22 March 2016

Bagir Group Ltd.
("Bagir" or the "Company")

Final results
for the year ended 31 December 2015

Bagir (AIM: BAGR), a designer, creator and provider of innovative tailoring, announces its results for the year ended 31 December 2015.

Highlights 2015

- A year of realignment and restructuring during which the Company has reduced overhead expenses by c. 30% to establish a new base from which the Company can develop
- Appointment of new CEO, Eran Itzhak on 28 October 2015 who has continued and expanded the Recovery Plan (the "Recovery Plan")
- Reflecting the significant reduction in order levels from one customer, revenues were $75.2m (2014: $97.0m) excluding this customer, orders from new and other existing customers in the UK were up 17%
- As a result of the reduction in revenues and the costs associated with restructuring of the business adjusted profit (loss) before tax was $(7.9)m** (2014: $(0.5)m) and adjusted EBITDA was $(4.3)m* (2014: $3.7m)
- Net debt at 31 December 2015 of $13.8m (31 Dec. 2014: $12.5m)
- Cash and cash equivalents at 31 December 2015 of $7.5m (31 Dec. 2014: $11.4m)
- Agreement with the banks on the amendment of the repayment schedule, reclassification of the short term loan to long term, waiver of covenant tests at both 31 December 2015 and 30 June 2016 and a revised set of covenants on more favorable terms to the Company than previously

* Adjusted for depreciation of $0.5m, amortization of intangible assets of $2.4m and impairment of intangible assets of $1.4m
** Adjusted for amortization of intangible assets of $2.4m and impairment of intangible assets of $1.4m

Looking ahead into 2016 and 2017

- The Recovery Plan will continue through 2016 albeit the majority of the costs involved have already been absorbed during 2015.
- The primary focus is on three areas:
    - Target the larger end of the US and UK retail market focusing on securing high volume sale orders supported by a new pricing model;
    - Continue the process of streamlining the business to ensure optimum efficiency in line with the new shape of the Company; and
    - Further expand operations at the Company's chosen production sites in Egypt, Vietnam and Ethiopia maximizing the potential for customs/tariff free trade routes

Eran Itzhak, CEO of Bagir Group Ltd, said:

"These results are in line with the revised guidance given in September. In 2015 we focused on managing the process of realigning and restructuring the business under our recovery plan. We have already reduced overhead expenses by c.30% and we have identified further significant cost saving opportunities. This, together with the re-shaping of our manufacturing base will enable us to compete effectively for new contracts from high volume retailers.

Quality, unique design and innovation have always been at the heart of Bagir's tailored products and they will continue to be our key points of differentiation together with more than 50 years of servicing large scale orders from abroad to leading retailers in the UK and US, a very specific skill. While 2015 was a very challenging year for the business, a key highlight was the 17% increase in orders from new and existing customers in the UK (excluding our ex-largest client)."

The annual report and financial statement for the year ended 31 December 2015 (the "Report and Accounts") will shortly be made available from the Company's website, www. http://www.bagir.com in accordance with AIM Rule 20.

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Strategic and financial review

Introduction

2015 was a challenging year for the Company. The loss of a substantial proportion of revenue from its previous largest customer, as announced in May 2014, has meant the focus for the Company has been upon managing the impact of this reduction in revenues and establishing a new base from which the Company can develop.

To this end, a restructuring programme was implemented which has reduced the Group's overhead expensesby c. 30% and the Group's manufacturing base is re-shaped to increase capacity and maximise the opportunity to operate from customs/tariff free geographies.

Importantly, during 2015 the Company added new customers and going forward the Group's new shape will support servicing high volume orders from leading retailers in the UK, US and Australia.

Operational review

The step change in revenues has necessitated a change in the shape and cost base of the business. A comprehensive review was undertaken which has resulted in reduction in the ongoing cost base. These savings have come from a reduction in personnel in the UK and in the headquarters, relocation to smaller offices in the UK, reduced director fees, lower PLC costs and other overhead costs. In addition, since the appointment of Eran Itzhak in October last year, the Company has identified significant opportunities to reduce the cost base further without impacting upon the capabilities of the Group.

The Group is now primarily focused on three factories:

- Egypt, a fully owned factory servicing mainly the US market as it has a customs free status for the US market which creates an additional saving of between 10-20%;
- Vietnam, a sub-contracted factory which is currently being supported by a new sub-contractor with additional capacity for small orders and proven service standards. The Company services both the UK and US market from Vietnam expecting new free trade agreements for both markets during 2017; and
- Ethiopia, a factory in which the Company acquired a 50% shareholding in November 2014, currently servicing its domestic market but being prepared to begin providing product to both the US and UK as it too enjoys customs free status to both these markets

All three manufacturing centers are being expanded to meet future demand. The development of the production facility in Ethiopia is progressing well and the first production line for export is expected to begin in H1 2016. Two international retailers have approved the line to produce trousers, a good simple product to begin commercial exports with. Once the factory can start to generate products on a reasonable scale, we anticipate that the facility will give Bagir a strong competitive advantage as a result of its duty free export status for sales to both the EU and US, its competitive production costs and local governmental support for the textile industry.

Bagir has been producing high quality, innovative tailored garments for leading US and UK retailers for the past 50 years. In that time, the Company has acquired significant expertise in providing attractive tailored clothing to meet the needs of its diverse client base. In particular, the Group understands the requirements of large retailers and servicing their needs from international bases.

The marketing strategy going forward will be to focus on servicing the higher volume retailers, offering competitive price points as well as providing premium products alongside the core offering.

New banking agreement

As announced on 4 January 2016, the Company successfully agreed with its banks on the amendment of the repayment schedule and extension of the repayment term until 31 December 2020, reclassification of the short-term loan to long-term, waiver of covenant tests at both 31 December 2015 and 30 June 2016 and a revised set of covenants have been agreed on more favorable terms to the Company than previously. This was an extremely important agreement and provides the Company with increased financial security from which to continue with its recovery plan.

As at 31 December 2015, net debt amounted to $13.8m compared with $12.5m at 31 December 2014. Net debt increased as a result of the reduction in cash and cash equivalents due to the loss in the reported period.

Financial results

As previously announced in September 2015, the results in the second half of the year were significantly below the first half, contributing to a full year adjusted loss before tax of $(7.9)m and adjusted EBITDA of $(4.3)m ("adjusted EBITDA" is calculated as adjusted operating profit but before deducting depreciation of property, plant and equipment). This was caused by competitive pressures in the market and the reduction in sales, higher production costs, lower gross margin and redundancy and impairment costs related to the recovery plan.

Revenue for the year ended 31 December 2015 was $75.2m. This was a $21.8m reduction on the comparable period last year mitigated by increased revenue from other customers in the UK, the US and Australia.

The gross margin for the year ended 31 December 2015 was 9.8% compared with 17.4% for 2014. This decline was mainly attributable to the reduction in business from the Company's largest customer, negative currency impact of the devaluation of the pound\dollar exchange rate, higher production costs associated with the production changes in the Far East and markdowns of inventories and impairment of intangible assets ($1.4m) related to the recovery plan.

Selling and marketing expenses increased to $9.5m in the period (2014: $8.7m), mainly because of direct selling logistic costs attributed to changes in production sites and shipment terms. In addition, development expenses decreased to $2.2m in the period (2014: $3.2m) as part of the recovery plan.

Adjusted operating (loss) income and profit (loss) before tax (before $2.4m amortisation of intangible assets (2014: $2.0m) and before $1.4m impairment of intangible assets related to the recovery plan for the year ended 31 December 2015 was $(4.9)m and $(7.9)m respectively, compared with $3.3.m and $(0.5)m respectively for 2014.

Adjusted EBITDA for the year ended 31 December 2015 was $(4.3)m (2014: $3.7m). Basic and fully diluted earnings (loss) per share for the period was $(0.23) (2014: $(0.09). As at 31 December 2015, cash and cash equivalents decreased to $7.5m compared with $11.4m at 31 December 2014.

Board changes

At the start of November 2015 Eran Itzhak was appointed as Chief Executive Officer. Eran joined Bagir in 2011 and previously held the role of Vice President of Business Development & Innovation. Eran has been integral to the establishment and the ongoing management of the Company's Ethiopian and Vietnamese manufacturing operations as well as the implementation of the Company's wider recovery plan and future strategy. In addition, Eran has been involved with identifying new business opportunities for the Company in Australia. Eran was appointed to the board of the Company on 30 November 2015. Eran's appointment followed Danny Taragan's resignation as Chief Executive Officer of the Company in order to pursue other business interests.

Other board changes occurred during the year and Keith Hamill (Non-Executive Chairman) and George Adams (Independent Non-Executive Director) both stepped down on 30 September 2015, waiving notice entitlements under their appointment agreements. Tessa Laws, formerly an Independent Non-Executive Director, took up the role of Non-Executive Chairman. Donald Stewart was appointed as an Independent Non-Executive Director on 12 October 2015.

Finally, on 28 October 2015, Udi Cohen, the Company's Chief Financial Officer took the role of Deputy Chief Executive Officer in addition to his service to the Company as Chief Financial Officer.

Outlook

There is still some way to go but the Company has a clear strategy for re-establishing the business. The Company's cost base has been restructured, the products are strong and demonstrating their appeal to new customers, and over the next few years we expect our Ethiopian factory to become an increasingly important factor in the coming months and years.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2015	31 December 2014
		U.S. dollars in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	7,463	11,420
Short-term deposits		464	397
Trade receivables	5	4,143	10,247
Other receivables		2,051	3,017
Inventories	6	8,326	10,379
		22,447	35,460
NON-CURRENT ASSETS:			
Investment in a joint venture		1,994	1,765
Property, plant and equipment		650	1,308
Goodwill		5,689	5,689
Other intangible assets		5,231	4,968
Deferred taxes		372	372
		13,936	14,102
		36,383	49,562

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2015	31 December 2014
		U.S. dollars in thousands	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of long-term loans		465	11,880
Trade payables	7	5,416	7,351
Other payables		5,831	5,597
		11,712	24,828
NON-CURRENT LIABILITIES:			
Loans from banks		20,772	12,025
Employee benefit liabilities		439	456
Obligation relating to lease agreement		-	155
Payable for acquisition of subsidiary		2,972	-
Deferred taxes		68	116
		24,251	12,752
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital		576	574
Share premium		78,342	78,322
Capital reserve for share-based payment transactions		1,438	1,444
Capital reserve for transactions with shareholders		10,165	10,165
Adjustments arising from translation of foreign operations		(8,895)	(8,895)
Accumulated deficit		(83,152)	(71,574)
		(1,526)	10,036
Non-controlling interests		1,946	1,946
Total equity		420	11,982
		36,383	49,562

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2015	2014
		U.S. dollars in thousands	
Revenues from sales		75,207	96,982
Cost of sales		67,870	80,075
Gross profit		7,337	16,907
Selling and marketing expenses		9,464	8,693
General and administrative expenses		4,315	4,321
Development costs		2,221	3,198
Expenses in connection with IPO		-	301
Other income (expenses), net		(25)	121
Operating income (loss)		(8,688)	515
Finance income		17	6
Finance expenses		(2,975)	(3,164)
Finance expenses relating to liabilities to shareholders		-	(562)
Company's share of losses of a joint venture		(49)	(12)
Loss before taxes on income		(11,695)	(3,217)
Tax benefit		44	39
Loss		(11,651)	(3,178)
Other comprehensive income:			
Items to be reclassified or that are reclassified to profit or loss when specific conditions are met:			
Adjustments arising from translation of foreign operations		-	216
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans		73	32
Total other comprehensive income		73	248
Total comprehensive loss		(11,578)	(2,930)
Loss attributable to equity holders of the Company		(11,651)	(3,178)
Total comprehensive loss attributable to equity holders of the Company		(11,578)	(2,930)
Loss per share attributable to equity holders of the Company (in dollars)	10		
Basic and diluted loss		(0.23)	(0.09)
Weighted average number of Ordinary shares for basic and diluted loss per share (in thousands)		50,229	36,486

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve for share-based payment transactions	Capital reserve for transactions with shareholders	Adjustments arising from translation of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands								
Balance at 1 January 2015	574	78,322	1,444	10,165	(8,895)	(71,574)	10,036	1,946	11,982
Loss for the year	-	-	-	-	-	(11,651)	(11,651)	-	(11,651)
Other comprehensive income:									
Remeasurement gain on defined benefit plans	-	-	-	-	-	73	73	-	73
Total comprehensive loss	-	-	-	-	-	(11,578)	(11,578)	-	(11,578)
Exercise of options	2	20	(16)	-	-	-	6	-	6
Cost of share-based payment	-	-	10	-	-	-	10	-	10
Balance at 31 December 2015	576	78,342	1,438	10,165	(8,895)	(83,152)	(1,526)	1,946	420

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve for share-based payment transactions	Capital reserve for transactions with shareholders	Adjustments arising from translation of foreign operations	Accumulated deficit	Total	Non-controlling interests	Total equity (deficiency)
	U.S. dollars in thousands								
Balance at 1 January 2014	30	27,879	1,411	10,165	(9,111)	(68,428)	(38,054)	1,946	(36,108)
Loss for the year	-	-	-	-	-	(3,178)	(3,178)	-	(3,178)
Other comprehensive income:									
Adjustments arising from translation of foreign operations	-	-	-	-	216	-	216	-	216
Remeasurement gain on defined benefit plans	-	-	-	-	-	32	32	-	32
Total other comprehensive income	-	-	-	-	216	32	248	-	248
Total comprehensive income (loss)	-	-	-	-	216	(3,146)	(2,930)	-	(2,930)
Issue of share capital	412	29,265	-	-	-	-	29,677	-	29,677
Conversion of capital notes to shareholders and loans from shareholders into shares	132	21,178	-	-	-	-	21,310	-	21,310
Cost of share-based payment	-	-	33	-	-	-	33	-	33
Balance at 31 December 2014	574	78,322	1,444	10,165	(8,895)	(71,574)	10,036	1,946	11,982

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	**2014**
	U.S. dollars in thousands	
Cash flows from operating activities:		
Loss	(11,651)	(3,178)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:		
Company's share of losses of a joint venture	49	12
Depreciation, amortisation and impairment loss	4,347	2,829
Deferred taxes, net	(48)	66
Change in employee benefit liabilities	56	9
Cost of share-based payment	10	33
Loss from sale of property, plant and equipment	173	-
Finance expenses, net	1,384	1,776
Income tax expense (benefit), net	4	(105)
Other	-	476
	5,975	5,096
Changes in asset and liability items:		
Decrease (increase) in trade receivables	6,104	(2,155)
Decrease (increase) in other receivables	829	(801)
Decrease (increase) in inventories	2,053	(3,827)
Increase (decrease) in trade payables	(1,935)	520
Decrease in other payables	(300)	(3,815)
	6,751	(10,078)
Cash received (paid) during the year for:		
Interest paid	(1,100)	(1,439)
Interest received	-	23
Taxes paid	(4)	(264)
	(1,104)	(1,680)
Net cash used in operating activities	(29)	(9,840)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Cash flows from investing activities:		
Investment in joint venture	(228)	(1,657)
Purchase of property, plant and equipment	(112)	(148)
Addition to intangible assets	(617)	(150)
Realisation (purchase) of short-term investments, net	(67)	203
Bank deposits, net	-	290
Net cash used in investing activities	(1,024)	(1,462)
Cash flows from financing activities:		
Issue of shares, net of expenses	-	29,677
Exercise of options	6	-
Receipt of loans from banks	21,237	3,000
Payment of long-term liabilities from banks	(14,025)	(10,797)
Decrease in short-term credit, net	(9,880)	(530)
Short-term advance from joint venture	708	-
Repayment of liability for acquisition of subsidiary	(950)	(1,250)
Net cash provided by (used in) financing activities	(2,904)	20,100
Translation differences on balances of cash and cash equivalents of foreign operations	-	(48)
Increase (decrease) in cash and cash equivalents	(3,957)	8,750
Cash and cash equivalents at the beginning of the year	11,420	2,670
Balance of cash and cash equivalents at the end of the year	7,463	11,420
Non-cash transactions:		
Conversion of capital notes to shareholders and loans from shareholders into shares	-	21,310
Payables for investment in joint venture	-	120
Liability for acquisition of subsidiary	3,446	-
Investment in a joint venture	50	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

a. Company description:

Bagir Group Ltd. ("the Company") is registered in Israel. The Company and its subsidiaries ("the Group") specialise in the manufacturing and marketing of men's and women's tailored fashion. The Company's Headquarters are located in Kiryat Gat, Israel. The Group's products are manufactured by a subsidiary and subcontractors. The Group's products are marketed in Europe (mainly in the U.K.), the U.S. and in other countries. As for operating segments, see Note 11.

b. In April 2014 the Company completed an initial public offering ("IPO") and its shares were admitted to trading on the London Stock Exchange's AIM Market.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (SELECTED)

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). The financial statements have been prepared on a cost basis, other than derivative financial instruments.

The Company has elected to present profit or loss items using the function of expense method.

In 2015 new standards and amendments became effective but they had no effect on the consolidated financial statements.

b. Assessment of going concern:

In 2015 the Group’s financial results suffered due to a reduction of a substantial proportion of revenue from its previous largest customer, as announced in May 2014 which, among others, resulted in a loss from operations. Management has taken a number of remedial actions in 2015 and ongoing in 2016, including the implementation of a recovery plan which consists of focusing the core activities on larger sales addition to an efficiency and cost reduction scheme. The Company also signed amendments to its financing agreements with banks to extend the maturities of loans and revise financial covenants. The Group is acting to increase revenues through plans to expand operations with existing and new-customers predominantly in the US, the UK and Australia.

The Board of Directors has considered the principal risks and uncertainties of the business, the trading forecasts prepared by management covering a twelve month period following the approval of the financial statements (including the projected effects of the remedial actions described above) and the resources available to meet the Group’s obligations for the aforementioned period. After taking all of the above factors into consideration, the Board of Directors has concluded that it is appropriate to apply the going concern basis of accounting in preparing the financial statements.

NOTE 3:- INVESTMENT IN SUBSIDIARY

The Company, through a wholly owned subsidiary, holds an investment in a company in Egypt that was jointly owned and controlled with another Egyptian company ("the Egyptian partner"). On 1 January 2009, the Company signed an agreement with the Egyptian partner whereby the control and management will pass to the Company for a period of six and half years starting 1 January 2009 in consideration of the payment of 4% of the sales revenues of the Egyptian company to the Egyptian partner but not more than $ 900 thousand a year and not less than $ 800 thousand a year for 2009 and 2010, and a fixed amount of $ 1 million for each of the years 2011 to 2015. Over the term of the agreement, the control and management of the Egyptian company will be in the hands of the Company and it shall bear all costs and entitled to all profits relating to the Egyptian company. As a result of this agreement, since 1 January 2009, the Company fully consolidates the financial statements of the Egyptian company.

On 1 July 2015, the Company signed an extension of the agreement with the Egyptian partner whereby the Company will continue to control and manage the subsidiary for an additional period of 7 years starting 1 July 2015, in consideration for a fixed annual payment of $ 800 thousand. Accordingly, the Company will continue to fully consolidate the financial statements of the Egyptian subsidiary. At that date, the Company's management estimated that the fair value of the assets of the Egyptian company approximated their carrying amount. The Company recognised a liability in the amount of the present value of the future fixed annual payments discounted at rate of 15.7 % and, simultaneously, recognised an intangible asset (“controlling rights”) in the amount of $ $3,446 thousand that is amortised over the term of the agreement (7 years).

NOTE 4:- CASH AND CASH EQUIVALENTS

	31 December	
	2015	**2014**
	U.S. dollars in thousands	
Cash in banks:		
In U.S. dollars	6,513	9,682
In Sterling	711	1,456
In other currencies	239	282
	7,463	11,420

NOTE 5:- TRADE RECEIVABLES

	31 December	
	2015	**2014**
	U.S. dollars in thousands	
Open accounts	4,157	10,270
Less - allowance for doubtful accounts	14	23
	4,143	10,247

Impaired debts are accounted for through recording an allowance for doubtful accounts.

The aging analysis of past due but not impaired trade receivables is as follows:

	Neither past due (nor impaired)	Past due but not impaired				
		< 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total
	U.S. dollars in thousands					
31 December 2015	3,546	73	434	58	32	4,143
31 December 2014	6,657	2,870	620	17	83	10,247

NOTE 6:- INVENTORIES

	31 December 2015	31 December 2014
	U.S. dollars in thousands	
Finished products	1,758	3,682
Work in progress	689	835
Raw and auxiliary materials	2,556	3,151
Parts	225	209
Inventories in transit	3,098	2,502
	8,326	10,379

Write down of inventories recorded in cost of sales totaled $ 834 thousand (2014- $ 429 thousand).

NOTE 7:- TRADE PAYABLES

	31 December 2015	31 December 2014
	U.S. dollars in thousands	
Open accounts:		
In U.S. dollars	4,261	5,855
In Sterling	345	783
In NIS	325	371
In other currency	485	342
	5,416	7,351

NOTE 8:- SHARE-BASED PAYMENT

a. The expense recognised in the financial statements for share-based payments is shown in the following table:

	Year ended 31 December 2015	Year ended 31 December 2014
	U.S. dollars in thousands	
Equity-settled share-based payment plans	10	33

b. Share-based payment transactions granted to the Chairman, CEO and employees of the subsidiaries in 2013:

In September 2013, the Company's Board of directors resolved to reserve for employees of the Company and subsidiaries, up to 350,000 options.

The options are to be granted at no consideration. Each option is exercisable into one Ordinary share of the Company (subject to adjustments) at an exercise price of $ 1.60 under a cashless exercise arrangement.
On 30 November 2013, 322,250 options were granted for employees of the Company and subsidiaries. The options vested in four equal tranches as follows:
The first tranche vested on the grant date, and the second, third and fourth tranches vested on 31 December 2013, 2014 r 2015, respectively. The options expire 10 years from the date of grant.
The fair value of the options amounted to $ 80 thousand at the grant date.

The options were granted through a trustee arrangement pursuant to section 102 of the Income Tax Ordinance.

c. In March 2014, the Board of Directors resolved to increase the number of options available for grants to employees of the Group from 350,000 options to 875,000 options. The options are to be granted for no consideration. Each option is exercisable into one Ordinary share of the Company (subject to adjustments) under the cashless method against the payment of the exercise price of the par value of each share. On that date, the Company granted an additional 499,700 options to the participants who were already granted options under the Share Option Plan. Each participant was granted such number of options, pari passu, to the number of options granted to such participant in November 2013. Half of the options vested immediately on the grant date, 25% vested on 31 December 2014 and 25% vested on 31 December 2015. The options expire 10 years from the date of grant. The fair value of the options granted was immaterial.

The options were granted through a trustee arrangement pursuant to section 102 of the Income Tax Ordinance.

d. Movement during the year:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		USD		USD
Share options outstanding at beginning of year	821,950	0.63	322,250	1.6
Share options granted during the year	-	-	499,700	0.01
Share options exercised during the year	(154,087)	0.01	-	-
Share options outstanding at end of year	667,863	0.78	821,950	0.63
Share options exercisable at end of year	667,863	0.78	616,575	0.63

(1) The weighted average remaining contractual life for the share options outstanding as of 31 December, 2015 is 8.1years (2014- 9.1years).

(2) The range of exercise prices for share options outstanding as of 31 December 2015 USD 0.01 for 345,616 options and USD 1.6 for 322,250 options.

NOTE 9:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. Balances:

As of 31 December 2015:

	Joint Venture	Key management personnel
	U.S. dollars in thousands	
Other receivable	219	-
Other payables	708	323

As of 31 December 2014:

	Key management personnel
	U.S. dollars in thousands
Other payables	161

b. Transactions with related parties:

Year ended 31 December 2014:

	Shareholders	
	Banks	Other
	U.S. dollars in thousands	
Finance expenses	479	562

c. Benefits to key management personnel :*)

	Year ended 31 December	
	2015	2014
	U.S. dollars in thousands	
Short-term benefits	1,432	1,408
Post-employment benefits	105	96
Share-based payment	8	24
	1,545	1,528

*) Include members of the Board of Directors.

NOTE 10:- NET EARNINGS (LOSS) PER SHARE

Details of the number of shares and loss used in the computation of basic and diluted loss per share:

Year ended 31 December			
2015		2014	
Weighted number of shares *)	Loss from operations	Weighted number of shares *)	Loss from operations
In thousands	U.S. dollars in thousands	In thousands	U.S. dollars in thousands
50,229	(11,651)	36,486	(3,178)

*) The data related to the computation of diluted loss per share (options and warrants) have not been included as they are antidilutive.

NOTE 11:- OPERATING SEGMENTS

a. General:

The Group's activity is the manufacturing and marketing of men and women's tailored fashion (mainly men's).

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance. The Group's products are primarily marketed to two geographical areas: Europe and the U.S. and, accordingly, the Company has two geographical segments. The Company's activities in Europe are concentrated primarily in the U.K.

b. Reporting on operating segments:

	Europe (mainly the U.K.)	U.S.	Other	Total
	U.S. dollars in thousands			
Year ended 31 December 2015:				
Total revenues from external customers	35,835	36,444	2,928	75,207
Segment operating profit (loss)	(8,773)	(604)	689	(8,688)
Unallocated expenses, net				(49)
Finance expense, net				(2,958)
Loss before income taxes				(11,695)

	Europe (mainly the U.K.)	U.S.	Other	Total
	U.S. dollars in thousands			
Year ended 31 December 2014:				
Total revenues from external customers	52,838	42,057	2,087	96,982
Segment operating profit (loss)	(784)	979	370	565
Unallocated expenses, net				(62)
Finance expense, net				(3,720)
Loss before income taxes				(3,217)

c. Additional information:

	Year ended 31 December	
	2015	**2014**
	U.S. dollars in thousands	
1. Capital expenditures:		
U.K.	324	136
U.S.	3,851	162
	4,175	298
2. Depreciation, amortisation and impairment loss:		
U.K.	1,909	1,108
U.S.	2,438	1,721
	4,347	2,829

d. The carrying amounts of non- current assets (property, plant and equipment and intangible assets) in the Company's country of domicile (Israel) and in foreign countries based on the location of the assets, are as follows:

	31 December	
	2015	**2014**
	U.S. dollars in thousands	
Israel	4,002	2,761
U.K.	1,056	2,017
U.S.	6,206	6,227
Other	306	960
	11,570	11,965

NOTE 12:- SUBSEQUENT EVENTS

a. On 7 January 2016, the Company granted options to acquire 2,700,000 Ordinary shares to the Company's CEO and to the Company's CFO (1,350,000 Options each). The Options were granted at the exercise price of 0.035 GBP.
The Options will be exercisable over 10 years from the grant.
The Options granted shall vest as follow: 500,000 options will vest on 31 December 2016, another 500,000 options will vest on 31 December 2017 and the balance vest on 31 December2018.
The fair value of the option granted amounted to $102 thousand.

b. In January 2016, the Company issued 51,363 Ordinary shares pursuant to an exercise of - options by an employee.

   Following the issue of the above shares, the Company's issued share capital consists of 50,428,660 Ordinary shares.

c. In January 2016, the Israeli Parliament's Plenum approved by a second and third reading the Bill for Amending the Income Tax Ordinance (No. 217) (Reducing of Corporate Tax Rate), 2015, which consist of the reduction of the corporate tax rate from 26.5% to 25%.

   The Company estimates that the change in tax rates will not have a material effect on the balance of deferred taxes in the financial statements.

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