31 August 2016

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

Interim Results 2016

Taptica (AIM: TAP), a global end-to-end mobile advertising platform for advertising agencies and brands, announces its interim results for the six months ended 30 June 2016.

Best ever period with strong financial and operational performance

- Gained traction with existing household-name clients and received increased new customer demand
- Revenues at record run-rate
- Significant improvement in mobile gross margin

Financial Highlights

Highly cash generative with strong growth in revenue and significant improvement in margin

- Revenues increased by 53% to $51.8 million (H1 2015: $33.9 million)
- Gross profit almost doubled to $17.8 million (H1 2015: $9.0 million), with improvement in gross margin to 34.4% (H1 2015: 26.4%)
- Adjusted EBITDA* of $9.2 million (H1 2015: $2.8 million)
- Net cash in-flow from operating activities of $4.5 million (H1 2015: $0.9 million)
- Declared special dividend of $0.0579 per share, representing a total pay-out of $3.5 million
- Cash and bank deposits as at 30 June 2016 were $9.5 million (31 December 2015: $18.7 million) after making a total cash payment of $13.0 million for three main items: full consideration of AreaOne’s acquisition ($7.0 million); share buyback ($5.5 million); and dividend payment ($0.5 million)

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

Operational Highlights

Early-mover advantage to mobile-centric business has increased Taptica’s client base and delivered higher revenue per customer

- Mobile business accounted for 79% of revenues (H1 2015: 51%) as Company continued to gain traction with existing household-name clients and added new customers
- Investment in technology and increasing proportion of direct clients contributed to improved margins
- Customer mobile revenue retention rate compared with FY 2015 reached 162% as well as increased average spend per client
- Increased its presence in the Asia-Pacific region with the establishment of an office in Seoul, South Korea to advance its sales initiatives in this key growth market and, post period, signed partnership agreement with Adways Korea

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Hagai Tal, Chief Executive Officer, stated: “This has been another record period for Taptica. We have significantly increased revenue, improved margins and remain highly cash generative. Operationally, we are reaping the benefits of our early-mover advantage to focus on mobile advertising, delivering our services to a growing client base of Tier 1 advertisers. We have also established strong foundations in the Asia-Pacific region, which is a key growth market.

"Looking ahead, the momentum achieved in the first six months of the year has been sustained into the second half of 2016. Campaigns agreed with new Tier 1 clients, such as Cartoon Network, ABC and Zappos, are expected to deliver solid revenues in H2 2016, and we continue to see existing clients grow their ad spend with Taptica. We also expect to receive increasing demand from the Asia-Pacific region, with solid contributions to overall revenue commencing this year. As a result, the Board remains confident of delivering significant year-on-year revenue growth in-line with the upgraded market expectations following the Company's trading statement of 6 July 2016."

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About Taptica

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

Operational Review

This has been the first full six-month period following the completion of Taptica's transition to a mobile-focused business including the acquisition of AreaOne Ltd. ("AreaOne"), the performance marketing technology company and accredited Facebook® Marketing Partner, which added social media marketing functionality to the Company's offering. During the period, Taptica continued to build on these strong foundations to increase revenue from existing clients and add new clients resulting in total revenue growth of 53% to $51.8 million compared with $33.9 million for the first half of 2015 and mobile business accounting for 79% of overall sales compared with 51% in H1 2015. In addition, due to the sustained development of the Company's technology as well as the greater proportion of revenue generated by Tier 1 clients, gross margin improved to 34.4% (H1 2015: 26.4%) with gross profit almost doubling to $17.8 million (H1 2015: $9.0 million).

Leveraging transition to mobile- and advertiser-focused business

Taptica entered 2016 as a mobile-focused business with a platform that optimises marketing campaigns for advertisers across mobile and social media channels based on its ability to leverage data, which is key to enabling successful mobile targeting for the Company's clients. During the period, the Company benefited from these strong foundations and its early transition to being mobile focused ahead of many of its competitors. In addition, Taptica continued to enhance its offering through R&D into database and machine learning to further enhance its ability to leverage data, as well as through the continual development of user data to enable ever-more accurate user targeting.

The Company further strengthened its foundations with the strategic decision, executed during the period, to focus its resources on developing its demand-side platform ("DSP") and advertiser client base. This was facilitated by the integration of AreaOne, which provided the Company's clients with access to Facebook, the largest and most popular supplier of media on mobile. By focusing on its DSP offer, Taptica is better-able to service its Tier 1 advertiser clients and leverage its access to significant publishers such as Facebook. This included facilitating Tier 1 clients, such as Sephora, in their transition to mobile-centric advertising through enhanced customer interaction. In addition, Taptica is advising clients individually on how to optimise user engagement, through leveraging the Company's database, to increase the client's return on (ad spend) investment.

As a result of the strengthening of its mobile capabilities and focus on its DSP, the Company's offering to Tier 1 advertisers has been significantly enhanced. This enabled sustained growth with its existing household-name clients and increasing new customer demand. Mobile revenue retention rate for H1 2016 over FY 2015 was162%.

During the first half of 2016, Taptica increased its presence in the Asia-Pacific region with the establishment of an office in Seoul, South Korea to advance its sales initiatives in this key growth market. Taptica also completed the integration of its office in China, acquired with AreaOne, and succeeded in growing its business in the region with clients such as Locojoy, a major Chinese mobile game developer, which appointed Taptica to increase downloads of its latest app, the role-playing game Chrono Heroes. This followed Taptica's successful campaign on a previous Locojoy game.

Post-period end, Taptica entered into a partnership with Adways Korea ("Adways"), a leader in mobile marketing leveraging its strong Asia network and part of the TSE-listed Adways Inc. group (TSE: 2489) to facilitate global mobile app developers and other clients of Taptica to run effective and efficient mobile marketing campaigns in Asia through access to Adways' extensive network and coverage, combined with the Company's ever-growing database. The strategic partnership will initially target the mobile games industry.

Financial Review

Revenues for the six months ended 30 June 2016 increased by 53% to $51.8 million compared with $33.9 million for the first half of 2015.

Gross profit almost doubled to $17.8 million (H1 2015: $9.0 million) representing the growth in overall revenue. Cost of sales, which consists primarily of traffic acquisition costs that are directly attributable to revenue generated by the Company and based on the revenue share arrangements with audience and content partners, decreased as a proportion of revenue compared with the first half of the prior year due to increased technology efficiency gains resulting from improved use of big data collected thereby significantly improving the gross margins. Consequently, total gross margin was 34.4% (FY 2015: 27.8%; H1 2015: 26.4%), which includes a significant improvement in mobile gross margin to 35.4% (FY 2015: 27.4%; H1 2015: 25.5%).

Operating costs increased primarily due to greater R&D and sales & marketing expenses as well as the contribution from AreaOne. R&D expenses were $2.5 million (H1 2015: $1.6 million) due to investment in the technology platform enhancements and data base capabilities. Sales & marketing costs increased in the period as investments were made to enhance brand recognition, expand the global customer base and invest in the expansion of global offices. General & administrative expenses were broadly similar to the same period of the prior year. Operating costs for the first half of 2016 include the AreaOne costs following the acquisition in September 2015 (H1 2015: nil).

Adjusted EBITDA for the six months ended 30 June 2016 was $9.2 million compared with $2.8 million for the first half of 2015, which is comprised as follows:

	H1 2016 $'m	**H1 2015 $'m**
Operating profit	7.0	1.1
Depreciation & Amortisation	2.0	1.5
Share-based payments	0.2	0.2
Adjusted EBITDA	**9.2**	**2.8**

The Company continued to be cash generative with net cash provided by operating activities of $4.5 million (H1 2015: $0.9 million).

As at 30 June 2016, cash and bank deposits were $9.5 million (31 December 2015: $18.7 million; 30 June 2015: $22.8 million) after making a total cash payment of $13.0 million for three main items: full consideration of AreaOne's acquisition ($7.0 million); share buyback ($5.5 million); and dividend payment ($0.5 million).

Dividend

The Board has resolved to declare a special dividend of $ 0.0579 per share out of the Company's profits for the six months ended 30 June 2016, with an ex-dividend date of 15 September 2016, a record date of 16 September 2016 and a payment date of 15 November 2016. This equates to a total dividend pay-out of $3.5 million.

Outlook

The Company entered the second half of 2016 in a strong position. The momentum achieved in the first six months of the year has been sustained, with campaigns agreed with new Tier 1 clients, such as Cartoon Network, ABC and Zappos, that will deliver revenue in H2 2016. The Company also continues to grow the ad spend of its existing clients: based on the current run rate, the Company anticipates an increase of more than 150% over the course of 2016 compared with FY 2015. In addition, Taptica expects to receive increasing demand from the Asia-Pacific region, with solid contribution to overall revenue commencing this year. As a result, the Board remains confident of delivering significant year-on-year revenue growth in-line with the upgraded market expectations following the Company's trading statement of 6 July 2016.

Condensed Consolidated Interim Statements of Financial Position as at

	30 June		31 December
	2016	2015	2015
	(Unaudited)		(Audited)
	USD thousands		USD thousands
Assets			
Cash and cash equivalents	**9,514**	22,794	10,173
Bank deposits	**-**	-	8,516
Trade receivables	**21,948**	13,030	19,168
Other receivables	**1,833**	1,771	1,558
Total current assets	**33,295**	37,595	39,415
Property, plant and equipment	**486**	529	514
Intangible assets	**35,382**	20,457	* 36,620
Deferred tax assets	**106**	219	180
Total non-current assets	**35,974**	21,205	37,314
Total assets	**69,269**	58,800	76,729
Liabilities			
Trade payables	**18,617**	13,068	20,366
Other payables	**5,060**	2,204	* 5,949
Total current liabilities	**23,677**	15,272	26,315
Employee benefits	**176**	166	182
Contingent consideration commitment	**-**	-	2,277
Deferred tax liabilities	**1,959**	1,401	* 2,676
Total non-current liabilities	**2,135**	1,567	5,135
Total liabilities	**25,812**	16,839	31,450
Equity			
Share capital	**175**	190	190
Share premium	**29,751**	35,566	35,566
Capital reserves	**921**	359	2,450
Retained earnings	**12,610**	5,846	7,073
Total equity	**43,457**	41,961	45,279
Total liabilities and equity	**69,269**	58,800	76,729

Chairman of the Board of Directors	CEO	CFO

Date of approval of the financial statements: 30 August 2016

*   Restated - see Note 6

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

Condensed Consolidated Interim Statements of Comprehensive Income

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
	USD thousands		USD thousands
Revenues	**51,765**	33,877	75,829
Cost of sales	**(33,935)**	(24,920)	(54,716)
Gross profit	**17,830**	8,957	21,113
Research and development expenses	**2,540**	1,588	4,092
Selling and marketing expenses	**5,651**	3,892	8,634
General and administrative expenses	**2,670**	2,367	5,464
	10,861	7,847	18,190
Profit from operations	**6,969**	1,110	2,923
Profit from operation before amortization of purchased intangibles and business combination related expenses*	**8,543**	2,052	5,688
Financing income	**329**	19	75
Financing expenses	**(444)**	(25)	(207)
Financing expenses, net	**(115)**	(6)	(132)
Profit before taxes on income	**6,854**	1,104	2,791
Taxes on income	**827**	182	642
Profit for the period	**6,027**	922	2,149
Profit for the year before amortization of purchased intangibles and business combination related expenses (net of tax)**	**7,114**	1,623	4,952
Total comprehensive income for the period	**6,027**	922	2,149
Earnings per share			
Basic earnings per share (in USD)	**0.0928**	0.014	0.033
Diluted earnings per share (in USD)	**0.0927**	0.014	0.033

* Amounting to USD 1,574 thousand (31 December 2015: USD 2,765 thousand, 30 June 2015: USD 942 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses, including expenses related to potential acquisitions.

** Amounting to USD 1,087 thousand (31 December 2015: USD 2,803 thousand, 30 June 2015: USD 701 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses, including expenses related to potential acquisitions.

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Share capital	Share premium	Capital Reserves (**)	Retained earnings	Total
			US$ thousands		
For the six months ended 30 June 2016 (unaudited)					
Balance as at 1 January 2016	**190**	**35,566**	**2,450**	**7,073**	**45,279**
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**6,027**	**6,027**
Total comprehensive income for the period	**-**	**-**	**-**	**6,027**	**6,027**
Transactions with owners, recognized directly in equity					
Business Combination (see note 6B)	**-**	**(344)**	**(1,656)**	**-**	**(2,000)**
Own shares acquired	**(15)**	**(5,505)**	**-**	**-**	**(5,520)**
Share based payments	**-**	**27**	**131**	**-**	**158**
Exercise of share options	*** -**	**7**	**(4)**	**-**	**3**
Dividend to owners	**-**	**-**	**-**	**(490)**	**(490)**
Balance as at 30 June 2016	**175**	**29,751**	**921**	**12,610**	**43,457**
For the six months ended 30 June 2015 (unaudited)					
Balance as at 1 January 2015	186	35,170	525	6,451	42,332
Total comprehensive income for the period					
Profit for the period	-	-	-	922	922
Total comprehensive income for the period	-	-	-	922	922
Transactions with owners, recognized directly in equity					
Share based payments	-	-	187	-	187
Exercise of options	4	396	(353)		47
Dividend to owners	-	-	-	(1,527)	(1,527)
Balance as at 30 June 2015	190	35,566	359	5,846	41,961
For the year ended 31 December, 2015 (Audited)					
Balance as at 1 January, 2015	186	35,170	525	6,451	42,332
Total comprehensive income for the year					
Profit for the year	-	-	-	2,149	2,149
Total comprehensive income for the year	-	-	-	2,149	2,149
Transactions with owners, recognized directly in equity					
Business combination	-	-	1,656	-	1,656
Share-based payments	-	-	622	-	622
Exercise of options	4	396	(353)	-	47
Dividends to owners	-	-	-	(1,527)	(1,527)
Balance as at 31 December, 2015	190	35,566	2,450	7,073	45,279

(*) Less than 1 thousand USD

(**) Includes reserves for share-based payments and remeasurement of defined benefit plan and a commitment to issue shares under business combination.

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

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended 30 June		Year ended 31 December
	2016	**2015**	**2015**
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Cash flows from operating activities			
Profit for the period	**6,027**	922	2,149
Adjustments for:			
Depreciation and amortization	**2,039**	1,543	3,472
Net financing expense (income)	**(329)**	(48)	87
Loss on sale of fixed assets	**8**	-	-
Change in fair value of contingent consideration commitment	**426**	-	146
Share-based payment	**158**	187	574
Income tax expense	**827**	182	642
Change in trade and other receivables	**(2,742)**	(2,323)	(6,017)
Change in trade and other payables	**(1,594)**	1,006	6,273
Change in employee benefits	**145**	58	(34)
Income taxes received	**1**	-	105
Income taxes paid	**(519)**	(638)	(1,224)
Interest received	**52**	-	18
Interest paid	**(8)**	(5)	(9)
Net cash provided by operating activities	**4,491**	884	6,182
Cash flows from investing activities			
Increase in pledged deposits	**(10)**	(96)	(78)
Acquisition of property, plant and equipment	**(72)**	(259)	(336)
Acquisition and development of intangible assets	**(678)**	(1,253)	(2,010)
Proceeds from sale of property, plant and equipment	**4**	-	74
Grant of short-term loans	**-**	-	(544)
Repayment of short-term loans granted	**111**	-	-
Acquisition of subsidiaries, net of cash acquired	**(7,000)**	-	(8,099)
Proceeds from sale of investment in money market funds	**-**	482	482
Decrease (increase) in bank deposits, net	**8,500**	-	(8,500)
Net cash provided by (used in) investing activities	**855**	(1,126)	(19,011)
Cash flows from financing activities			
Dividends paid	**(490)**	(1,527)	(1,527)
Repayment of loans from related parties	**-**	(111)	(111)
Buy back own shares acquired	**(5,520)**	-	-
Proceeds from exercise of share options	**3**	47	47
Net cash used in financing activities	**(6,007)**	(1,591)	(1,591)
Net decrease in cash and cash equivalents	**(661)**	(1,833)	(14,420)
Cash and cash equivalents as at the beginning of the period	**10,173**	24,664	24,664
Effect of exchange rate fluctuations on cash and cash equivalents	**2**	(37)	(71)
Cash and cash equivalents as at the end of the period	**9,514**	22,794	10,173

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

Note 1 - General

A. Reporting entity

Taptica International Ltd. (the "Company" or "Taptica International") formerly named Marimedia Ltd. was incorporated in Israel under the laws of the state of Israel on 20 March 2007. The address of the registered office is 121 Hahashmonaim Street Tel-Aviv, Israel.

Taptica International (AIM: TAP) is a global end-to-end mobile advertising platform that helps the world's top brands reach their most valuable users with the widest range of traffic sources available today, including social. Taptica's proprietary technology leverages big data, and combined with state-of-the-art machine learning, enables quality media targeting at scale. Taptica works with more than 450 advertisers including Amazon, Disney, Facebook, Twitter, OpenTable, Expedia, Lyft and Zynga. The Company is headquartered in Tel Aviv with offices in San Francisco, New York, Beijing, and Seoul.

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

On 1 August 2014, the Company purchased 100% of Taptica Ltd's ("Taptica") share capital for a total consideration of USD 13.84 million.

On 7 September 2015, the Company acquired 100% of shares and voting interests in AreaOne Ltd. ("AreaOne") for a total consideration of USD 15.6 million.

B. Definitions

In these financial statements –

(1) The Company – Taptica International Ltd.

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

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

Note 2 - Basis of Preparation

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended 31 December, 2015 (hereinafter – "the annual financial statements").

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 30 August 2016.

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management 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 significant judgments made by management in applying the Group's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

Note 3 - Significant Accounting Policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its annual financial statements.

Note 4 - Share-Based Payment

A. In March and May 2016, the Company granted 160,000 and 1,248,358 share options for ordinary shares of NIS 0.01 each to employees at an exercise price of GBP 0.8 and GBP 0.79, respectively. Half of the options will vest and become exercisable on the second anniversary of the grant date, and a quarter will vest and become exercisable on the third and fourth anniversary of the grant date, subject to such employees remaining employed by the Company or a Company subsidiary on the applicable vesting dates. The options will expire on 15 March 2021 and 31 May 2021, respectively.

The total expense recognized in the condensed interim statement of Comprehensive Income in the six-month period ended 30 June 2016 with respect to the options granted to employees, amounted to approximately USD 128 thousand. For Director share allotment - see Note 4C.

Note 4 - Share-Based Payment (cont'd)

B. The number of share options (in thousands) is as follows:

	Number of options 2016 (Unaudited)
Outstanding at 1 January	**5,144**
Exercised during the period	**(8)**
Granted during the period	**1,408**
Forfeited during the period	**(1,014)**
Outstanding at 30 June	**5,530**

C. Director share allotment

According to Director's employment letter, the Company is committed to issue shares worth of GBP 6,250 each quarter in consideration of the director's services, in the six month period ended 30 June 2016, the Company issued 25,442 ordinary shares of a par value of NIS 0.01 based on the share price on the date of the issuance. The total expenses recognized in the condensed interim statement of Comprehensive Income in the six-month period ended 30 June 2016 with respect to the director share allotment amounted to USD 30 thousand.

Note 5 - Capital and Reserves

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

	For the six months ended 30 June, 2016 (Unaudited)
Issued and paid-in ordinary share capital	**60,438**
Authorized share capital	**300,000**

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

Note 5 - Capital and Reserves (cont'd)

B. Dividends

Details on dividends (in USD thousand):

	For the six months ended 30 June, 2016 (Unaudited)	For the six months ended 30 June, 2015 (Unaudited)	For the year ended 31 December, 2015 (Audited)
Declared and paid	**490**	1,527	1,527

A dividend in the amount of USD 1,527 thousand (USD 0.023 per ordinary share) that was declared in March 2015 was paid in June 2015.

A dividend in the amount of USD 490 thousand (USD 0.00784 per ordinary share) that was declared in March 2016, was paid in June 2016.

C. Own share acquisition

On 26 March 2016 the Company acquired 6 million Ordinary Shares of NIS 0.01 ("Ordinary Shares") at a price of GBP 0.65 per share for a total consideration of GBP 3,900 thousand (USD 5,520 thousand) from Cababie Holdings Limited and Dooi Holdings Limited (together the "Vendors"). The shares purchased represent approximately 8.76% of the total voting rights of the Company as of the acquisition date.

Note 6 - Subsidiaries

A. Business combination from a prior period that was measured at provisional amounts

On 7 September, 2015 the Company acquired a wholly owned subsidiary (AreaOne).

The financial statements of the Company for December 31, 2015 included provisional amounts in respect of the subsidiary's intangible assets. Upon completion of the independent valuation of the business combination the amounts reported were adjusted as follows:

<u>Effect on the statement of financial position</u>

	December 31, 2015		
	As presented in Note 16 of the annual financial statements	**Effect of retrospective adjustment**	**As presented in these interim financial statements**
	USD thousands	**USD thousands**	**USD thousands**
Intangible assets*	6,918	944	7,862
Deferred tax liabilities	(1,276)	(304)	(1,580)
Goodwill	9,328	(447)	8,881
Contingent consideration commitment	(2,302)	(193)	(2,495)

* Comprised from Trademarks, Customer relationship, Technology and Distribution channel.

The effect of the adjustment on the Statement of Comprehensive Income for the year ended 31 December 2015 is immaterial.

B. Settlement of Contingent Consideration

As discussed in Note 16.B to the financial statements of the Company for 31 December 2015, according to the acquisition agreement of AreaOne, the Company has an option through 30 June 2016 to substitute the 2,088,337 ordinary shares held in escrow with a USD 2 million cash payment and to substitute the allotment of 3,132,504 unissued new shares included in the contingent deferred payments, that their issuance was scheduled for 12 months and 24 months after the closing date, with USD 3 million cash and to pay in advance two payments in the total amount of USD 2 million that their payment was scheduled for 12 months and 24 months after the closing date.

As at 30 June 2016 the Company has exercised the option and in total, on the six month period ended 30 June 2016 the Company has paid a total amount of USD 7 million and in doing so has settled its obligations with respect to the acquisition of AreaOne, except for the cash deferred payment in the amount of USD 197 thousand related to the estimated fair value of the usable tax loss

Note 7 - Income Tax

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

B. During 2016 several discussions took place with the Israeli Tax Authorities in order to receive benefits under the law for the Encouragement of Capital Investments for Taptica. In June 2016 Taptica appealed for a tax ruling, similar to one that has been obtained for Taptica International, as stated in Note 4A(2) to the Financial Statements of the Company for 31 December 2015. As a result, the Company believes that it's probable that the ruling will be obtained.