

Pefaco International p.l.c.

Annual Report & Consolidated
Financial Statements

31 December 2015

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Chairman's statement

The year in review was characterised by the successful completion on the 23rd of November 2015 of the €15 million share issue with a limited number of investors led by the South African investment group Genesis Capital Partners. As a result of this transaction, Grupo Pefaco S.L, the shareholding of the founding shareholder of Pefaco International PLC (the "Company") has been diluted down to 66,6%.

On the business front, the Pefaco Group (the "Group") generated total revenues of €43.0 million, up from €42.3 million in 2014. Operating expenditure increased by €1.8 million compared to the previous year's mainly due to the costs relating to the share issue amounting to €1.6 million, as well as to payroll costs increases of €1.1 million. Gaming tax, depreciation and amortisation charges were in line with the previous year.

After taking into account net finance costs and Other Income, the Group reported a pre-tax loss of €367,000 due to the aforementioned share issue costs. As a matter of fact, in spite of a difficult trading year, the Group would have reported a profit before tax in 2015 of about €1.3 million compared to €1.0 million in 2014, were it not for these one off costs.

Notwithstanding several adversities, marked by the post-election transition and an attempted coup in Burkina Faso, our main operation management has concentrated its efforts in strengthening the Group's business processes, as well as working on new developments in all the jurisdictions where we are active.

Benin

The operation in this country has been steady despite a small drop (1%) in its gross gaming revenue, maintaining high profitability in an increasingly competitive environment and higher gaming taxes.

Burkina Faso

Due to the political turmoil and imposition of a curfew, our operation has seen its gross gaming revenue drop by 5%, whilst operating expenses increased by 11%, consequent to the pressure of trade unions during the transition government. A new government has now been elected and in spite of the terrorist attack in January 2016, our operations are now recovering.

Ivory Coast

A stellar 21% increase in gross gaming revenues coupled with the acquisition of a new license for virtual games and virtual sports betting, as well as the opening of two poker rooms in 2016, will contribute to continued growth in 2016.

Niger

A disappointing year in terms of cost overruns required our head office to take the management control of the local subsidiary, with a view to restructure the operation into a profitable one by the end of the current year.

Togo

The economy of this small country has continued to slow down. Despite a drop of 6% in our revenues, management has been able to reduce the operating costs sufficiently to ensure a 3% EBITDA in 2015 compared to 2014.

New Developments

Following the share capital injection, the Group has now launched its operation in Rwanda where it will have more than three hundred machines in operation by mid-2016.

In parallel, Lydia Ludic Nigeria Ltd, a fully owned subsidiary with its head office in Lagos, Nigeria, has been incorporated and should start trading by third quarter of 2016, on receipt of its gaming license from the competent authorities.

The Group also took a direction to invest in sports betting and lottery in Nigeria via a new 75% owned subsidiary, Olympic Gaming Ltd, which has already signed two agreements to operate State Lotteries for the Osun State and the Anambra State in Nigeria. In addition, the Group will provide an 8/20 Keno software to third party operator in Nigeria. The Group remains very confident about current and future prospects in Nigeria.

Finally the Group took a majority stake in a Spanish gaming software company, Exon S.L, that has developed leading edge bingo games for the Spanish and other European markets, Mexico and Asian markets. Exon will start delivery of its first games by mid-2016 and we expect this company to contribute significantly to the Group's future growth.

The results achieved in 2015, while failing to meet our December 2014 forecasts, must per force be seen in the context of complex, unforeseen events in West Africa resulting in general political instability in Burkina Faso, Niger and Benin. This notwithstanding, the successful fund raising strategy and launching of exciting new operations in 2016 certainly augur well for the Group's future growth.



Michael Grech
Chairman

29 April 2016

Directors' report

The directors present their report and the audited financial statements of Pefaco International p.l.c., the parent company (the 'Company'), and its subsidiaries (the 'Group') for the year ended 31 December 2015.

Directors

The following have served as directors of the company during the year under review. With the exception of the directors who were appointed during the year, all directors were appointed on 23 June 2014 being the date the Company was redomiciled to Malta.

Michael Grech – Chairman
Francis Jérôme Perez – Chief Executive Officer
Olivier Alfred Cauro – Managing director
René Le Henry
Benjamin Muscat
Pierre-Michel Pons
Charles Elazar (appointed on 9 November 2015)
Guillaume Pierre Gilbert Francis Antoine Perez (appointed on 9 November 2015)
Robert Basil Hersov (appointed on 9 November 2015)
Gregory Stephen Kinross (appointed on 23 November 2015)
David Harry Shimkins (appointed on 23 November 2015)

In accordance with the Company's Articles of Association, the present directors remain in office until such time as they resign or are otherwise removed. The affairs of the company shall be managed by a Board of directors composed of not less than four (4) and not more than eleven (11) directors. An election of directors shall take place at every annual general meeting of the Company. All directors, except the managing director, shall retire from office at least once every three (3) years.

Principal activities

Pefaco International p.l.c. is the parent company of the group. It was redomiciled in Malta on 23 June 2014.

Pefaco International p.l.c. is a holding company to its subsidiaries which are created to operate Amusement with Prize (AWP) or Slot machines in gaming halls and bars in West Africa.

Review of the business development

During the year under review, the Company registered a loss after tax of € 0.946 million (2014: profit after tax of € 0.5 million), while the Group registered a profit after tax of € 1.012 million (2014: loss after tax of € 0.160 million). The Group's and Company's financial position as at 31 December 2015 are set out on pages 16 and 17 of the financial statements.

The Chairman's report details the development in the business of the Group including those that are expected to materialise after the date of this report.

Going concern

As required by Listing Rule 5.62 issued by the Listing Authority, upon due consideration of the Company's state of affairs, capital adequacy and solvency, the directors confirm the Company's ability to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

Post-reporting date events

Post reporting date events are disclosed in note 30 to the financial statements attached herewith.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Disclosure of information to the auditor

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

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

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare consolidated financial statements of the group and financial statements of the company for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the profit or loss of the group and the company for that year. In preparing these financial statements, the directors are required to:

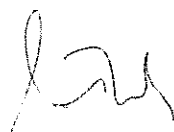
- adopt the going concern basis unless it is inappropriate to presume that the group and the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating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

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

Auditor

Grant Thornton has intimated its willingness to continue in office and a resolution for its re-appointment will be proposed at the Annual General Meeting

By order of the board



Michael Grech
Chairman



Benjamin Muscat
Director

Registered office:

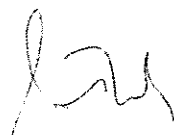
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

29 April 2016

Statement by the directors on the financial statements and other information included in the annual report

Pursuant to Listing Rule 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company, and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board of directors on 29 April 2016 by:



Michael Grech
Chairman



Benjamin Muscat
Director

Directors' statement of compliance with the Code of Principles of Good Corporate Governance

Listed companies are subject to The Code of Principles of Good Corporate Governance (the "Code"). The adoption of the Code is not mandatory, but listed companies are required under the Listing Rules issued by the Listing Authority to include a Statement of Compliance with the Code in their Annual Report, accompanied by a report of the independent auditor.

The board of directors (the "directors" or the "board") of Pefaco International p.l.c. ("Pefaco" or the "Company") restate their support for the Code and note that the adoption of the Code has resulted in positive effects to the Company.

The board considers that during the reporting period, the Company has been in compliance with the Code to the extent that was considered adequate with the size and operations of the Company. Instances of divergence from the Code are disclosed and explained below.

COMPLIANCE WITH THE CODE

Principles 1 and 4: The board

The board of directors is entrusted with the overall direction and management of the Company, including the establishment of strategies for future development, and the approval of any proposed acquisitions by the Company in pursuing its investment strategies.

Its responsibilities also involve the oversight of the Company's internal control procedures and financial performance, and the review of business risks facing the Company, ensuring that these are adequately identified, evaluated, managed and minimised. All the directors have access to independent professional advice at the expense of the Company, should they so require.

Principle 2: Chairman and chief executive

The roles of Chairman and Chief Executive Officer are carried out by Michael Grech and Francis Jérôme Perez.

Principle 3: Composition of the board

The board of directors consists of five (5) executive directors and six (6) non-executive directors. The present mix of executive and non-executive directors is considered to create a healthy balance and serves to unite all shareholders' interests, whilst providing direction to the Company's management to help maintain a sustainable organisation.

The non-executive directors constitute more than half of the board and their main functions are to monitor the operations of the executive directors and their performance as well as to analyse any investment opportunities that are proposed by the executive directors. In addition, the non-executive directors have the role of acting as an important check on the possible conflicts of interest.

Each director is mindful of maintaining independence, professionalism and integrity in carrying out his duties, responsibilities and providing judgement as a director of the Company.

The board is made up as follows:

Executive directors

Francis Jérôme Perez

Olivier Alfred Cauro

Pierre-Michel Pons

Charles Elazar (appointed on 9 November 2015)

Guillaume Pierre Gilbert Francis Antoine Perez (appointed on 9 November 2015)

Non-executive directors

Michael Grech

Benjamin Muscat

René Le Henry

Robert Basil Hersov (appointed on 9 November 2015)

Gregory Stephen Kinross (appointed on 23 November 2015)

David Harry Shimkins (appointed on 23 November 2015)

With the exception of the directors who were appointed during the year, all the above directors were appointed on 23 June 2014 being the date the Company was redomiciled to Malta.

Dr Rachael Bonello LL.D acts as secretary to the board of directors.

Principle 5: Board meetings

The board met six (6) times during the period under review. The number of board meetings attended by directors for the period under review is as follows:

Michael Grech – Chairman	6
Francis Jérôme Perez – Chief Executive Officer	6
Olivier Alfred Cauro – Managing director	6
René Le Henry	6
Benjamin Muscat	6
Pierre-Michel Pons	6
Charles Elazar	1
Guillaume Pierre Gilbert Francis Antoine Perez	1
Robert Basil Hersov	1
Gregory Stephen Kinross	1
David Harry Shimkins	1

Principle 6: Information and professional development

The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

Principle 8: Committees

Audit committee

The audit committee's primary objective is to assist the board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The committee is made up of a majority of non-executive directors and reports directly to the board of directors. The committee oversees the conduct of the internal and external audit and acts to facilitate communication between the board, management and, upon the direct request of the audit committee, the internal audit team and the external auditor.

During the year under review the committee met 5, and 4 times to date in 2016. The external auditors were invited to attend these meetings.

Benjamin Muscat, a non-executive director, acts as Chairman, whilst René Le Henry, Pierre-Michel Pons and David Shimkins act as members. The Company Secretary, Dr Rachael Bonello LL.D. acts as secretary to the committee.

The board of directors, in terms of Listing Rule 5.118, has indicated Benjamin Muscat as the independent non-executive member of the audit committee who is considered to be competent in accounting and/or auditing in view of his considerable experience at a senior level in the finance field.

The audit committee is also responsible for the overview of the internal audit function. The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Company (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the board, through the audit committee, on the efficiency and effectiveness of management policies, practices and internal controls. The function is expected to promote the application of best practices within the organisation.

Principle 9: Relations with shareholders and with the market

The Company is highly committed to having an open and communicative relationship with investors.

Principle 10: Institutional shareholders

The Company's institutional shareholder is fully aware of its obligations regarding evaluating Company's governance arrangements, its responsibility to make considered use of their votes and those as required by the Listing Rules in force during the year.

Principle 11: Conflicts of interest

The directors are fully aware of their obligations regarding dealings in securities of the Company as required by the Listing Rules in force during the year.

Principle 12: Corporate social responsibility

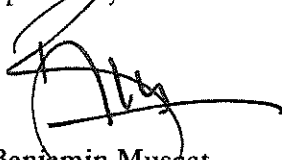
The Company understands that it has an obligation towards society at large to put into practice sound principles of Corporate Social Responsibility (CSR).

NON-COMPLIANCE WITH THE CODE

Principle 7: Evaluation of the board's performance

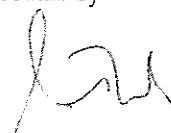
Under the present circumstances, the board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the board's performance is always under the scrutiny of the shareholders.

Approved by the board of directors on 29 April 2016 and signed on its behalf by:



Benjamin Muscat

Director and Chairman of Audit Committee



Michael Grech

Chairman

Other disclosures in terms of listing rules

Statement by the directors pursuant to Listing Rule 5.70.1

Contracts of significance with parent company

Up to November 2015, the Company and its subsidiaries paid annual management fees to the parent company, Grupo Pefaco S.L.

The Company obtained a term loan facility from its parent company, Grupo Pefaco S.L. amounting to a € 16 million for general corporate purposes, repayment of the existing African debt and for the purpose of enabling the Company to enter into new projects and new developments. The facility is subject to an interest of 3% + euribor and is to be repaid after four (4) years subject to certain conditions.

The parent company, Grupo Pefaco S.L. covenants that it shall pay to the Company or shall otherwise put the Company into funds at no cost to the Company an amount equal to any Specified Tax Liability which the five (5) operating subsidiary companies in West Africa are required to pay by any tax authority.

Contract of significance with subsidiary companies

The subsidiaries pay annual technical assistance fees to the Company.

Contract of significance with shareholder

The Company entered into a service agreement with a shareholder, Genesis PFC, for the provision of its necessary expertise, know-how and skills to assist the Company in its operations. This, however, has not taken effect during the year under review.

Contract of significance with directors

The Company has executed employment contracts with the Managing Director and Chief Executive Officer. This, however, has not taken effect during the year under review.

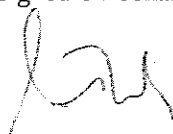
Pursuant to Listing Rule 5.70.2

Company secretary and registered office

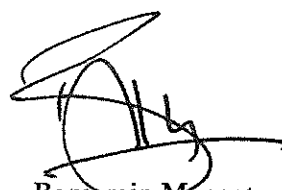
Dr Rachael Bonello LL.D

Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta
Telephone (+356) 21 320134

Signed on behalf of the board of directors on 29 April 2016 by:



Michael Grech
Chairman



Benjamin Muscat
Director

Remuneration statement

Due to the nature of the Company it has not been considered necessary to appoint a remuneration committee.

Directors' fees

The directors' fees for the financial year ended 31 December 2015, in respect of their office as directors and for membership of board committee amounted to € 67,758.

The foregoing amounts are all fixed remuneration. There are no variable remuneration considerations nor share options in place.



Michael Grech
Chairman

29 April 2016



Benjamin Muscat
Director

Independent auditor's report on the directors' statement of compliance with the Code of Principles of Good Corporate Governance

Listing Rules 5.94 and 5.97 issued by the Listing Authority, require the directors of Pefaco International p.l.c. (the "company") to include in their annual report a statement of compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance (the "statement of compliance"), and the effective measures they have taken to ensure compliance with these principles.

Our responsibility, as auditor of the company, is laid down by Listing Rule 5.98, which requires us to include a report on this statement of compliance.

We read the statement of compliance and consider whether it is consistent with the audited financial statements. We consider the implications on our report if we become aware of any apparent misstatements or material inconsistencies with these financial statements. Our responsibilities do not extend to considering whether this statement is consistent with other information included in the annual report.

We are not required to, and we do not, consider whether the board's statements on internal control included in the statement of compliance covers all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures, nor on the ability of the company to continue in operational existence.

In our opinion, the accompanying statement of compliance provides the disclosures required by Listing Rule 5.97 issued by the Listing Authority.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

29 April 2016

Income statements

		The Group		The Company	
		2015	2014 (Restated)	2015	2014
		€'000	€'000	€'000	€'000
Gaming revenue		43,002	42,317	-	-
Beverage revenue		49	49	-	-
Other revenue		34	59	1,629	435
Total revenue		43,085	42,425	1,629	435
Administrative expenses		(24,012)	(22,257)	(2,738)	(473)
Payroll costs	6	(14,340)	(13,221)	-	(93)
Gaming tax		(2,091)	(2,835)	-	-
Depreciation and amortisation		(2,979)	(2,954)	(1)	(1)
Operating profit (loss)	7	(337)	1,158	(1,110)	(132)
Other income		783	540	6	-
Finance income	8	152	370	1,330	1,830
Finance costs	8	(965)	(1,100)	(1,002)	(1,041)
Profit (loss) before tax		(367)	968	(776)	657
Tax expense	9	(645)	(1,128)	(170)	(157)
Profit (loss) for the year		(1,012)	(160)	(946)	500
Profit (loss) for the year attributable to:					
Owners of the parent		(1,152)	(176)	(946)	500
Non-controlling interest		140	16	-	-
		(1,012)	(160)	(946)	500
(Loss) earnings per share:					
Basic (loss) earnings per share	10	(0.06)	(0.01)	(0.05)	0.02

Statements of comprehensive income

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Profit (loss) for the year	(1,012)	(160)	(946)	500
Other comprehensive income:				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	9	-	-	-
	9	-	-	-
Total comprehensive income (loss) for the year	(1,003)	(160)	(946)	500
Attributable to:				
Owners of the parent	(1,143)	(176)	(946)	500
Non-controlling interest	140	16	-	-
	(1,003)	(160)	(946)	500

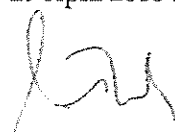
Statements of financial position

		The Group			The Company	
		31.12.2015	31.12.2014	1.1.2014	31.12.2015	31.12.2014
			(Restated)	(Restated)		
		€'000	€'000	€'000	€'000	€'000
Assets						
Non-current						
Goodwill	11	32,812	32,812	32,812	-	-
Other intangible assets	12	5,118	6,400	7,840	128	-
Property, plant and equipment	13	4,981	5,260	5,650	2	2
Investment in subsidiaries	14	-	-	-	34,404	34,406
Restricted cash	15	816	935	644	351	474
Trade and other receivables	19	14	-	-	-	-
Deferred tax asset	16	433	393	310	43	43
		44,174	45,800	47,256	34,928	34,925
Current						
Inventories	17	94	88	88	-	-
Loans receivable	18	3,291	3,881	5,076	3,291	4,796
Trade and other receivables	19	2,241	975	2,127	1,819	996
Current tax asset		127	-	-	-	-
Cash and cash equivalents	20	14,627	1,150	968	13,294	157
		20,380	6,094	8,259	18,404	5,949
Total assets		64,554	51,894	55,515	53,332	40,874

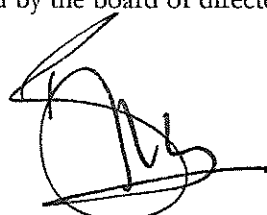
Statements of financial position – continued

		The Group			The Company	
		31.12.2015	31.12.2014	1.1.2014	31.12.2015	31.12.2014
			(Restated)	(Restated)		
		€'000	€'000	€'000	€'000	€'000
Equity						
Share capital	21	33,525	30,505	30,505	33,525	30,505
Share premium	21	11,980	-	-	11,980	-
Legal reserve		85	46	46	-	46
Translation reserve		9	-	-	-	-
Retained earnings (accumulated losses)		4,558	5,914	6,090	(1,800)	(900)
Attributable to owners of the parent		50,157	36,465	36,641	43,705	29,651
Non-controlling interest		67	17	69	-	-
Total equity		50,224	36,482	36,710	43,705	29,651
Liabilities						
Non-current						
Bank borrowings	23	520	4,204	4,946	461	4,017
Provision for liabilities and charges	22	1,853	1,650	1,443	-	-
		2,373	5,854	6,389	461	4,017
Current						
Bank borrowings	23	5,208	4,250	3,708	3,599	2,467
Trade and other payables	24	6,666	5,308	8,708	5,567	4,739
Current tax liability		83	-	-	-	-
		11,957	9,558	12,416	9,166	7,206
Total liabilities		14,330	15,412	18,805	9,627	11,223
Total equity and liabilities		64,554	51,894	55,515	53,332	40,874

The financial statements on pages 14 to 56 were approved by the board of directors, authorised for issue on 29 April 2016 and signed on its behalf by:



Michael Grech
Director



Benjamin Muscat
Director

Statement of changes in equity – the Group

	Share Capital €'000	Share Premium €'000	Legal reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total attributable to owners €'000	Non- controlling interest €'000	Total Equity €'000
At 1 January 2014 (as previously reported)	30,505	-	46	-	6,890	37,441	69	37,510
Prior period adjustment (note 32)	-	-	-	-	(800)	(800)	-	(800)
At 1 January 2014 (as restated)	30,505	-	46	-	6,090	36,641	69	36,710
Dividends	-	-	-	-	-	-	(68)	(68)
Total comprehensive income/(loss) for the year:								
Loss for the year (as previously reported)	-	-	-	-	(75)	(75)	16	(59)
Prior period adjustment (note 32)	-	-	-	-	(101)	(101)	-	(101)
At 31 December 2014 (as restated)	30,505	-	46	-	5,914	36,465	17	36,482
At 1 January 2015	30,505	-	46	-	5,914	36,465	17	36,482
Adjustment to reserves of subsidiary	-	-	(40)	-	(125)	(165)	-	(165)
Transfers	-	-	79	-	(79)	-	-	-
Dividends	-	-	-	-	-	-	(90)	(90)
Issue of shares	3,020	11,980	-	-	-	15,000	-	15,000
Transactions with owners	3,020	11,980	39	-	(204)	14,835	(90)	14,745
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(1,152)	(1,152)	140	(1,012)
Other comprehensive income for the year	-	-	-	9	-	9	-	9
At 31 December 2015	33,525	11,980	85	9	4,558	50,157	67	50,224

Statement of changes in equity – the Company

The Company

	Share capital	Share premium	Legal reserve	Accumulated losses	Total equity
	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	30,505	-	46	(1,400)	29,151
Total comprehensive loss for the year:					
Loss for the year	-	-	-	500	500
At 31 December 2014	30,505	-	46	(900)	29,651
At 1 January 2015	30,505	-	46	(900)	29,651
Transactions with owners:					
Issue of shares	3,020	11,980	-	-	15,000
Transfers			(46)	46	-
	3,020	11,980	(46)	46	15,000
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(946)	(946)
At 31 December 2015	33,525	11,980	-	(1,800)	(43,705)

Statements of cash flows

		The Group		The Company	
	Notes	2015	2014	2015	2014
			(Restated)		
		€'000	€'000	€'000	€'000
Operating activities					
Profit (loss) before tax		(367)	968	(776)	657
Adjustments	25	4,165	4,321	152	(788)
Net changes in working capital	25	127	(2,307)	(452)	(1,485)
Interest paid		(306)	(198)	(301)	(166)
Tax paid		(559)	(1,011)	-	-
Net cash generated from (used in) operating activities		3,060	1,773	(1,377)	(1,782)
Investing activities					
Payments to acquire property, plant and equipment		(1,941)	(1,581)	-	-
Payments to acquire intangible assets		(128)	(14)	(128)	-
Payments to acquire investment in subsidiaries		-	-	-	(2)
Net amounts received from immediate parent company		590	1,195	590	1,195
Repayment of amounts advanced to subsidiary		-	-	320	228
Amounts advanced to other related parties		(871)	-	(841)	-
Interest received		148	370	148	369
Dividend received		-	-	1,182	1,461
Tax paid on dividends received		(170)	(200)	(170)	(200)
Net cash generated from (used in) from investing activities		(2,372)	(230)	1,101	3,051

Statements of cash flows – continued

	Notes	The Group		The Company	
		2015	2014	2015	2014
		€'000	€'000	€'000	€'000
Financing activities					
Net (repayment of) proceeds from bank loans		(2,513)	(96)	(2,424)	(210)
Increase in amounts due to subsidiaries		-	-	29	-
Increase in amounts due to shareholder		-	-	1,198	-
Increase in amounts due to other related parties		1,297	-	-	-
Net cash released from (placed in) escrow accounts		119	(258)	123	(258)
Interest paid		(647)	(861)	(513)	(771)
Dividends paid		(254)	(68)	-	-
Proceeds from issue of share capital		15,000	-	15,000	-
Net cash generated from (used in) financing activities		13,002	(1,283)	13,413	(1,239)
Net change in cash and cash equivalents		13,690	260	13,137	30
Cash and cash equivalents, beginning of year		(458)	(718)	157	127
Cash and cash equivalents, end of year	20	13,232	(458)	13,294	157

Notes to the financial statements

1 Nature of operations

The principal activity of Pefaco International p.l.c. and its subsidiaries is to operate Amusement with Prize (AWP) or Slot machines in gaming halls and bars in West Africa.

2 General information and statement of compliance with IFRS

Pefaco International p.l.c. was continued in Malta on 23 June 2014 following its redomiciliation from Abidjan-Plateau where it operated as Pefaco West Africa SA. (PWA). Pefaco International p.l.c. is a public limited liability company and its registered address office, which is also its principal place of business, is Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta.

The immediate parent company of Pefaco International p.l.c., is Grupo Pefaco S.L. with a registered office of which is Calle Muntaner 262, 6 Barcelona 08201, Spain. The company's ultimate parent company is Strategic Investment Opportunities B.V. with a registered office of Alexanderstraat 23, S'Gravenhage, The Netherlands, 2514JM. The ultimate controlling parties of the group are Oliver Alfred Cauro and Francis Jérôme Perez and members of their respective families.

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

3 Changes in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2015

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

These amendments are effective for annual periods beginning on or after 1 July 2014 and:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties,
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

As the group and company do not have defined benefit plans, the application of this amendment did not have any effect on the company's and the consolidated financial statements.

Other amendments to IFRS

Annual Improvements to IFRS (2010-2012 Cycle)

IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 (Amendment), 'Intangible Assets'

The amendment clarifies that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

IAS 24 (Amendment) 'Related Party Disclosures'

The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

IFRS 3 (Amendment) 'Business Combinations'

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

IFRS 13 (Amendment), 'Fair Value Measurement' (IFRS 13)

The amendment, through a revision only in the basis of conclusion of IFRS 13, clarifies that issuing IFRS 13 and amending certain provisions of IFRS 9 and IAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to IFRS (2011-2013 Cycle)

IFRS 3 (Amendment) 'Business Combinations'

The amendment excludes from its scope the accounting for the formation of all types of joint arrangements as defined in IFRS 11 'Joint Ventures' and clarifies that the abovementioned exclusion only addresses the accounting in the financial statements of the joint arrangement itself, and not the accounting by the parties to the joint arrangement for their interests in the joint arrangement.

IFRS 13 (Amendment) 'Fair Value Measurement'

The amendment clarifies that the portfolio exception in IFRS 13.52 applies to all contracts accounted for within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether those contracts meet the definitions of financial assets or financial liabilities in accordance with IAS 32 'Financial Instruments: Presentation'.

IAS 40 (Amendment) 'Investment Property'

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments to IAS 40 are to be applied prospectively. An entity may however choose to apply the amendment to individual transactions that occurred prior to the beginning of the first annual period occurring on or after the effective date but only where the information needed is available to the entity.

Other amendments to IFRS that became mandatorily effective in 2015 have no material impact on the company's and group's financial statements. Accordingly, the group and company have made no changes to its accounting policies in 2015.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group and the company.

Management anticipates that all of the relevant pronouncements will be adopted in the group's and the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's consolidated financial statements and the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's consolidated financial statements and the company's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management have yet to assess the impact of IFRS 9 to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed; and
- an expected credit loss-based impairment will need to be recognised on the company's receivables (see notes 18 and 19) in accordance with the new criteria.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the group and company.

IFRS 15 'Revenue from Contracts with Customers'

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Management have not yet assessed the impact of IFRS 15 on the financial statements.

IFRS 16 'Leases'

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the group and company.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The Amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment because:

- a depreciation method which is based on revenue allocates the asset's depreciable amount based on revenue generated in an accounting period as a proportion of total expected revenue during the asset's useful life
- revenue reflects a pattern of economic benefits that are generated from operating the business rather than the economic benefits that are being consumed through use of the asset.

The Amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as set out above. This rebuttable presumption can be overcome, ie a revenue-based amortisation might be appropriate, only in two limited instances.

In addition, the IASB has taken the opportunity to expand on the guidance on applying the diminishing balance method to property, plant and equipment and to intangible assets.

The amendment was made in May 2014 and applies to annual reporting periods beginning on or after 1 January 2016. As the company and group do not currently use a revenue-based depreciation method, this amendment is not likely to have an effect on the financial statements of the group and company.

Annual Improvements to IFRSs (2012-2014 cycle)

The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The amendments are effective on a retrospective basis, except for the amendments to IFRS 5 which are to be applied prospectively. Management have yet to assess the impact that these amendments is likely to have on the financial statements of the group and company.

Disclosure Initiative (Amendments to IAS 1)

In December 2014, the IASB published narrow scope amendments to IAS 1 'Presentation of Financial Statements', entitled Disclosure Initiative (Amendments to IAS 1). The Amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. Furthermore, the Amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The Amendments are part of the IASB's Disclosure Initiative project. The Disclosure Initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing Standards can be improved.

The amendments are effective for annual periods beginning on or after 1 January 2016. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the group and company.

4 Summary of accounting policies

4.1 Overall considerations and presentation of financial statements

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements (Revised 2007)*. The group and the company have elected to present the 'statement of comprehensive income' in two statements: the 'income statement' and a 'statement of comprehensive income'.

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

4.2 Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertaking drawn up to 31 December 2015. All subsidiaries have a reporting date of 31 December.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Pefaco International p.l.c. obtains and exercises control through voting rights.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes profit or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The consolidated financial statements have been prepared from the financial statements of the companies comprising the group as reported on note 14 of these financial statements.

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

The group includes the following subsidiaries with a material non-controlling interest (NCI):

Name of subsidiary	Proportion of ownership interest and voting rights held by NCI		Loss allocated to NCI		Accumulated NCI	
	2015 %	2014 %	2015 €'000	2014 €'000	2015 €'000	2014 €'000
P.I.L. Benin SARL	10	10	85	-	8	-
Lydia Ludic Burkina SA	15	15	19	-	23	17
Lydia Ludic Côte d'Ivoire SARL	24	24	36	16	36	-
			140	16	67	-

Summarised financial information of the above subsidiary companies, before intragroup eliminations, is set out below:

	2015 €'000
P.I.L. Benin SARL	
Non-current assets	2,254
Current assets	428
Total assets	2,682
Total liabilities	989
Equity attributable to owners of the parent	1,523
Non-controlling interests	170
	2015 €'000
Lydia Ludic Burkina SA	
Non-current assets	770
Current assets	733
Total assets	1,503
Total liabilities	1,104
Equity attributable to owners of the parent	339
Non-controlling interests	60
	2015 €'000
Lydia Ludic Côte d'Ivoire SARL	
Non-current assets	7,076
Current assets	985
Total assets	8,061
Total liabilities	2,523
Equity attributable to owners of the parent	4,209
Non-controlling interests	1,329

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

4.4 Investment in subsidiaries

Investments in subsidiaries are included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investments is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At the end of each reporting period, the company reviews the carrying amount of its investments in subsidiaries to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in the income statement.

4.5 Income and expense recognition

Revenue arises from the sale of goods and rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable for goods supplied or services rendered, excluding sales taxes and trade discounts.

Gross gaming revenue

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

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. This is generally when the customer has taken undisputed delivery of goods that have been provided.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the group, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interests and dividends

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Dividends are recognised at the time the right to receive payment is established.

Operating expenses

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

4.6 Employee benefits

Contributions towards the state pension in accordance with local legislation are recognised in the profit or loss when they are due.

4.7 Borrowing costs

Borrowing costs primarily comprise interest on the Group's and Company's bank borrowings. All borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

4.8 Foreign currency translation

Functional and presentation currency

The group's consolidated financial statements and the company's financial statements are presented in euro (€), which is also the functional currency of the company. The functional currencies of the subsidiaries, which are not in euro, are the XOF (FCFA) which has a fixed exchange rate to the euro (€) of 655.957 and Rwandan franc (RWF).

Foreign currency transactions and balances

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

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

Foreign operations

In the group's consolidated financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the euro (the group's presentation currency) are translated into euro upon consolidation. The functional currency of the entities in the group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into euro at the closing rate at the reporting date. Goodwill, if any, arising on the acquisition of a foreign entity have been treated as asset of the foreign entity and translated into euro at the closing rate. Income and expenses have been translated into euro at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income (loss) and recognised in 'reserves' in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the income statement and are recognised as part of the gain or loss on disposal.

4.9 Operating leases

Operating leases are those leases where a significant portion of the risk and rewards of ownership are effectively retained by the lessor. Where the group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.10 Segment reporting

The standard requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group’s board of directors.

An operating segment is a component of an entity (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Group’s gaming companies, currently operating from five different jurisdictions, are considered to be operating segments.

The board of directors assesses performance based on the measure of EBITDA (earnings before interest, tax, depreciation and amortisation) and provisions of each company.

The Group is not required to report a measure of total assets and liabilities for each reportable segment since such amounts are not regularly provided to the chief operating decision maker.

4.11 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is not amortised but is tested for impairment at least on an annual basis, and is carried at cost less accumulated impairment losses. Refer to note 4.14 for a description of impairment testing procedures.

4.12 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset from the date they are available for use as follows:

	%
- Licence fee	10
- Software and other intangible asset	20-33.3

Amortisation has been included within ‘depreciation and amortisation’ in the statement of comprehensive income. Amortisation begins when the asset is available for use and continues until the asset is derecognised.

Intangible assets are subject to impairment testing as described in note 4.14.

Licence fee relates to the operation in Ivory Coast and is written off to the statement of comprehensive income by equal annual instalments over the term of the licence.

Acquired software are capitalised on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred.

4.13 Property, plant and equipment

Property, plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. They are subsequently measured at cost less subsequent depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

	%
- Buildings and improvements	10
- Commercial equipment	20
- Office and other equipment	10-20
- Computer equipment	10-33.3
- Furniture, fixtures and fittings	20
- Motor vehicles	20

Depreciation begins when the asset is available for use and continues until the asset is derecognised. No depreciation is charged to land and to assets not yet brought into use or under construction.

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

Costs relating to repairs and maintenance of property, plant and equipment are charged to the statement of comprehensive income during the period in which they are incurred.

4.14 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised.

4.15 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities are described below.

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

Classification and subsequent measurement of financial assets

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

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, and are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income' or 'finance cost', except for impairment of receivables which is presented within 'administrative expenses'.

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

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

Classification and subsequent measurement of financial liabilities

The company's financial liabilities include bank borrowings and trade and other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

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

4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) cost method. Cost includes all expenses directly attributable to acquiring the inventories and to bringing them to their existing location and condition. Financing costs are not taken into consideration. In the case of work-in-progress cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

If the carrying value of inventory exceeds its net realisable value, a write-down is recognised, which may be reversed in a subsequent period if the circumstances which caused it no longer exist.

4.17 Income taxes

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

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

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

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

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the groups' and the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

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

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

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks.

For the purpose of the statement of cash flows, cash and cash equivalents are stated net of bank overdraft. The bank overdraft is presented with current liabilities and is included within 'borrowings' in the statement of financial position.

4.19 Equity, reserves and dividend distributions

Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of the company's share capital.

Legal reserve comprised amounts set aside for companies incorporated under the laws of Ivory Coast in terms of the 'Organisation for the Harmonisation of Business Law in Africa' for the purposes of building a fund equivalent to 20% of the share capital.

Retained earnings (accumulated losses) include all current and prior period results as disclosed in the statements of comprehensive income.

Dividend distributions payable to equity shareholders are included with short term financial liabilities when the dividends are approved in general meeting prior to the end of the reporting period.

All transactions with owners of the parent are recorded separately within equity. Non-controlling interests, presented as part of equity, represent the portion of a subsidiaries' profit or loss and net assets that is not held by the group.

4.20 Post-employment benefits and short-term employee benefits

The group provides post-employment benefits through a defined contribution plan.

Defined contribution plan

The group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities reported as 'employee compensation payables' within trade and other payables, which are measured at the undiscounted amount that the group expects to pay as a result of the unused entitlement.

4.21 Provisions and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the group and the company and they can be measured reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Provisions are not recognised for future operating losses. Timing or amount of the outflow may still be uncertain.

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

Any reimbursement that the group and the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate of the management.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.22 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Significant management judgement

The following is a significant management judgement in applying the accounting policies of the company that has the most significant effect on the financial statements.

Recognition of deferred tax asset

The extent to which deferred tax asset can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax asset can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Income taxes

In order to establish the taxation provisions, management exercises significant judgement in view of the fact that the group operates in various jurisdictions and as a result there are diverse transactions for which the ultimate tax determination is somewhat uncertain. In the event that the amount of actual tax due differs from the original amounts provided for, such variances will have an impact on the taxation charges for future periods.

Control assessment

IFRS 10 requires the parent company to assess its involvement in its investee companies. Refer to note 14 for further details.

Estimation uncertainty

Impairment of goodwill, other intangible assets and property, plant and equipment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.16). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate physical wear and tear, technical, technological, or commercial obsolescence and legal or other limits on the use of the relevant assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

5 Segment reporting

Gaming	Benin		Burkina		Ivory Coast		Niger		Togo		Rwanda		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	6,786	6,829	15,978	16,819	11,029	9,101	3,224	3,311	5,939	6,365	112	-	43,068	42,425
EBITDA and provisions	1,395	1,575	587	442	2,157	2,097	(124)	(79)	916	1,014	(139)	-	4,792	5,049
Depreciation and amortisation	(178)	(153)	(208)	(183)	(1,964)	(2,104)	(138)	(151)	(411)	(353)	(68)	-	(2,967)	(2,944)
Provisions	-	-	(125)	(182)	(29)	-	-	(33)	(71)	(2)	-	-	(225)	(217)
Segment EBIT	1,217	1,422	254	77	164	(7)	(262)	(263)	434	659	(207)	-	1,600	1,888
Entity wide disclosure	Total													
	2015		2014		2015		2014		2015		2014		2015	2014
	€'000		€'000		€'000		€'000		€'000		€'000		€'000	€'000
Segment revenue	43,068		42,425		156		643		1,635		435		(1,774)	(1,078)
Revenue from sale of gaming equipment	43,068		42,425		156		643		1,635		435		43,085	42,425
Revenue from management and branding fees	156		643		156		643		1,635		435			
Elimination of intra group revenue	(1,774)		(1,078)		(1,774)		(1,078)		(1,774)		(1,078)			
Group revenue	43,085		42,425		156		643		1,635		435			
Segment EBIT	1,600		1,888		156		643		1,635		435		1,600	1,888
EBITDA from non-segments	(579)		(248)		(579)		(248)		(579)		(248)			
Depreciation and amortisation	(12)		(10)		(12)		(10)		(12)		(10)			
Consolidation adjustment	(563)		68		(563)		68		(563)		68			
Operating profit	446		1,698		446		1,698		446		1,698			
Finance income	152		370		152		370		152		370			
Finance costs	(965)		(1,100)		(965)		(1,100)		(965)		(1,100)			
Profit before tax	(367)		968		(367)		968		(367)		968			

6 Payroll costs

	The Group	
	2015	2014
	€'000	€'000
Wages, salaries and other benefits	12,706	11,837
Pensions – defined contribution plans	272	141
Social security contributions	1,362	1,243
	14,340	13,221

The average number of employees during the year was:

	The Group	
	2015	2014
	No.	No.
Management and operations	2,653	2,738

7 Operating profit (loss)

The operating profit (loss) is stated after charging:

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Management fees charged by immediate parent company	7,537	9,618	-	-
Directors' remuneration	68	41	53	29
Auditors' remuneration	159	71	11	10

8 Finance income and finance costs

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

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Dividend income	-	-	1,182	1,461
Interest income on loan to immediate parent company	148	370	148	342
Interest income on advances to subsidiaries	-	-	-	27
Realised foreign exchange gain	4	-	-	-
Finance income	152	370	1,330	1,830
Interest expense on bank loans	647	861	552	771
Interest expense for bank overdraft	302	198	301	166
Interest expense on loan payable to immediate parent company	4	-	-	-
Interest expense on balances with subsidiary companies	-	-	145	104
Realised loss on exchange	6	-	4	-
Other	6	41	-	-
Finance costs	965	1,100	1,002	1,041

9 Tax expense

The relationship between the expected tax (expense) income based on the effective tax rate of the Company and the tax expense actually recognised in the statements of comprehensive income can be reconciled as follows:

	The Group		The Company	
	2015	2014	2015	2014
	€'000	(Restated) €'000	€'000	€'000
Profit (loss) before tax	(367)	968	(776)	657
Tax at 35%	35%	35%	35%	35%
Expected tax (expense) income using the Company's domestic tax rate	128	(339)	272	(230)
Adjustments for:				
Non-taxable income	-	-	-	223
Non-deductible expenses	(736)	(1,381)	-	(227)
Over (under) provision in previous years	578	(116)	-	-
Effect of unrecognised deferred tax assets	(685)	-	(685)	(238)
Difference in tax rates	70	708	243	315
Actual tax expense, net	(645)	(1,128)	(170)	(157)
Comprising:				
Current tax expense	(685)	(1,211)	(170)	(200)
Deferred tax income	40	83	-	43
	(645)	(1,128)	(170)	(157)

Refer to note 16 for information on the group's and company's deferred tax asset.

10 (Loss) earnings per share

The calculation of (loss) earnings per share is based on the net (loss) profit for the year attributable to the shareholders of the parent and weighted average number of shares of ordinary shares outstanding during the year of 20,629,066 (2014: 20,336,719).

11 Goodwill

	The Group	
	2015	2014
	€'000	€'000
Carrying amount at 31 December	32,812	32,812

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	2015	2014
	€'000	€'000
Benin	7,074	7,074
Burkina Faso	13,120	13,120
Ivory Coast	2,764	2,764
Niger	1,059	1,059
Togo	8,795	8,795
	32,812	32,812

The recoverable amount of each segment was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering

a four-year period, followed by an extrapolation of expected cash flows for the remaining useful lives using a growth rate set by management.

The growth rate does not exceed the long-term average growth rate for the gaming business in which the cash generating unit operates.

The key assumptions used for value-in-use calculations are as follows:

- Average EBIDTA margin (calculated as EBIDTA divided by Revenue) over the next four budgeted years
- Weighted average growth rate used to extrapolate cash flows beyond the budget period for terminal value
- Pre-tax discount rate applied to cash flow projections.

Management determined budgeted operating income based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

At 31 December 2014 and 2015, management had not determined an impairment.

12 Other intangible assets

Details of the group's other intangible assets and their carrying amounts are as follows:

The Group

	Asset under construction €'000	Licences €'000	Software €'000	Other €'000	Total €'000
Gross carrying amount					
Balance at 1 January 2015	-	14,008	66	3	14,077
Additions	128	-	-	-	128
Balance at 31 December 2015	128	14,008	66	3	14,205
Amortisation					
Balance at 1 January 2015	-	7,620	57	-	7,677
Amortisation	-	1,402	8	-	1,410
Balance at 31 December 2015	-	9,022	65	-	9,087
Carrying amount at 31 December 2015	128	4,986	1	3	5,118
Gross carrying amount					
Balance at 1 January 2014	-	14,008	52	48	14,108
Additions	-	-	14	-	14
Disposals	-	-	-	(45)	(45)
Balance at 31 December 2014	-	14,008	66	3	14,077
Amortisation					
Balance at 1 January 2014	-	6,218	50	-	6,268
Amortisation	-	1,402	7	-	1,409
Balance at 31 December 2014	-	7,620	57	-	7,677
Carrying amount at 31 December 2014	-	6,388	9	3	6,400

As of 31 December 2015, the company's intangible assets comprises computer software of € 128,020 (2014: NIL). The computer software is still under construction as at the end of the reporting date and thus, not yet available for use.

13 Property, plant and equipment

The Group

	Land, buildings and improvements €'000	Commercial equipment €'000	Office and other equipment €'000	Computer equipment €'000	Furniture, Fixtures and fittings €'000	Motor vehicles €'000	Others €'000	Total €'000
Gross carrying amount								
Balance at 1 January 2015	1,461	8,895	230	326	86	852	424	12,274
Reclassifications	1	212	(103)	-	104	-	(214)	-
Additions	344	690	44	88	44	156	102	1,468
Disposals	(71)	(419)	(3)	(14)	(3)	(153)	(18)	(681)
Balance at 31 December 2015	1,735	9,378	168	400	231	855	294	13,061
Depreciation								
Balance at 1 January 2015	507	5,268	155	223	62	780	19	7,014
Reclassifications	-	-	(54)	1	53	-	-	-
Depreciation for the year	128	1,235	13	50	20	73	9	1,528
Disposals	(22)	(285)	(3)	(4)	(1)	(147)	-	(462)
Balance at 31 December 2015	613	6,218	111	270	134	706	28	8,080
Carrying amount at 31 December 2015	1,122	3,160	57	130	97	149	266	4,981
Gross carrying amount								
Balance at 1 January 2014	1,353	8,520	221	291	70	936	290	11,681
Additions	141	987	25	56	16	28	328	1,581
Disposals	(33)	(612)	(16)	(21)	-	(112)	(194)	(988)
Balance at 31 December 2014	1,461	8,895	230	326	86	852	424	12,274
Depreciation								
Balance at 1 January 2014	394	4,425	144	192	48	819	9	6,031
Depreciation for the year	123	1,256	25	48	14	69	10	1,545
Disposals	(10)	(413)	(14)	(17)	-	(108)	-	(562)
Balance at 31 December 2014	507	5,268	155	223	62	780	19	7,014
Carrying amount at 31 December 2014	954	3,627	75	103	24	72	405	5,260

The Company

The company's property, plant and equipment comprises computer and office equipment. At the end of the reporting period, the net book value of these assets amounted to € 1,696 (2014: € 2,344). The cost and related accumulated depreciation of these assets as of 31 December 2015 are € 2,592 and € 896 (2014: € 2,592 and € 248), respectively. Depreciation expense amounting to € 648 was recognised in profit or loss during the year (2014: € 248).

14 Investment in subsidiaries

	The Company	
	2015	2014
	€'000	€'000
At 1 January	34,406	34,404
Additions	-	2
Disposals	(2)	-
At 31 December	34,404	34,406

At 31 December 2015, Pefaco International p.l.c. has unquoted investments in the following subsidiaries:

Subsidiary company	Registered office	Nature of business	% Ownership	
			2015	2014
Lydia Ludic Togo SARL	Immeuble Clarence Olympio 15, Urede l'Entente Beniglato 36 BP 30 707, Lomé Togo	Leisure and gaming	100	100
P.I.L. Benin SARL	Rue 324 08 BP 0199 Cotonou Benin	Leisure and gaming	90	90
Lydia Ludic Burkina SA	Rue 4.31 Porte 57 BP 10252 06 Ouagadougou Burkina Faso	Leisure and gaming	85	85
Lydia Ludic Niger SARL	Rue YN 140 Yantala, Niamey Niger	Leisure and gaming	100	100
Lydia Ludic Côte d'Ivoire SARL	Marcory zone, 5 Rue Thomas Edison Immeuble Edison 1er étage, Abidjan Ivory Coast	Leisure and gaming	76	76
Satall SARL	Immeuble Taba II Zone Franche BP 30707 Lomé Togo	Purchaser and provider of gaming machines	100	100
Ludic East Africa Ltd	Boulevard deOoua BP 1367, Kicukiro Rwanda	Non-trading	100	100
SCI SAGI	Rue Gourgas, 01BP 11109 Tour Alpha 2000 Plateau Centre Abidjan, Ivory Coast	Non-trading	-	100

On 6 October 2015, SCI SAGI was put into liquidation and a loss on the disposal of the company's investment in subsidiary amounting to € 1,524 was recognised in the statement of comprehensive income during the year within 'administrative expenses' accordingly.

On 22 December 2015, Satall SARL was put into liquidation.

15 Restricted cash

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Cash held on escrow accounts	351	474	351	474
Bank deposits	46	31	-	-
Other deposits	419	430	-	-
Loans and receivables	816	935	351	474

The carrying amount of restricted cash is considered to be a reasonable approximation of fair value.

Cash held in escrow accounts represents amounts deposited and pledged in favour of lending banks. Funds in these accounts will be released to Pefaco International p.l.c. subject to certain conditions being met and on maturity of the loans.

Other deposits comprise advance deposits made in the ordinary course of business.

16 Deferred tax asset

Deferred taxes arising from unused tax losses can be summarised as follows:

	2015	The Group		The Company	
		2014	1.1.2014	2015	2014
	€'000	(Restated) €'000	(Restated) €'000	€'000	€'000
Provision on defined contribution plans	390	350	310	-	-
Unused tax losses	43	43	-	43	43
Total	433	393	310	43	43

As at 31 December 2015, the company has deductible temporary differences and unused tax losses which give rise to a deferred tax asset amounting to € 168,828 and € 754,710 (2014: € 87 and € 238,151), respectively. Deferred tax assets relating to these temporary differences have not been recognised in the company's financial statements.

Refer to note 9 for information on the group's and company's tax expense.

17 Inventories

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Snacks and beverages	6	8	-	-
Replacement parts	51	75	-	-
Other consumables	37	5	-	-
	94	88	-	-

18 Loans receivable

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Loan to immediate parent company	3,291	3,881	3,291	3,881
Loan to subsidiary company	-	-	-	915
Loans and receivables	3,291	3,881	3,291	4,796
Comprising:				
Current loans receivable				
Due within one year	3,291	3,881	3,291	4,796

The carrying amounts of loans receivable are considered to be a reasonable approximation of fair value.

The loan to parent company is unsecured, bears interest at a fixed rate of 6.90% per annum and repayable on demand.

The loan to subsidiary company was unsecured and repayable within 12 months from the end of the reporting period. It bore interest at a rate equivalent to the base rate of the Central Bank of West African States (BCEAO) which during 2014 was 3.5%. During 2015, an amount of € 320,143 was received from the subsidiary company and the remaining amount of € 594,551 was settled by means of a set-off through the related party accounts.

19 Trade and other receivables

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Amounts owed by subsidiary companies	-	-	1,373	905
Less: provision for impairment	-	-	(481)	-
Amounts owed by subsidiary companies, net	-	-	892	905
Amounts owed by other related companies	906	49	841	34
Other receivables	86	54	-	-
Loans and receivables	992	103	1,733	939
Other receivables	713	181	86	48
Prepayments	550	691	-	9
Trade and other receivables	2,255	975	1,819	996
Comprising:				
Non-current				
Receivable from a related company	14	-	-	-
Current				
Trade and other receivables	2,241	975	1,819	996

The amounts owed by subsidiary and other related companies are unsecured, interest free and repayable on demand.

The carrying value of loans and receivables is considered a reasonable approximation of fair value.

In determining the recoverability of receivables, the company and group consider any change in the credit quality of each trade receivable from the date credit was initially granted up to the reporting date. No amounts were past due at the end of the reporting date, except for the amounts which are considered by management to be impaired.

Certain receivables were found to be impaired and a provision has been recorded accordingly in the statement of comprehensive income. The movement in allowance for doubtful debts is as follows:

	The Company	
	2015	2014
	€'000	€'000
Balance at 1 January	-	-
Impairment loss recognised	481	-
Balance at 31 December	481	-

Included in the impairment loss recognised during the year was an amount of € € 466,222 relating to the amount receivable from Satall SARL. As the subsidiary company was put into liquidation on 22 December 2015 (see note 14) and management considers that the amount receivable from the subsidiary company at 31 December 2015 to be fully impaired.

20 Cash and cash equivalents

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

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Cash and bank balances	14,627	1,150	13,294	157
Cash and cash equivalents in the statement of financial position	14,627	1,150	13,294	157
Bank overdrafts	(1,395)	(1,608)	-	-
Cash and cash equivalents in the statement of cash flows	13,232	(458)	13,294	157

Except for the amounts mentioned in note 15, the company and group do not have restrictions on their cash and bank balances at year end.

21 Equity

21.1 Called-up issued share capital

The share capital of Pefaco International p.l.c. consists only of ordinary A and B shares with a par value of € 1.50 and € 1 each, respectively. Unless otherwise stated, all shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Pefaco International p.l.c.

	The Group and the Company	
	2015	2014
	€'000	€'000
Shares issued and fully paid at 31 December		
22,350,054 ordinary A shares of € 1.50 each	33,525	-
1 (2014: NIL) ordinary B share of € 1 each	-	-
20,336,719 ordinary shares of € 1.50 each	-	30,505
	33,525	30,505
Shares authorised at 31 December		
32,320,020 ordinary A shares of € 1.50 each	48,480	-
32,320,020 ordinary shares of € 1.50 each	-	48,480
1 (2014: NIL) ordinary B share of € 1 each	-	-
	48,481	48,480

Changes in share capital and equity structure

On 9 November 2015, it was resolved to create a new ordinary B share class and to reclassify the (only) existing ordinary share class as the ordinary A share class.

Issuances of shares - 31 December 2015

During the reporting period under review, Pefaco International p.l.c issued the following:

- 2,013,335 ordinary A shares with nominal value of € 1.5 each for € 7.45 each for a total cash consideration of € 14,999,345; and
- 1 ordinary B share with nominal value of € 1 for a total cash consideration of € 353.185.

21.2 Share premium

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium.

22 Provision for liabilities and charges

	2015	The Group	1.1.2014
		2014	
		(Restated)	(Restated)
	€'000	€'000	€'000
Provision for retirement benefits	70	70	-
Provision for defined benefit contribution	1,524	1,251	1,110
Provision for open litigations	259	329	333
Provision for liabilities and charges – non current	1,853	1,650	1,443

During 2015, an amount of € 0.272 million (2014: € 0.141 million) was recognised as expense relating to retirement benefits and was recognised in profit or loss within 'payroll costs' (see note 6).

23 Bank borrowings

	The Group		The Company	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Bank overdrafts	1,395	1,608	-	-
Bank loans	4,333	6,846	4,060	6,484
Financial liabilities	5,728	8,454	4,060	6,484
Comprising:				
Non-current				
Bank loans due between two and five years	520	4,204	461	4,017
Current				
Bank overdrafts	1,395	1,608	-	-
Bank loans due within one year	3,813	2,642	3,599	2,467
	5,208	4,250	3,599	2,467

The carrying amounts of bank borrowings are considered a reasonable approximation of fair value.

The group has the following overdraft accounts as of 31 December 2015:

	2015 €'000	2014 €'000	Security	Interest %	Facility limit €
Benin					
Bank overdraft I	81		None	Variable	91,500
Burkina					
Bank overdraft II	52	66	None	12%	152,400
Satall					
Bank overdraft III	8	19	None	10%	76,220
Bank overdraft IV		20			
Niger					
Bank overdraft V	152	109	First demand guarantee	12%	152,400
Bank overdraft VI	161	267	First demand guarantee	12%	228,700
Togo					
Bank overdraft VII	288	302	None	10%	304,900
			Letter of comfort for	11%	198,200
Bank overdraft VIII	75	123	€ 0.229 million		
Bank overdraft IX	502	567	None	14%	None
			Letter of comfort for	14%	76,200
Bank overdraft X	76	8	€ 0.229 million		
Ivory coast					
Bank overdraft XI	-	83	€ 24,400 deposit	12%	122,000
Bank overdraft XII	-	44	None	12%	76,200
Total	1,395	1,608			

23.1 Terms and repayment schedule

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
Pefaco International p.l.c.						
Bank loan I						
2014	579	491	88	-	• Escrow account amounting to € 215,503 pledged in favour of the bank	2016
2015	132	132	-	-	• Interest rate at 12% • Financial tax rate on interest at 10% • Monthly repayment of € 44,872	
Bank loan II						
2014	2,006	1,297	709	-	• Letter of comfort up to a maximum of € 4,573,470	2016
2015	709	709	-	-	• Interest rate at 11% • Financial tax rate on interest at 10%	
Bank loan III						
2014	2,375	679	1,696	-	• Letter of comfort up to a maximum of € 112,050	2017
2015	1,695	1,234	461	-	• Interest rate at 11% • Financial tax rate on interest at 10% • Monthly payment of € 38,112	
Bank loan IV						
2014	1,524	-	1,524	-	• Escrow account amounting to € 258,706 pledged in favour of the bank	2016
2015	-	-	-	-	• Interest rate at 10% • Financial tax rate on interest at 10% • Loan was converted into bank loan V during 2015	
Bank loan V						
2014	-	-	-	-	• Escrow account amounting to € 1,524,490 or FCFA 1billion pledged in favour of the bank and hypothec on the company's assets	2016
2015	1,524	1,524	-	-	• Interest rate at 10.75% • Financial tax rate on interest at 10%	
Total 2014 – the Company	6,484	2,467	4,017	-		
Total 2015 – the Company	4,060	3,599	461	-		

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
Lydia Ludic Burkina SA						
Bank loan XI						
2014	-	-	-	-	• Letter of comfort up to a maximum of € 304,898	2016
2015	22	22	-	-	• Interest rate at 10% • Financial tax rate on interest at 18% • Monthly repayment of € 7,176	
Bank loan VII						
2014	100	78	22	-	• Letter of comfort up to a maximum of € 304,900	2016
2015	-	-	-	-	• Interest rate at 10% • Financial tax rate on interest at 18%	
Lydia Ludic Togo SARL						
Bank loan IX						
2014	262	97	165	-	• General hypothec for € 198,180 over company's land and letter of comfort up to a maximum of € 228,670	2017
2015	166	107	59	-	• Interest rate at 10% • Financial tax rate on interest at 10%	
Lydia Ludic Cote d'Ivoire						
Bank loan X						
2014	-	-	-	-	• Unsecured	2016
2015	86	86	-	-	• Interest rate at 10.75% • Financial tax rate on interest at 10%	
Total 2014 – the Group	6,846	2,642	4,204	-		
Total 2015 – the Group	4,334	3,814	520	-		

24 Trade and other payables

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade payables	1,834	1,126	32	147
Amounts due to immediate parent company	-	122	-	-
Amounts due to subsidiary companies	-	-	4,112	4,533
Amounts due to shareholder	1,198	-	1,198	-
Amounts due to other related parties	284	185	-	-
Capital creditors	830	1,303	-	-
Other payables	154	826	-	18
Accrued expenses	598	171	225	41
Financial liabilities	4,898	3,733	5,567	4,739
Other payables	1,768	1,575	-	-
Trade and other payables	6,666	5,308	5,567	4,739

Amounts due to the immediate parent, subsidiary and other related parties are unsecured, interest free and repayable on demand. The amounts due to subsidiary companies are unsecured, subject to interest of 3.5% and repayable on demand.

Short-term financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

25 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the profit (loss) before tax to arrive at operating cash flows:

	The Group		The Company	
	2015	2014	2015	2014
	€'000	(Restated) €'000	€'000	€'000
Adjustments:				
Depreciation and amortisation	2,938	2,954	1	1
Loss on disposal of property, plant and equipment and intangible assets	219	471	-	-
Loss on disposal of investment in subsidiary	-	-	2	-
Provisions	203	207	-	-
Impairment loss on receivables	-	-	481	-
Income from dividends	-	-	(1,182)	(1,461)
Interest income	(148)	(370)	(148)	(369)
Interest expense on related party accounts	4	-	145	104
Interest expense for bank overdrafts	302	198	301	166
Interest expense for bank loans	647	861	552	771
	4,165	4,321	152	(788)
Net changes in working capital:				
Change in inventories	(6)	-	-	-
Change in trade and other receivables	(409)	1,116	(464)	1,218
Change in trade and other payables	542	(3,423)	12	(2,703)
	127	(2,307)	(452)	(1,485)

26 Related party transactions

The group's immediate parent company is Grupo Pefaco S.L., which is ultimately owned by Strategic Investment Opportunities B.V.

The related parties include the ultimate parent company, immediate parent company, subsidiary companies, other companies under common control, shareholders and key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related parties are generally effected on a cost plus basis. Outstanding balances are usually settled in cash. Details of transactions between the company and related parties are disclosed below. Amounts owed by and to related parties are disclosed in notes 18, 19 and 24 to these financial statements.

26.1 Transactions with immediate parent company

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Expenses				
Management fees charged by immediate parent company	7,536	9,618	224	-
Finance income				
Interest charged to immediate parent company	148	370	148	342

26.2 Transactions with subsidiary companies

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Revenue				
Fees charged to subsidiaries	-	-	1,629	435
Finance income and finance costs				
Dividends received	-	-	1,182	1,461
Interest charged by parent company	-	-	-	27
Interest charged by fellow subsidiaries	-	-	145	104

26.3 Transactions with shareholder

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Expenses				
Fees charged by shareholder	20	-	20	-

26.4 Transactions with key management personnel

The company's key management personnel are considered to be the directors. Transactions with directors consist of directors' remuneration and have been disclosed in note 7.

27 Contingent liabilities and asset

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Guarantees given to secure bank loans of subsidiary companies	-	-	534	-
Guarantees given to secure bank loans	351	474	351	474
	351	474	885	474

Pefaco International p.l.c.'s subsidiary in Ivory Coast (Lydia Ludic Ivory Côte d'Ivoire) has a contingent liability amounting to € 4.267 million (2014: € 1.638 million) relating to VAT and € 0.29 million in a contingent asset of VAT in 2014. The reason to this is a recent change in article 1 of the Fiscal regulation (Loi de Finance n°2014-908); in fact, the new regulation cancels the previous VAT exoneration that applied to all revenues from the sale of national lottery tickets and all other gaming activities organised by the national lottery (LONACI: Loterie Nationale de Côte d'Ivoire). The management of the company has lodged an appeal of this suppression of VAT exoneration through letters, dated 29 January 2014 and 21 November 2014, to the President, the Prime Minister, Minister of Economy, Finances and Budget.

At the date of this report, discussions are progressing towards the removal of the VAT on gaming activities and the creation of a gaming tax of 5% as in other UEMOA zone countries.

28 Risk management objectives and policies

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

The most significant financial risks to which the group is exposed are described below. See also note 28.4 for a summary of the group's and company's financial assets and liabilities by category.

28.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the group and to the company. The group and the company are exposed to this risk for various financial instruments, for example by granting loans and receivables, placing deposits, etc.

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

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Classes of financial assets – carrying amounts				
Non-current assets				
• Restricted cash	816	935	351	474
	816	935	351	474
Current assets				
• Loans receivable	3,291	3,881	3,291	4,796
• Trade and other receivables	992	103	1,748	939
• Cash and cash equivalents	14,627	1,150	13,294	157
	18,910	5,134	18,333	5,892

The group continuously monitors defaults of receivables and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The group's policy is to deal only with creditworthy counterparties.

None of the company's and group's receivables are past due.

None of the group's financial assets is secured by collateral or other credit enhancements.

In respect of receivables, the company and the group are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Receivables significantly originated from transactions with its related parties, which are considered creditworthy counterparties. In view of this, except for those amounts disclosed in note 19, management considers that all amounts receivable are fully recoverable and not impaired

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

28.2 Liquidity risk

The group's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise bank borrowings, trade and other payables (see notes 23 and 24). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the group's obligations when they become due.

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

At 31 December 2015 the company's and group's financial liabilities have contractual maturities which are summarised below:

31 December 2015 – The Group	Current within 1 year €'000	Non-current 2 to 5 years €'000	later than 5 years €'000
Bank borrowings	5,386	538	-
Trade and other payables	4,898	-	-
	10,284	538	-

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

31 December 2014 – The Group	Current within 1 year €'000	Non-current 2 to 5 years €'000	later than 5 years €'000
Bank borrowings	3,166	4,568	-
Trade and other payables	3,733	-	-
	6,899	4,568	-

At 31 December 2015 the company's financial liabilities have contractual maturities which are summarised below:

31 December 2015 – The Company	Current within 1 year €'000	Non-current 2 to 5 years €'000	later than 5 years €'000
Bank borrowings (including interest)	3,829	478	-
Trade and other payables	5,504	-	-
	9,333	478	-

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

31 December 2014 – The Company	Current within 1 year €'000	Non-current 2 to 5 years €'000	later than 5 years €'000
Bank borrowings	2,960	4,366	-
Trade and other payables	4,715	-	-
	7,675	4,366	-

28.3 Market risk analysis

Foreign currency risk

Most of the group's transactions are carried out in XOF (FCFA) which has a fixed exchange rate to the euro (€) of 655.957. For this reason, the group is not exposed to currency fluctuations and foreign exchange risk.

Interest rate risk

The group is exposed to interest rate risk with respect to bank overdrafts, which are subject to floating interest rates. Based on observations of current market conditions, management considers a change of +/- 100 basis points to be reasonably possible. The calculations are based on the group's bank overdrafts held at the end of each reporting period. All other variables are held constant. The potential impact of such a shift in interest rates with effect from the beginning of the year on the net result of the reporting periods under review would be +/- € 13,951 (2014: +/- € 16,860).

The company is not exposed to interest rate risk on its bank loans, amounts due to subsidiary companies and loans receivable because they have fixed interest rates.

Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

28.4 Summary of financial assets and liabilities by category

The carrying amounts of the company and group's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.15 for explanations about how the category of financial instruments affects their subsequent measurement.

	The Group		The Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Non-current assets				
Loans and receivables:				
• Restricted cash	816	935	351	474
	816	935	351	474
Current assets				
Loans and receivables:				
• Loans receivable	3,291	3,881	3,291	4,796
• Trade and other receivables	992	103	1,748	939
• Cash and cash equivalents	14,627	1,150	13,294	157
	18,910	5,134	18,333	5,892
Non-current liabilities				
Financial liabilities measured at amortised cost:				
• Bank borrowings	520	4,204	461	4,017
	520	4,204	461	4,017
Current liabilities				
Financial liabilities measured at amortised cost:				
• Bank borrowings	3,813	4,273	3,599	2,467
• Trade and other payables	1,395	3,710	5,567	4,739
	5,208	7,983	9,166	7,206

29 Capital management policies and procedures

The group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing products and services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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

30 Post-reporting date events

During 2016, the following subsidiary companies were incorporated:

- On 18 January 2016, Simply Lydia Ludic Nigeria Limited was incorporated to operate slot machines in halls and bars in Nigeria. The subsidiary company is 99.99% owned by Pefaco International p.l.c.
- On January 2016, the Board approved the purchase of 51% shareholding in Exon Group Desarrollos Informaticos Aplicados a la Tecnologia SL, a company incorporated in Spain whose principal activities include the manufacturing and distribution of electronic bingo games. The purchase has not been finalised as of date.

In 2016, management submitted a proposition with the bank with regards to the restructuring of one of the company's bank loan. The bank loan with a carrying amount of € 1.695million at 31 December 2015, was proposed to be restructured as follows:

- One of the company's subsidiaries, Lydia Ludic Togo, will borrow an amount of € 1.695 million or FCFA 1.112 billion from the same bank to repay the loan payable by the company. This new loan will be repaid over seven (7) years on the basis of a flat monthly annuity of € 22,867 or FCFA 15 million during the period of seven (7) years with a balloon payment on the last year for an amount of € 0.815 million or FCFA 534 billion. The new loan will be subject to an interest rate of 10% per annum.

To date, management has yet to receive the approval from the bank for the proposed loan restructuring.

The directors consider it still premature to estimate the financial effect of the above agreements on the results of the group and the company.

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.

31 Comparative figures

Certain comparative figures in these financial statements have been restated to comply with current year's presentation.

32 Prior period adjustment

As a result of changes in the proposed method of accounting for pension provisions in Burkina Faso, Togo, Benin and Ivory Coast introduced in 2015, the company estimated for the first time its retirement pension liabilities at 31 December 2015. Since the obligation to pay compensation for retiring employees existed before 1 January 2014, which is the earliest period being presented in these financial statements, the estimated pension liabilities at 31 December 2013 and the movement for the year ended 31 December 2014 have been accounted for as prior period adjustments in accordance with the requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The effect of the restatement is summarised below. There is no effect on the figures for the year ended 31 December 2015.

The Group	Notes	1.1.2014 as previously reported € 000's	Restatement € 000's	1.1.2014 as restated € 000's
Statement of Financial Position				
Provision for charges		(333)	(1,110)	(1,443)
Deferred tax asset		-	310	310
Retained earnings		(6,890)	800	(6,090)
		31.12.2014 as previously reported € 000's	Restatement € 000's	31.12.2014 as restated € 000's
Statement of Financial Position				
Provision for charges at 1.1.2014		(333)	(1,110)	(1,443)
Provision for charges for the year		(66)	(141)	(207)
Provision for charges at 31.12.2014		(399)	(1,251)	(1,650)
Deferred tax asset at 1.1.2014		-	310	310
Deferred tax asset at for the year		43	40	83
Deferred tax asset at 31.12.2014		43	350	393
Retained earnings		(6,815)	901	(5,914)
Income Statement				
Profit before tax		1,109	(141)	968
Tax expense		(1,168)	40	(1,128)
Loss for the year		59	101	160

There is no impact on the financial statements of the Company for the periods presented. The Directors have presented a third column on the Group's Statements of Financial Position as required by International Accounting Standard 1, Presentation of Financial Statements.

Independent auditor's report

To the shareholders of

Pefaco International p.l.c.

Report on the financial statements

We have audited the accompanying financial statements of Pefaco International p.l.c. and the consolidated financial statements of its group set out on pages 14 to 56, which comprise the statements of financial position as at 31 December 2015, and the income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- the company's financial statements give a true and fair view of its financial position as at 31 December 2015, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and
- the group's financial statements give a true and fair view of its financial position as at 31 December 2015, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

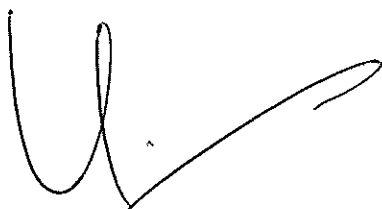
Also, in our opinion, these financial statements have been prepared in accordance with the requirements of the Companies Act, Cap 386.

Report on other legal and regulatory requirements

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

- the information given in the directors' report is not consistent with the financial statements.
- the company has not kept proper accounting records.
- the company's financial statements are not in agreement with the accounting records.
- we have not received all the information and explanations we require for our audit.
- certain information required by the Act regarding directors' remuneration is not disclosed in the financial statements, in which case we are required to include the required particulars in a statement in our report.

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



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Tower Business Centre
Tower Street, Suite 3
Swatar BKR 4013
Malta

29 April 2016