the Company, that the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Company since 31 December 2013, the date to which the Company's last audited financial statements were published.

13. LITIGATION

The Company is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on the Company's financial position nor, so far as the Company is aware, are any such proceedings pending or threatened by or against the Company.

On 14 May 2014, the Company received a demand filed with the regional labour court of Tel Aviv-Jaffa, Israel, by two former employees of the Company (the "Former Employees") requesting the court to issue an injunction ordering the Company: (i) to deliver a letter to AppNexus (A) requesting AppNexus to cancel restrictions on its commercial relationship with the Former Employees and their related corporate entity (which the Former Employees allege resulted from the Company's actions), and (B) to clear the reputation of the Former Employees; and (ii) to confirm that the Former Employees' non-compete and intellectual property undertakings given to the Company are invalid. On 18 May 2014, the Former Employees unilaterally withdrew their injunction request after the Company notified AppNexus that it does not object to the Former Employees working with AppNexus.

The Former Employees are continuing to threaten to file a claim against the Company requesting that the Company clear the reputations of the Former Employees vis-a-vis AppNexus and declare the Former Employees' non-compete and intellectual property undertakings to the Company as invalid, and seeking damages for the alleged restrictions on their employment.

The Directors believe the claims of the Former Employees are without merit and intend to defend the claims vigorously.

14. PLACING AGREEMENT

In connection with the Placing, the Company, the Directors, the Proposed Directors, the Selling Shareholders and N+1 Singer entered into a Placing Agreement on 22 May 2014. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 22 May 2014 or such later date (not being later than 8.00am on 11 June 2014) as the Company and N+1 Singer may agree. The principal terms of the Placing Agreement are as follows:

14.1 N+1 Singer has agreed, as agent of the Company, to use its reasonable endeavours to procure placees to subscribe for the New Ordinary Shares and the Sale Shares at the Placing Price.

14.2 The Company has agreed to pay N+1 Singer, provided the Placing Agreement becomes unconditional, a corporate finance fee and a commission of between 4% and 4.25% of the aggregate value at the Placing Price of the New Ordinary Shares (plus any applicable VAT). In addition, the Company will issue the Warrants to N+1 Singer equivalent to 0.5% of the Company's issued share capital at Admission.

14.3 The Selling Shareholders have agreed to pay N+1 Singer a commission of between 4% and 4.25% of the aggregate value of the Sale Shares at the Placing Price (plus any applicable VAT) (and an amount equal to any taxes payable on the transfer of the Sale Shares as part of the Placing).

14.4 The Company has agreed to pay all of the costs and expenses of and incidental to the Placing and related arrangements (other than any taxes payable on the transfer of the Sale Shares (if any) which are payable by the Selling Shareholders) together with any applicable VAT.

14.5 The Company the Directors and the Proposed Directors have given certain customary warranties to N+1 Singer as to the accuracy of the information in this document and as to other matters relating to the Company. The liability of the Directors under these warranties is limited in time and amount. The Company, the Directors and the Proposed Directors have given an indemnity to N+1 Singer against any losses or liabilities arising out of the proper performance by N+1 Singer of its duties under the Placing Agreement. The liability of the Directors and the Proposed Directors under the indemnity is limited in amount. The Company's liability is unlimited.

14.6 The Selling Shareholders have given customary warranties to N+1 Singer as to the Sale Shares. The Selling Shareholders have given N+1 Singer an indemnity against any losses or liabilities arising out of the proper performance by N+1 Singer of its duties under the Placing Agreement. The liability of the Selling Shareholders under the warranties and indemnities is limited in amount.

14.7 N+1 Singer may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

14.8 The following table contains details of the Selling Shareholders and the Sale Shares to be sold by them pursuant to the Placing:

Selling Shareholder	*Business address*	*Number of Sale Shares*	*Position, office or material relationship with the Company during the past three years*
Hagai Tal	32 Habarzel Street, Tel Aviv, Israel 6971046	1,896,875	Mr. Hagai Tal, the Company's Chief Executive Officer and Director is a beneficial owner of the Ordinary Shares held by Marimedia Holdings Ltd. (see paragraph 7.1 of this Part IV)
Ehud Levy	32 Habarzel Street, Tel Aviv, Israel 6971046	1,896,875	Mr. Ehud Levy, a former director of the Company, is a beneficial owner of the Ordinary Shares held by Marimedia Holdings Ltd. (see paragraph 7.3 of this Part IV)
Ariel Cababie	2 Raoul Walenberg Street, Tel Aviv, Israel 6971901	1,896,875	Mr. Ariel Cababie, the Company's Co-Founder & Co-Chief Operating Officer and a former director of the company, is the sole beneficial owner of Cababie Holdings Ltd, the legal owners of the Sale Shares
Maia Shiran	2 Raoul Walenberg Street, Tel Aviv, Israel 6971901	1,896,875	Ms. Maia Shiran, the Company's Co-Founder & Co-Chief Operating Officer and Director, is the sole beneficial owner of Dooi Holdings Ltd, the legal owner of the Sale Shares
Certain employees of the Company	–	192,724	Current employees of the Company, including Yaniv Carmi, who will be exercising options immediately before Admission

15. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by the Company and are, or may be, material to the Company or have been entered into by the Company and contain provisions under which the Company has any obligation or entitlement which is material to the Company at the date of this document:

15.1 Placing Agreement

In connection with the Placing, the Company, the Directors, the Proposed Directors, the Selling Shareholders and N+1 Singer entered into the Placing Agreement as further detailed in paragraph 14 of this Part IV.

15.2 Relationship Agreement

Pursuant to the Relationship Agreement entered into between the Company, the Covenantors and N+1 Singer, the Covenantors have given certain undertakings to the Company and N+1 in relation to their and their associates' (which includes family members) conduct with the Company with respect to their shareholdings in the Company. The Relationship Agreement shall terminate if the parties agree in writing to terminate the agreement or the Ordinary Shares cease to be admitted to trading on AIM. In the case of each Covenantor, he or she shall be discharged from his obligations under the Relationship Agreement if his or her shareholding of Ordinary Shares represents less than 25% of the voting rights attributable to the issued share capital of the Company which are then exercisable at general meetings of the Company. Ariel Cababie and Maia Shiran are considered to be associates under the Relationship Agreement as they are co-habiting and so are treated as members of one another's family.

15.3 Lock-In Agreement

Under the Lock-In Agreement, the Directors, the Selling Shareholders and certain other individuals have agreed that, subject to certain limited exceptions (such as pursuant to a takeover or court order), they will not dispose of any Ordinary Shares (or any interest therein) for a period of 12 months from Admission ("Lock-In Period"), without the prior written consent of the Company and N+1 Singer and that any disposal of Ordinary Shares between the expiry of the Lock-In Period and the second anniversary of Admission will be made through N+1 Singer (or the Company's broker from time to time, as applicable) in such orderly manner as they shall reasonably determine.

15.4 Indemnification agreements

Under the Indemnification Agreement entered into with each Director and other executive officers of the Company, the Company has undertaken to exempt and indemnify each of the Directors and Proposed Directors to the fullest extent permitted under the Companies Law as described in paragraph 6.17.7 of this Part IV. The aggregate amount payable by the Company under any Indemnification Agreement shall not exceed 50% of the shareholders' equity of the Company measured by the balance sheet of the Company most recently published prior to the time that notice of indemnification is delivered to the Company.

15.5 Depositary agreement

On 19 May 2014 the Company and the Depositary entered into a depositary agreement whereby the Depositary is appointed to act as depositary of the Company upon the terms of the Deed Poll. The Depositary shall be entitled to receive a set-up fee from the Company of £4,500 and a basic fee of £1.50 per DI holder account per annum, subject to a minimum of 5,000 per annum. The Depositary shall also be entitled to the reimbursement of all out of pocket expenses which it incurs during the proper performance of its duties, obligations and responsibilities under the Deed Poll and the depositary agreement. The depositary agreement is for an initial period of 2 years (the "Initial Period") and will automatically be renewed on expiry of this period for a further 12 months unless terminated by either party. The agreement may be terminated by either party on an event of default, a material breach or by giving not less than 90 days' written notice save that the Company's notice to terminate will not expire earlier than the expiry of the Initial Period.

15.6 Taptica Option Agreement

On 2 April 2014, the Company entered into the Taptica Option Agreement with Taptica Ltd. ("**Taptica**") and its shareholders, an affiliate of the Company which purchases advertising space from the

Company and which specialises in mobile advertising. Taptica is incorporated in Israel with registered number 51-473399-7.

The shareholders of the Company currently own approximately 47% of the shares of Taptica on a fully diluted basis, and Ehud Levy, a beneficial owner of Marimedia Holdings, is a member of the board of directors of Taptica.

The Company has the right under the Taptica Option Agreement, at any time during the period commencing on the date of the Taptica Option Agreement and ending on 1 August 2014 (the "Option Period"), to purchase the entire issued share capital of Taptica from Taptica's shareholders and to cause all outstanding options, warrants and other convertible securities of Taptica to be cancelled, for a purchase price contingent on the Company's financial performance during the period of three months preceding the closing date, ranging from $7.6 million to $19.6 million, as set out below:

Condition 1 – Revenue	*Condition 2 – Operating Profit/(Loss)*	*Purchase Price*
$5.5 million or more	$75,000 or better	$19.6 million
$5 million or more	$0 or better	$17.6 million
$4.5 million or more	$(75,000) or less	$15.6 million
$4 million or more	$(150,000) or less	$13.6 million
$3.5 million or more	$(225,000) or less	$11.6 million
$3 million or more	$(300,000) or less	$9.6 million
Less than $3 million	More than $(300,000)	$7.6 million

The Company is required shall pay the purchase price as to (i) 50% in cash and (ii) 50% by the issue of Ordinary Shares of the Company, to be issued at the Placing Price.

The Taptica shareholders may defer closing by up to 60 days, in which case the calculation of the purchase price is based on Taptica's performance during the three calendar months immediately preceding the deferred closing.

If the Company chooses to exercise the Taptica Option, the Company shall also procure that Taptica repays shareholder loans owed by Taptica to certain persons, including shareholders of the Company, in the aggregate principal amount of $900,000, plus accrued interest, within three business days of the closing date, and the Company shall release the Taptica shareholders from all and any guarantees and pledges provided by them in relation to Taptica.

The Taptica Option Agreement contains warranties and representations given by the Taptica shareholders.

15.7 **Taptica Loan Agreement**

In consideration for the Taptica Option, the Company has agreed to extend a loan to Taptica in the amount of $1.5 million. Under the Taptica Loan Agreement, the Company has agreed to extend a credit line of up to $1.5 million (the "**Credit Line**"). The Credit Line may be drawn down from the date of the Taptica Loan Agreement until the earlier of (i) the date of exercise of the Taptica Option by the Company and (ii) 1 August 2014.

Interest under the Taptica Loan Agreement shall accrue at an annual rate of 3% of any outstanding principal under the Credit Line, and the full principal and accrued interest shall be repaid on 1 August 2015. However, in the event that the Taptica Option is not exercised within the Option Period, the outstanding balance drawn under the Credit Line and interest accrued thereon shall be automatically converted into Taptica shares, bearing the most preferred rights of any outstanding securities of Taptica at the time, issued to the Company, based on a pre-money valuation of $15 million on a fully-diluted basis, treating all outstanding options, warrants, convertible securities and rights to purchase securities of the Company on an as-exercised basis, provided, however, that upon written notice by Taptica to the Company delivered prior to such automatic conversion, Taptica may choose to delay or waive conversion and in such event the principal and accrued interest under the Credit Line will be repaid or converted no later than 1 August 2015.

15.8 **Inter-company services agreements with Taptica, Webisaba Ltd ("Webisaba") and Sprintile Ltd ("Sprintile") (the "Services Agreements")**

Under each of the Services Agreements entered into on 30 April 2014, the Company and each of Taptica, Webisaba and Sprintile have agreed to provide certain types of service to each other as may be requested by the recipient of the service from time to time by way of written purchase orders. The initial term of each of the Services Agreements shall expire on 31 December 2014, however each agreement will, unless terminated, automatically renew for successive terms of one year. Each of the Services Agreements may be terminated by 30 days' prior written notice by either party. Where media purchases are made between the parties to a Services Agreement, these are done on standard terms and conditions, with standard pricing. For certain mobile advertiser and publisher services provided by Taptica to the Company under the relevant Services Agreement there is a revenue share arrangement. Under the Services Agreements between the Company and each of Webisaba and Sprintile, the Company agrees to provide office space, accounting and reporting services and studio design services at fixed rates which the Directors consider to be commercially reasonable.

Sprintile is a company which is beneficially owned by the Founders (via Dooi Holdings Ltd and Cababie Holdings Ltd., respectively) and Hagai Tal (via his 50% ownership of Marimedia Holdings Ltd), and which specialises in the creation, management and promotion of advertiser campaigns. It operates predominantly in the United States.

In connection with the Placing, each of the shareholders of Sprintile has severally undertaken to N+1 Singer (for itself and as trustee for the benefit of the Placees) to procure that the voluntary solvent liquidation of Sprintile is commenced and completed as soon as reasonably practicable following Admission.

Taptica is a company in which the Founders (via Dooi Holdings Ltd and Cababie Holdings Ltd., respectively) and Hagai Tal (via his 50% ownership of Marimedia Holdings Limited) hold, in aggregate, 49.2% of the share capital.

Webisaba is a company in which the Founders (via Dooi Holdings Ltd and Cababie Holdings Ltd., respectively) and Hagai Tal (via his 50% ownership of Marimedia Holdings Limited) are the indirect beneficial owners of 37.5% of the share capital. Webisaba is an international digital advertising network of publishers focussed on the Arab speaking world.

15.9 **Nomad Agreement**

Pursuant to the Nomad Agreement entered into between the Company and N+1 Singer, N+1 Singer has agreed to act as nominated adviser and broker to the Company following Admission as required by the AIM Rules. Under the terms of the Nomad Agreement, N+1 Singer shall provide, amongst other things:

15.9.1 advice to the Company and Directors in relation to matters concerning the London Stock Exchange and the AIM Rules; and

15.9.2 advice to the Company and Directors on all other matters relevant to a company whose shares are admitted to trading on AIM.

The Company has agreed to pay N+1 Singer a retainer fee of £50,000 per annum as well as payment of any out-of-pocket expenses reasonably incurred by N+1 Singer in connection with the performance of its services under the Nomad Agreement.

Either party is able to terminate the agreement at any time after the first anniversary of Admission upon giving three months' written notice to the other party. The Nomad Agreement also contains provisions for early termination in certain circumstances.

16. CONSENTS

16.1 KPMG Somekh Chaikin has given and not withdrawn its consent to the inclusion of its report in Part III of this document in the form and context in which it appears and has authorised the contents of its report for the purposes of Schedule 2 of the AIM Rules.

16.2 N+1 Singer has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

17. MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES RELATING TO THE ORDINARY SHARES

17.1 As the Company is incorporated in Israel, it is subject to Israeli law and the Takeover Code will not apply to the Company, except to the extent share control limits are incorporated into the Articles, as described in paragraph 6.10 of this Part IV.

Mergers

17.2 The Companies Law permits merger transactions, provided that each party to the transaction obtains the approval of its board of directors and shareholders (excluding certain merger transactions which do not require the approval of the shareholders, as set forth in the Companies Law). For the purposes of the shareholder vote of each party, the merger will not be deemed approved if a majority of the shares not held by the other party, or by any person who holds 25% or more of the shares or the right to appoint 25% or more of the directors of the other party, has voted against the merger.

17.3 The Companies Law requires the parties to a proposed merger to file a merger proposal with the Israeli Registrar of Companies, specifying certain terms of the transaction. Each merging company's board of directors and shareholders must approve the merger. Shares in one of the merging companies held by the other merging company or certain of its affiliates are disenfranchised for the purposes of voting on the merger. A merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger, if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. Moreover, a merger may not be completed until at least 50 days have passed from the time that the merger proposal was filed with the Israeli Registrar of Companies and at least 30 days have passed from the approval of the shareholders of each of the merging companies.

17.4 In addition, the provisions of the Companies Law that deal with "arrangements" between a company and its shareholders may be used to effect squeeze-out transactions in which the target company becomes a wholly-owned subsidiary of the acquirer. These provisions generally require that the merger be approved by a majority of the participating shareholders holding at least 75% of the shares voted on the matter, as well as 75% of each class of creditors. In addition to shareholder approval, court approval of the transaction is required.

Articles and Special Tender Offer

17.5 The Articles contain a prohibition on a person acquiring shares, whether by himself or in concert, which, when aggregated with shares held by his concert parties, carry 25% or more of the voting rights attributable to the shares of the Company except as a result of a "permitted acquisition". An acquisition is a "permitted acquisition" if (i) the acquisition is made in compliance with any applicable tender offer rules under the Companies Law as may be in effect at such time or (ii) the acquisition is made in circumstances which the Takeover Code, if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the Takeover Code, as if such Rule applied or (iii) in relation to any issue of shares by the Company pursuant to the Taptica Option.

17.6 The Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if as a result of the acquisition the purchaser could become a holder of 25% or more of the voting rights in the Company. This rule does not apply if there is already another holder of at least 25% of the voting rights in the Company.

17.7 Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser could become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company.

17.8 A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the Company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the Company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

17.9 If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

17.10 Shares that are acquired in violation of this requirement to make a tender offer will be deemed "dormant shares" and will have no rights whatsoever for so long as they are held by the acquirer.

Full Tender Offer

17.11 Under the Companies Law, a person may not purchase shares of a public company if, following the purchase, the purchaser would hold more than 90% of the Company's shares or of any class of shares, unless the purchaser makes a tender offer to purchase all of the target company's shares or all the shares of the particular class, as applicable. If, as a result of the tender offer, either:

- the purchaser acquires more than 95% of the Company's shares or a particular class of shares and a majority of the shareholders that did not have a Personal Interest accepted the offer; or
- the purchaser acquires more than 98% of the company's shares or a particular class of shares;

then, the Companies Law provides that the purchaser automatically acquires ownership of the remaining shares. However, if the purchaser is unable to purchase more than 95% or 98%, as applicable, of the Company's shares or class of shares, the purchaser may not own more than 90% of the shares or class of shares of the target company.

18. CREST AND DIS

Introduction

18.1 CREST is a paperless settlement procedure enabling securities to be transferred otherwise than by written instrument. Securities issued by non-UK companies such as the Company, cannot be held or transferred in the CREST system. However, the Company has entered into DI arrangements to enable investors to settle and pay for interests in Ordinary Shares through the CREST system.

18.2 DIs allow registered shares such as the Ordinary Shares to be settled electronically through the CREST system. The registered shares are transferred to the Depositary which then issues DIs to the CREST accounts of individual subscribers for Ordinary Shares and provides the necessary custodial service. DIs can then be held, transferred and settled within the CREST system in the same way as any other CREST stock. Investors who elect to hold Ordinary Shares through the DI facility will be issued with one DI for each Ordinary Share. Each DI will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends.

18.3 Investors who elect to hold their Ordinary Shares through the DI facility will be bound by a Deed Poll, executed by the Depositary in favour of the holders of the DIs from time to time, the terms of which are summarised in paragraph 18.10 below. The rights and obligations pertaining to the DIs will be governed by English law. Holders of DIs will have no rights in respect of the underlying Ordinary Shares or the DIs against CREST, the operating company of the CREST system, or its subsidiaries.

18.4 In such cases, the Company's share register will show the Depositary as the holder of the Ordinary Shares, but the beneficial interest will be held by the investor. Pursuant to the Deed Poll, the Depositary has agreed to pass on to the DI holders all economic rights attaching to the Ordinary Shares. The Depositary shall pass within three working days notices of meetings of holders of Ordinary Shares and other notices used by the Company to its Shareholders and DI Holders may give express written instructions to the Depositary on elections, choices or how to vote the underlying shares represented by their Dis or to receive a proxy to vote on the underlying shares themselves.

18.5 DI holders can request that the Depositary transfer to them a certain number of Ordinary Shares in exchange for the DIs. Such a transfer shall, pursuant to Section 770 of the Companies Act 2006 and insofar and as long as the Ordinary Shares are listed on AIM, be made through a written instrument certified by the transferor.

18.6 Stamp duty or stamp duty reserve tax considerations in relation to DIs are set out at paragraph 10 of this Part IV.

18.7 Application has been made for the DIs in respect of the Company to be admitted to CREST with effect from the date of Admission.

18.8 DIs will have the same international security identification number ("**ISIN**") as the underlying Ordinary Shares and will not require a separate application for admission to AIM. The DIs will exist only in uncertificated form and cannot be traded other than through CREST.

18.9 For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB, United Kingdom.

Summary of the Deed Poll

18.10 Prospective subscribers for and purchasers of the Ordinary Shares are referred to the Deed Poll available for inspection. In summary, the Deed Poll contains, among other things, provisions to the following effect which are binding on holders of DIs:

18.10.1 The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or the Custodian pertaining to the DIs for the benefit of the holders of the DIs. The Depositary will re-allocate securities or distributions allocated to the Depositary or the Custodian pro rata to the Ordinary Shares held for the respective accounts of the holders of DIs but will not be required to account for fractional entitlements arising from such re-allocation.

18.10.2 Holders of DIs warrant, *inter alia*, that the securities in the Company transferred or issued to the depositary or the Custodian on behalf of the Depositary for the account of the DIs holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Articles or any contractual obligation, or applicable law or regulation binding or affecting such holder.

18.10.3 The Depositary and the Custodian must pass on to DIs' holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must pay the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

18.10.4 The Depositary will be entitled to cancel DIs and treat the holder as having requested a withdrawal of the underlying securities in certain circumstances including where a DIs holder fails to furnish to the Depositary such certificates or representation as to material matters of fact, including his identity, a the Depositary deems appropriate.

18.10.5 The Deed Poll contains provision excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any DIs holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from their negligence or wilful default or fraud or that of any person for whom they are vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of the Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of the Custodian or agent. Furthermore, the Depositary's liability to a holder of DIs will be limited to the lesser of:

18.10.5.1 the value of the shares and other deposited property properly attributable to the Dis to which the liability relates; and

18.10.5.2 that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the DIs holder bears to the aggregate of the amounts that the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event which gave rise to such liability or, if there are no such other amounts, £10 million.

18.10.6 The Depositary is entitled to charge holders of DIs fees and expenses for the provision of their services under the Deed Poll.

18.10.7 The holders of DIs are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of DIs by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear UK and Ireland Limited any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction.

18.10.8 Each holder of DIs is liable to indemnify the Depositary and the Custodian (and their respective agents, officers and employee) against all liabilities arising from or incurred in connection with or arising from any act related to, the Deed Poll so far as they relate to the DIs (and any property or rights held by the Depositary or Custodian in connection with the DIs) held by that holder other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or any agent if the Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of the Custodian or agent.

18.10.9 The Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceed therefrom, in order to discharge the indemnification obligations of DI holders.

18.10.10 The Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders may cancel their DIs and withdraw their deposited property and, if any DIs remain outstanding after termination the Depositary must, among other things, deliver the deposited property in respect of the DIs to the relevant DIs holders or, at its discretion sell all or part of such deposited property. The Depositary shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any monies due to it, together with any other cash held by it under the Deed Poll pro rata to holders of DIs in respect of their DIs.

18.10.11 The Depositary or the Custodian may require from any holder information as to the capacity in which DIs are or were owned and the identity of any other person with or previously having any interest in such DIs and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of DIs and such information as is required for the transfer of the relevant Ordinary Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or the Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Articles require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of DIs are to comply with the Company's instructions with respect thereto.

19. GENERAL

19.1 The total costs and expenses of, or incidental to, the Placing and Admission, all of which are payable by the Company, are estimated to be approximately £1.5 million (inclusive of value added tax). This amount includes the commissions referred to in paragraph 14.2 of this Part IV. The expected net proceeds of the Placing payable to the Company, after deduction of such costs and expenses, is £16.4 million. No expenses of the Placing are being specifically charged to subscribers under the Placing.

19.2 No person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

19.3 The Placing Price of 153 pence represents a premium of approximately 152.9 pence above the nominal value of NIS0.01 per Ordinary Share. The Placing Price is payable in full on application.

19.4 The auditors of the Company are KPMG Somekh Chaikin, chartered accountants and registered auditors, who have audited the Company's accounts for each of the three financial years ended 31 December 2011, 31 December 2012 and 31 December 2013.

19.5 Save as disclosed in this document, the Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

19.6 Save as disclosed in Part I of this document, the Directors and Proposed Directors are not aware of any patents or other intellectual property rights, licences, particular contracts or manufacturing processes on which the Company is dependent.

19.7 Save in connection with the application for Admission, none of the Ordinary Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

19.8 The Directors and Proposed Directors are unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

19.9 Save as disclosed in this document, the Directors and Proposed Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

19.10 Where information contained in this document has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and the Directors and Proposed Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20. AVAILABILITY OF THIS DOCUMENT

20.1 Copies of this document are available free of charge to the public during normal business hours on any week day (excluding Saturdays, Sundays and public holidays) at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX and shall remain available for at least one month after Admission. Copies of this document will also be available for download at the Company's website at www.marimedia.net.

Dated: 22 May 2014

Perivan Financial Print 232117