

TechFinancials, Inc.**("TechFinancials, the "Company" or the "Group")****Unaudited Interim Report for the Six Months Ended 30 June 2016**

TechFinancials (AIM: TECH), a leading technology provider to financial trading brokers, today announces its unaudited interim results for the six month period ended 30 June 2016 ("H1 2016").

Financial Highlights

- Revenue increased by 34% to US\$9.86m (H1 2015: US\$7.34m)
- The core software licencing revenue increased by 34% to US\$5.39m (H1 2015: US\$4.03m)
- The trading platform revenue increased by 35% to US\$4.47m (H1 2015: US\$3.31m)
- Gross Profit increased by 42% to US\$7.36m (H1 2015: US\$5.18m)
- Gross Margin increased by 4% to 75% (H1 2015: 71%)
- Operating profit increased to US\$1.59m (H1 2015: US\$0.10m)
- Profit for the period increased to US\$1.25m (H1 2015: loss of US\$0.08m)
- Cash position at the period end was US\$3.9m (31 December 2015: US\$3.4m)
- Basic earnings per share ("EPS") increased to US\$0.0188 from a loss of US\$0.001 in H1 2015
- Profit for the period attributable to the owners of the Company increased to US\$0.45m (H1 2015: loss of US\$0.08m)
- EBITDA attributable to the owners of the Company increased by 98% to US\$1.09m (H1 2015: US\$0.55m)

Operational Highlights

- The Company established DragonFinancials Limited ("DragonFinancials"), a partnership with the owners of Optionfortune Trade Limited ("Optionfortune"), a B2C binary options trading platform focused on the Asia Pacific region, which has been successfully operating from the beginning of the year

Post Period End Operational Highlights

- At the beginning of H2 2016 the Company launched its third trading platform, focusing on Contracts for Difference ("CFDs") which follows on from last year's launch of the Mobile application and the Forex platform

Asaf Lahav, Group Chief Executive Officer of TechFinancials, commented:

"We are pleased with these solid results. We are now seeing the fruits of our growth strategy and supporting initiatives undertaken during 2015 to return our B2C division to profitability. These include the agreement with Optionfortune, the investment in new product launches and our efforts to penetrate markets with high growth potential by opening an office in Hong Kong".

TECHFINANCIALS INC.

“We are grateful for the continued support from our shareholders and we are committed to building on this solid progress during H2 2016. We are confident that we will meet expectations for the full year and we look forward to updating the market on further progress in due course.”

- Ends -

For further information:

TechFinancials, Inc.

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Yuval Tovias, Chief Financial Officer

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TECHFINANCIALS INC.

Chairman's Statement

We are pleased to report profits of US\$1.25m after tax for H1 2016 as we continue to build a leading proprietary software solutions company for online brokers delivering services for retail traders in binary options, Forex and CFDs.

The first half of 2016 has been a transformational period for the Company, during which we enjoyed rapid growth. Our core software licencing revenues increased by 34% to US\$5.39m at our B2B division and our B2C trading platform revenues increased by 35% to US\$4.47m, which bolstered our gross profit by 42% to US\$7.36m. We are delighted to have restored our B2C division to profitability. This growth in revenues and profitability is a result of a number of initiatives and measures we undertook in 2015 to drive business expansion across both our B2B and B2C divisions. We continue to build a strong cash position generating US\$0.51 million in H1 2016, which now totals US\$3.90 million as at 30 June 2016. This places us in a solid position for our ambitious international expansion plans into Asia and beyond.

In the first half of the year we saw an increase in the trading performance of existing customers arising from improved trading solutions provided by the Company, allowing additional revenue opportunities. In terms of our B2C offering for binary options and other trading instruments, during the period under review we established DragonFinancials, a joint venture with Optionfortune, successfully operating our B2C binary options trading platform in the Asia Pacific region. We are extremely pleased by the performance of this partnership and we remain focused on building on its success going forward. This partnership is also an important part of our strategy to penetrate markets with high growth potential as it provides us with crucial exposure to the fast growing Asia Pacific region.

As part of our on-going international expansion strategy and focus on markets with high growth potential, we are continuing to increase our presence in Asia and expanding our activities in this region through bolstering our newly launched Hong Kong office.

We remain focused on investing in product development to meet the changing demands of our global customer base, launching new trading platforms and enhancing our mobile solutions as we continue to develop our reputation as the go-to provider of binary options and trading solutions for both businesses and consumers globally. The Company launched the CFD platform, our third trading platform post period end. The CFD offering will expand our service offering to spot traders following the introduction of the Forex platform in 2015.

Regulation

The global binary options market continues to become more regulated and we have worked hard to maintain our competitive advantage by ensuring our trading platforms and solutions are regulatory compliant in all relevant jurisdictions.

Outlook

Going forward, we are confident about the long term prospects of the Group and to achieving our overall goal of becoming the leading proprietary software solutions company for online brokers delivering services for retail traders in binary options, Forex and CFDs.

TECHFINANCIALS INC.

We remain focused on growing our market share in the global binary options industry and to expanding our presence in high growth markets. We continue to adapt to the tightening regulatory environment and we are confident that we will be able to maintain our competitive edge through ensuring our solutions are compliant in different jurisdictions. We have a strong cash position which will ensure that we can continue to launch new and innovative products by investing heavily in R&D, and this will underpin our growth by being able to meet the requirements of our growing global customer base. We will also continue to invest in marketing activities that will help increase our global brand awareness.

Our focus in H2 2016 will be on further integrating the operations of Optionfortune, in accordance with our agreement, and building on its success to date and increasing its profitability. Finally, as we have entered into Q3 2016, trading across both divisions is going well and is in line with market expectations. We look forward to updating the market on our progress for the remainder of the year in due course. We remain committed to creating value for shareholders.

Christopher Bell

Independent Non-Executive Chairman

12 September 2016

TECHFINANCIALS INC.

Chief Executive's Statement

Financial Results

The Group's turnover in the six months ended 30 June 2016 increased by 34% to US\$9.86m (H1 2015: US\$7.34m). The software licencing product revenues increased 34% to US\$5.39m from US\$4.03m, whilst the trading platform revenues increased 35% to US\$4.47m from US\$3.31m in H1 2015.

Gross profit increased by 42% to US\$7.36m from US\$5.18m in H1 2015, where gross margin increased by 4% to 75% (H1 2015: 71%). The increase in the gross margin is mainly due to higher revenues in both divisions whilst also keeping running costs level.

Operating profits increased substantially to US\$1.59m (H1 2015: US\$0.10m), partly due to keeping overhead costs under control, which allowed the Company to benefit in full from the increase in revenues. The Company's R&D was devoted to maintaining the growth of its customer base. The R&D expenditure costs increased by 26% to US\$1.52m from US\$1.21m, decreasing as a proportion of software licencing product revenues in H1 2015 from 30% to 28%.

The increased R&D expenditure is also a result of the successful release of the new CFD platform. Total selling and marketing costs were marginally above the same period in the prior year. However, due to lower running costs in the new trading platform operated by DragonFinancials, the costs of this segment decreased to US\$1.41m from US\$1.59m, representing 32% compared to 48% of total trading platform revenues in H1 2015. Administrative expenditure grew by US\$0.30m, of which US\$0.15m represents a non-recurring fine imposed on the Company's subsidiary by CySEC. Total finance expenses increased by US\$0.17m to US\$0.26m from US\$0.09m in H1 2015. The increase is mainly due to finance expense of US\$0.11m, which represents the effect of the present value ("PV") discount calculation of the contingent consideration as described in Note 7. This resulted in a profit before taxation of US \$1.33m (H1 2015: US\$0.02m) and a profit after taxation of US\$1.25m (H1 2015: loss of US\$0.08m).

Profit after taxation attributable to the owners of the Company for the period was US\$0.45m (US\$0.74m excluding non-recurring expenses and the effect of PV calculation of the contingent liability) (H1 2015: loss of US \$0.08m).

EBITDA attributable to the owners of the Company for the period was US\$1.09m (US\$1.24m excluding non-recurring expenses) (H1 2015: US\$0.56m).

The Group generated net cash from operating activities of US\$1.01m compared with US\$0.43m in H1 2015. Cash outflows from investing activities was US\$0.37m (2015: US\$0.67m). This investment was primarily focused on the development of new products and services as well as maintaining the Group's growth. The Group benefited from its growth and was able to increase its cash position in the six month period ended 30 June 2016 by US\$0.51m.

Asaf Lahav

Chief Executive Officer of the Group

12 September 2016

TECHFINANCIALS INC.

STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2016

		Unaudited 6 Months Period Ended 30 June 2016	Unaudited 6 Months Period Ended 30 June 2015	Audited 12 Months Period Ended 31 December 2015
	Note	US\$'000	US\$'000	US\$'000
Revenue		9,858	7,343	13,575
Cost of sales		(2,494)	(2,163)	(3,983)
Gross profit		7,364	5,180	9,592
Other income		2	-	-
Research and development		(1,524)	(1,205)	(2,276)
Selling and marketing expenses		(2,260)	(2,180)	(4,247)
Administrative expenses		(1,991)	(1,695)	(3,214)
Operating profit/(loss)		1,591	100	(145)
Bank fees		(39)	(25)	(66)
Foreign exchange loss		(107)	(59)	(151)
Finance cost of contingent consideration	7	(107)	-	-
Other financials expenses		(11)	(1)	(14)
Financing expenses, net		(264)	(85)	(231)
Profit /(loss) before taxation		1,327	15	(376)
Income tax expense		(75)	(95)	(100)
Profit/(loss) after taxation		1,252	(80)	(476)
Total comprehensive income/(loss)		1,252	(80)	(476)
Attributable to:				
Owners of the Company		448	(80)	(476)
Non-controlling interests	7	804	-	-
Profit (loss) for the period		1,252	(80)	(476)
Earnings per share Basic	3	0.0188	(0.001)	(0.0073)
Earnings per share diluted		0.0188	(0.001)	(0.0073)

TECHFINANCIALS INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2016

	Note	Unaudited June 30, 2016 US\$'000	Unaudited June 30, 2015 US\$'000	Audited 2015 US\$'000
Non-current assets				
Intangible assets	4	6,115	2,407	2,821
Property and equipment		495	406	471
		<u>6,610</u>	<u>2,813</u>	<u>3,292</u>
Current assets				
Trade and other receivables		2,632	1,757	1,627
Restricted bank deposits		207	248	203
Cash and bank balances		3,900	4,619	3,391
		<u>6,739</u>	<u>6,624</u>	<u>5,221</u>
		<u>13,349</u>	<u>9,437</u>	<u>8,513</u>
Total Assets				
Non-Current liabilities				
Due to shareholders (non-trade)		94	281	281
Contingent consideration	7	1,737	-	-
		<u>1,831</u>	<u>281</u>	<u>281</u>
Current liabilities				
Trade and other payables	5	3,466	1,926	1,474
Income tax payable		81	95	142
		<u>3,547</u>	<u>2,021</u>	<u>1,616</u>
Equity				
Share Capital		55	36	36
Share premium account		7,500	5,979	5,979
Treasury shares	7	(1,540)	-	-
Share-based payment reserve		977	828	877
Accumulated profits		172	292	(276)
		<u>7,164</u>	<u>7,135</u>	<u>6,616</u>
Equity attributable to owners of the Company				
Non-controlling interests		807	-	-
Total equity		<u>7,971</u>	<u>7,135</u>	<u>6,616</u>
		<u>13,349</u>	<u>9,437</u>	<u>8,513</u>
Total Equity and Liabilities				

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2016

	Share capital US\$'000	Share premium US\$'000	Treasury Shares US\$'000	Share- based payment reserve US\$'000	Non- controlling interests US\$'000	Accumulated profits/(losses) US\$'000	Total US\$'000
Balance at 31 December 2014	28	2,753	-	557	-	372	3,710
Total comprehensive loss for the year	-	-	-	-	-	(80)	(80)
Share-based payment	-	-	-	271	-	-	271
Issue of shares	8	3,226	-	-	-	-	3,234
Balance at 30 June 2015	36	5,979	-	828	-	292	7,135
Total comprehensive income for the year	-	-	-	-	-	(396)	(396)
Dividends to owners	-	-	-	-	-	(172)	(172)
Share-based payment	-	-	-	49	-	-	49
Balance at 31 December 2015	36	5,979	-	877	-	(276)	6,616
Total comprehensive income for the period	-	-	-	-	804	448	1,252
Share-based payment	-	-	-	100	-	-	100
Issue of shares	19	1,521	-	-	3	-	1,543
Treasury shares	-	-	(1,540)	-	-	-	(1,540)
Balance at 30 June 2016	55	7,500	(1,540)	977	807	172	7,971

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 206 US\$'000	Unaudited 6 months ended 30 June 2015 US\$'000	Audited Year ended 31 December 2015 US\$'000
Cash Flow from Operating Activities			
Profit for the period before tax	1,327	15	(376)
<i>Adjustment for:</i>			
Profit on disposal of property and equipment	3	-	2
Depreciation of property and equipment	47	21	70
Amortization of intangible assets	164	162	330
Share Option Charge	100	271	320
<i>Operating cash flows before movements in working capital</i>			
Increase in trade and other receivables	(1,005)	(387)	(214)
Increase/(Decrease) in trade and other payables	268	343	(42)
Increase in long term contingent consideration	107	-	-
Interest Expenses	1	-	-
Income tax paid (received)	-	-	(12)
<i>Net cash generated from operating activities</i>	1,012	425	78
Proceeds from disposal of property, plant and equipment	2	-	15
Redemption of restricted bank deposits	(4)	(208)	(163)
Development of intangible assets	(289)	(247)	(833)
Acquisition of property and equipment	(78)	(215)	(344)
<i>Net cash used in investing activities</i>	(369)	(670)	(1,325)
Interest received	1	-	-
Dividends paid	-	-	(172)
Investment in Equity	-	3,226	3,226
<i>Net cash generated in financing activities</i>	1	3,226	3,054
<i>Net increase/ (decrease) in cash and cash equivalents</i>	644	2,981	1,807
Cash and equivalents at beginning of period	3,391	1,663	1,663
Effect of changes in exchange rates on Cash	(135)	(25)	(79)
<i>Cash and equivalents at end of period</i>	3,900	4,619	3,391

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The financial statements present the consolidated results of the Group for each of the periods ending 30 June 2016, 30 June 2015 and 31 December 2015.

The financial information for the year ended 31 December 2015 does not constitute the company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for 31 December 2015 are available at <https://group.techfinancials.com>. The auditors reported on those accounts and their report was unmodified.

1.1. THE GROUP

TechFinancials Inc. (formerly Mika Holdings Inc.), a company incorporated in the British Virgin Islands on 16 June 2009 as a British Virgin Island company under the BVI Business Companies Act, 2004, is the holding company for the Group.

The Financial Statements of the Group includes the Financial Statements of B.O. TradeFinancials Limited a Cyprus Investment Firm ("CIF") in accordance with license no. 216/13 granted by the Cyprus Securities and Exchange Commission ("CySEC") on 27 September 2013, MarketFinancials Limited a company regulated by the Financial Services Authority in Seychelles under the license SD006 issued on 21 October 2014, Techfinancials (Israel) 2014 Ltd, an Israeli incorporated company and DragonFinancials Limited a company incorporated on 27 October 2015 in Seychelles owned 51% by TechFinancials.

The companies within the Group are set out below, all of which are private companies limited by shares.

Registered office	County of registration or incorporation	percentage of ownership	Principal activity
TechFinancials, Inc.	British Virgin Islands		Development and licensing of financial trading platforms.
B.O. TradeFinancials Limited.	Cyprus	100%	The provision of investment services, being the operation of the OptionFair trading platform.
Techfinancials (Israel) 2014 Ltd.	Israel	100%	The provision of services to the Group from November 2014.
MarketFinancials Ltd.	Seychelles	100%	Liquidity provider since January 2015. Providing Binary Option and Forex market maker services and risk management to the Group.
DragonFinancials Ltd.	Seychelles	51%	The provision of marketing services, being the operation of the Option33 trading platform from January 2016.

1.2. PRIMARY ACTIVITY

The principal activity of the Company is to act as a holding company to a group involved in the development and licensing of financial trading platforms to businesses.

The Group is engaged in the provision of marketing, investment services, including reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients in relation to one or more financial instruments and ancillary services which comprise the safekeeping and administration of financial instruments for the account of clients.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

2.1. BASIS OF PREPARATION

The Company was incorporated on 16 June 2009, under BVI Business Companies Act, 2004.

In October 2014 the Company entered into an agreement to acquire the entire issued share capital of B.O. Trade and in September 2014 formed a new entity TechFinancials Israel (2014) Ltd. In April 2014 a new entity MarketFinancials was formed, in January 2015 MarketFinancials started its activity as a liquidity provider to the Group. In October 2015 a new entity DragonFinancials Ltd. was formed and in January 2016 DragonFinancials started its trading activity in the Asia Pacific region.

In determining the appropriate accounting treatment for this transaction, the Directors considered IFRS 3 – Business Combinations (Revised 2008). However, they concluded that this transaction fell outside the scope of IFRS 3 (revised 2008) since the transaction described above represents a combination of entities under common control. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy, the Directors have considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom (“UK GAAP”) for guidance (FRS 6 – Acquisitions and Mergers) which does not conflict with IFRS and reflects the economic substance of the transaction.

Under UK GAAP, the assets and liabilities of both entities are recorded at book value, not fair value. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer in accordance within applicable IFRS, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) issued by The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) issued by the International Accounting Standards Board (“IASB”) including related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The Financial Statements have been prepared in a manner consistent with the accounting policies to be adopted by the Company in its financial statements.

The individual Financial Statements of each group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Financial Statements of the Group are presented in US Dollars, which is the presentation currency for the financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 December 2015.

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3. EARNINGS PER SHARE

The calculation of earnings per share is based on the following earnings and number of shares:

	Unaudited 6-month period ended 30 June 2016 US\$'000	Unaudited 6-month period ended 30 June 2015 US\$'000	Audited Year 2015 US\$'000
Profit attributable to equity holders	1,252	(80)	(476)
Weighted average number of shares basic*	66,537,105	61,763,722	65,494,411
Basic	0.0188	(0.001)	(0.0073)
Weighted average number of shares diluted*	66,537,105	61,763,722	65,494,411
Earnings per share			
Diluted	0.0188	(0.001)	(0.0073)

* Not including treasury shares held in escrow (see note 7).

4. INTANGIBLE ASSETS

	Unaudited 6-month period ended 30 June 2016 US\$'000	Unaudited 6-month period ended 30 June 2015 US\$'000	Audited Year 2015 US\$'000
Consist of:			
Computer software	4	5	5
Development expenditure recognized as intangible assets	2,941	2,402	2,816
Goodwill	3,170	-	-
	6,115	2,407	2,821

Expenditure incurred on major software development projects is included in Computer Software where it is reasonably anticipated that the costs will be recovered through future commercial activity.

Capitalised development costs are amortised over the estimated useful life of project. The amortisation charge is recognised in cost of sales expenses.

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Current estimates of the useful economic life of intangible assets are as follows:

Development expenditure recognized as intangible assets	5 years
Goodwill	N/A
Computer software	3 years

The intangible assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the recoverable amount of intangible assets is determined based on a value in use calculation using cash flow forecasts derived from the most recent financial model information available.

The recoverable amounts of all the above have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2020. The key assumptions used in these calculations include discount rates and turnover projections. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects.

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred including any amounts recognized in respect of rights that do not confer control in the acquiree as well as the fair value at the acquisition date of any pre-existing equity right of the Group in the acquiree, less the net amount of the identifiable assets acquired and the liabilities assumed.

Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets.

An assessment is made annually whether goodwill has suffered any impairment losses. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in note 7. Projections of future revenues were a critical estimate in determining fair value. Actual outcomes could vary from these estimates.

During the financial period, the Group assessed the recoverable amount of the goodwill and determined that no impairment is required.

This assessment of goodwill was done by comparing the gross profit to the value of goodwill for the entity whose acquisition gave rise to the goodwill.

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5. TRADE AND OTHER PAYABLES

	Unaudited 6-month period ended 30 June 2016 US\$'000	Unaudited 6-month period ended 30 June 2015 US\$'000	Audited Year 2015 US\$'000
Consist of:			
Accounts Payable - Trade	335	719	522
Short term loan from Shareholders	187	-	-
Other Payable	1,404	1,207	952
Contingent consideration of acquisition of investment	1,540	-	-
	3,466	1,926	1,474

6. SEGMENTAL INFORMATION

6 MONTHS ENDED 30 JUNE 2016

	Trading Platform US\$'000	Licensing Income US\$'000	Total US\$'000
Revenue and results:			
Revenues from external customers	4,468	5,390	9,858
Cost of sales	(1,067)	(1,427)	(2,494)
Gross profit	3,401	3,963	7,364
Other Income	2	-	2
Research and development	-	(1,524)	(1,524)
Selling and marketing expenses	(1,410)	(850)	(2,260)
Administrative expenses	(790)	(1,201)	(1,991)
Finance expenses	(154)	(110)	(264)
Profit before tax from recurring activities	1,049	278	1,327
Company Owners EBITDA	405	683	1,088
Assets and liabilities			
Assets	7,126	6,223	13,349
Liabilities	(4,183)	(1,195)	(5,378)
Depreciation and additions			
Depreciation	16	31	47
Additions to property and equipment	13	65	78

Revenues from the Group's top three customers represent approximately 26% of the total revenues.

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YEAR ENDED 31 DECEMBER 2015

	Trading Platform	Licensing Income	Total
	US\$'000	US\$'000	US\$'000
Revenue and results:			
Revenues from external customers	5,006	8,569	13,575
Cost of sales	(1,535)	(2,448)	(3,983)
Gross profit	3,471	6,121	9,592
Research and development	-	(2,276)	(2,276)
Selling and marketing expenses	(3,096)	(1,151)	(4,247)
Administrative expenses	(1,756)	(1,458)	(3,214)
Finance expenses	(115)	(116)	(231)
Profit before tax from recurring activities	(1,496)	1,120	(376)
Company Owners EBITDA	(1,110)	1,685	575
Assets and liabilities			
Assets	1,539	6,974	8,513
Liabilities	(1,111)	(786)	(1,897)
Depreciation and additions			
Depreciation	35	35	70
Additions to property and equipment	109	235	344

Revenues from the Group's top three customers in 2015 represent approximately 34.6% of the total revenues.

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6 MONTHS ENDED 30 JUNE 2015

	Trading Platform	Licensing Income	Total
	US\$'000	US\$'000	US\$'000
Revenue and results:			
Revenues from external customers	3,310	4,033	7,343
Cost of sales	(963)	(1,200)	(2,163)
Gross profit	2,347	2,833	5,180
Research and development	-	(1,205)	(1,205)
Selling and marketing expenses	(1,592)	(588)	(2,180)
Administrative expenses	(875)	(820)	(1,695)
Finance expenses	(43)	(42)	(85)
Profit/(loss) before tax from recurring activities	(163)	178	15
Company Owners EBITDA	351	204	555
Assets and liabilities			
Assets	3,214	6,223	9,437
Liabilities	(1,107)	(1,195)	(2,302)
Depreciation and additions			
Depreciation	81	81	162
Additions to property and equipment	107	108	215

Revenues from the Group's top three customers represent approximately 23% of the total revenues.

TECHFINANCIALS INC.

7. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On 20 October 2015 the Company has entered into an agreement with the owners of Optionfortune Trade Limited, a company registered in Hong Kong ("Optionfortune owners") to operate a B2C binary options trading platform focused on the Asia Pacific region.

Under the terms of the agreement a new business entity, DragonFinancials Ltd, was incorporated, and is owned 51% by TechFinancials and 49% by Optionfortune owners.

On 1 January 2016 (the closing date) DragonFinancials started its trading platform activity.

Assuming DragonFinancials produces US\$2 million of net profit in the calendar year 2016, TechFinancials will transfer to Optionfortune owners a number of TechFinancials Inc. equal to 3,868,615 shares held in escrow worth US\$1.54 million (see note below).

If DragonFinancials' net profit and revenue in the calendar year 2016 exceeds US\$2 million and US\$4 million respectively, and provided that profits in 2017 are at least 90% of net profit in 2016, TechFinancials will make an additional payment, at its option, in either shares or cash, worth 171.5% of the excess of net profit over US\$2 million in 2016.

In the event that the net profit for the 2016 is less than US\$0.6 million; and/or revenues are less than US\$3 million, TechFinancials may elect to transfer to Optionfortune owners, effective on 1 January 2017, 38.5% of the shares in DragonFinancials, instead of payment in TechFinancials Inc. own shares.

As part of the agreement, TechFinancials provided a loan of US\$0.5 million to DragonFinancials whilst Optionfortune owners provided a loan of US\$0.3 million and transferred the balances of its brand customers. The total loan of US\$0.8 million is repayable on a quarterly basis, subject to cash in DragonFinancials increasing above the initial US\$0.8 million of cash provided by the parties, until it's fully repaid.

As of the date of the report DragonFinancials repaid to TechFinancials and to Optionfortune owners on account of the loan US\$370,000 and US\$220,000 respectively.

The estimates of the fair value of the assets acquired based on management assumptions:

Fair value of consideration:	US\$3.17 million
Acquired:	
Assets:	
Account receivable	\$0.2 million
Liabilities:	
Trade payable	(\$0.2 million)
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Net Assets acquired	US\$nil
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Goodwill	US\$3.17 million
	Goodwill
Discount rate on future cash flow	40%

TECHFINANCIALS INC.

The Contingent consideration from this agreement amounts to US\$3.6 million consisting of:*

	Unaudited 6-month period ended 30 June 2016 US\$'000
Current liabilities - Assuming DragonFinancials produces US\$2 million of net profit in the calendar year 2016.	1,540
Long term liabilities** - Assuming that profits in 2016 are at least US\$2 million and at least 90% of net profit in 2017. Long term liability represents US\$2.058 million discounted at 6%.	1,630
Total Contingent liabilities*	US\$3.17 million

* The difference of US\$0.428 million between the contingent consideration and the contingent liabilities represents the PV as of 1 January 2016 discounted at 6% over a period of 2 years.

**As of 30 June 2016 the long term liabilities amount to US\$ 1.73 million due to US\$ 0.11 million financial cost.

On 8 June 2016, in accordance with the agreement with the owners of Optionfortune Trade Limited, the Company has issued and allotted 3,868,615 Ordinary Shares (Treasury Shares) in certificated form in the name of Capita Trust Company Limited A/c 25379, being US\$ 1.54 million at 27 pence, which will be held in escrow pending the determination of the 2016 results. If net profit in the JV is below US\$2 million, the final number of TechFinancials' consideration shares will be calculated and adjusted down proportionally based on the audited profit of 2016, and at that point application will be made to admit the shares to trading on AIM. Any remaining balance in the Ordinary Shares held in the escrow will subsequently be cancelled.

On 8 June 2016, the Company granted 569,800 options to purchase Ordinary Shares of the Company to certain employees under the share-based plan adopted by the board of Directors in November 2014. The options vesting dates ranges from the date of grant and up to 4 years, and are exercisable for a period of 10 years with an exercise price of US\$0.189 per share (13 pence).

8. SUBSEQUENT EVENTS

On 1 February 2016 the Company entered into an agreement with a Hong Kong registered company IBID Holdings Limited ("IBID" or the "Partner"), a company specializing in the development of high growth, online oriented companies. (see note 27 disclosed on the annual results for the year ended 31 December 2015).

On 27 July 2016 the Company considered the agreement as null and void as the conditions of the execution of the contract were not completed due to a breach by the Partner. TechFinancials is considering legal action against the Partner for violations, which include but are not limited to failure to transfer the initial investment amount. The Company believes that this resolution will have no material impact on the results for the current financial year.

On 8 July 2016 the Company's subsidiary has been fined by the Cyprus Securities and Exchange Commission ("CySEC") for the amount of 138,000 Euros. The fine was disclosed as a contingent liability in the financial results for the year ended 31 December 2015 (see also note 25 to the 2015 annual report which relates to certain regulatory breaches and for the period reported).

The company has recognized for the period ending at 30 June 2016 a provision for the amount of US\$153,000 (representing 138,000 Euros).