

TECHFINANCIALS INC.

17 September 2015

TechFinancials, Inc.

("TechFinancials, the "Company" or the "Group")

Unaudited Interim Report for the Six Months Ended 30 June 2015

TechFinancials (AIM: TECH), a software developer that supplies simplified trading solutions to online brokers, today announces its unaudited interim results for the six month period ended 30 June 2015.

Financial Highlights

- Revenue increased to US\$7.34m (H1 2014: US\$7.16m)
- The core software licencing revenue increased by 33% to US\$4.03m (H1 2014: US\$3.03m)
Gross Profit increased by 16% to US\$5.18m (H1 2014: US\$4.46m)
- Gross Margin increased by 9% to 71% (H1 2014: 62%)
- Operating profit decreased by 86% to US\$0.10m (H1 2014: US\$0.74m), due to a greater proportion of R&D expenditure being expensed through the P&L account (US\$0.58m) in H1 2015 compared to H1 2014, combined with an increase in non-cash expenses (US\$ 0.39m)
- EBITDA decreased by 31% to US\$0.55m (H1 2014: US\$0.80m), mainly due to a greater proportion of R&D being expensed compared to capitalised in the prior comparison period
- Cash position at the period end was US\$4.6m (H1 2014: US\$2.3m)

Operational Highlights

- Simplified FOREX, the Company's second trading platform final product was launched earlier this year
- Number of active brands serviced by the Company's software increased by 17 brands to 65 since 1 January 2015

Asaf Lahav, Group Chief Executive Officer of TechFinancials, commented: *"Notwithstanding a decrease in profit, the Group's operational performance has been positive and the board remains confident about the Group's future prospects. We have a strong cash position as a result of our AIM listing in March 2015, and it will be utilised to further invest in marketing and R&D as well as evaluating potential joint venture and acquisition opportunities to help facilitate future growth."*

- Ends -

TECHFINANCIALS INC.

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TECHFINANCIALS INC.

CHAIRMAN'S STATEMENT

The Financial Statements present the combined and consolidated results of the Group for the first half of 2014 and 2015.

Although the Group's bottom line has been impacted by a decrease in revenue from OptionFair and an increase in research and development expenditure, we remain positive about the long term prospects of the Group. We are confident that with the current strengthened senior management and the improved operations which are compliant with CySEC regulations, OptionFair will gradually return to its expected level of growth.

In order to further enhance customer experience, the Company also opened an additional call centre in Cyprus earlier this year to service OptionFair clients.

The Company's core B2B licenced product continues to perform well, and we are continually looking at opportunities in new domestic and overseas markets with high growth potential. Since the beginning of the year, the number of active brands using TechFinancials trading software has increased by 17 to 65 brands.

Meanwhile, the European market continues to be a focal point of the Group's activities. We are confident regarding our further expansion in the world's leading and most mature market for Binary Options and TechFinancials will continue to advance its software development as needed for the regulated European market.

TechFinancials continues to look to introduce new products to the market in order to accelerate growth. The Company's second trading platform, Simplified Forex, which is designed to allow brokers to approach mass market audiences, was launched earlier this year. The platform can be accessed via smartphones and tablets and aims to capture the increasing number of customers who prefer to trade via mobile devices. Since the beginning of the year, the Group has held discussions with multiple brokers operating in our key target regions.

As a result of our AIM admission, TechFinancials is in a stronger cash position compared to the first half of 2014. With cash of US \$4.6m as at 30 June 2015, TechFinancials will continue to invest in the development of the Group's regulatory compliant solutions for the US and Japanese markets as well the further development of the Group's solutions in the EU market. TechFinancials also plans to invest in additional marketing activities that will help increase global brand awareness.

The online trading industry continues to evolve and grow, and with the extra working capital available to it, the Group will also evaluate corporate development activity opportunities such as joint ventures and/or acquisitions.

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On 3 June 2015, a final dividend of US \$165,000, in respect of the year ended 31 December 2014 was announced. This was paid on 29 August 2015 to shareholders on the register on 30 July 2015 and was offered as a scrip dividend with a cash alternative.

To stay in line with our dividend policy, the Board and Management expect to pay a dividend as the Group returns to profitability and would like to thank shareholders for their support and patience as the business develops.

Christopher Bell

Independent Non-Executive Chairman

17 September 2015

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CHIEF EXECUTIVE'S STATEMENT

Results

The Group's turnover in the six months ended 30 June 2015 increased to US\$7.34m (H1 2014: US\$7.16m). The software licencing product revenues increased 33% to US\$4.03m from US\$3.03m, whilst the OptionFair trading platform revenues decreased 20% to US\$3.31m from US\$4.12m in H1 2014.

Gross profit increased 16% to US\$5.18m from US\$4.64m in H1 2014, due to the higher revenues of the software division which has traditionally higher margins than the trading platform segment and where gross margin in the period increased by 9% to 71% (H1 2014: 62%).

Operating profits decreased by 86% to US\$0.10m (H1 2014: US\$0.74m), partly a result of an increase of US\$0.24m in a non-cash share base compensation expense compared to H1 2014, increased ongoing expenses associated with the Company now being a publicly quoted company on AIM and an increase in research and development expenditure. In the period, much of the Company's R&D expenditure was devoted to maintaining the growth of the customer base, as the Company continually looks to improve its infrastructure and customer experience as well as ongoing product development. The increased R&D expenditure is also a result of the Company's decision, following the successful release of the simplified Forex platform and Mobile application, to begin amortising its intangible assets of US\$0.16m in total. This resulted in a profit before taxation of US \$0.015m (H1 2014: US \$0.266m) and a loss after taxation of US \$0.08m (H1 2014: profit of US \$0.2m). EBITDA for the period was US\$0.55m (H1 2014: US\$0.80m).

Despite a lower profit in H1 2015 compared to H1 2014, I remain confident of prospects for the Group because the Company has invested in its future through investment in its business infrastructure and marketing as well as listing costs. Our focus remains clear and the actions we have taken in the first half of the year stand us in good stead.

The cash position of TechFinancials has been strengthened as a result of its AIM listing, allowing the Company to invest in additional marketing activities and evaluate joint ventures or acquisition opportunities to support the Group's expansion as well as ongoing research and development. Cash at the period end increased by US\$2.3m to US\$4.6m (H1 2014: US\$2.3m).

Outlook

As announced on 21 August, the senior management of OptionFair took decisions, to reduce marketing expenditure and this, combined with the impact of new CySEC regulations in Cyprus, has resulted in a lower than expected rate of customer conversion at the Company's B2C OptionFair business, primarily in the second quarter.

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Whilst the Company has instigated changes to its management and operations in Cyprus to restore and improve its rate of customer conversion, the Board does not believe that these changes will take effect in time to enable OptionFair to achieve its anticipated level of business. Consequently, as stated in the announcement dated 21 August; the Company would not meet market expectations regarding revenue and profit for the year to 31 December 2015.

The Board expects OptionFair to return to a higher level of customer conversion and improved profitability in the next financial year.

Asaf Lahav

Chief Executive Officer of the Group

17 September 2015

TECHFINANCIALS INC.**STATEMENT OF COMPREHENSIVE INCOME***For the six month period ended 30 June 2015*

		Unaudited 6 Months Period Ended 30 June 2015	Unaudited 6 Months Period Ended 30 June 2014	Audited 12 Months Period Ended 31 December 2014
	Note	US\$'000	US\$'000	US\$'000
Revenue		7,343	7,156	15,492
Cost of sales		(2,163)	(2,692)	(5,403)
Gross profit		5,180	4,464	10,089
Research and development		(1,205)	(623)	(1,322)
Selling and marketing expenses		(2,180)	(1,817)	(4,387)
Administrative expenses		(1,696)	(1,287)	(2,249)
Operating profit before exceptional items		100	737	2,131
Exceptional loss on group reorganisation		-	-	(1,125)
Operating profit		100	737	1,006
Finance costs		(85)	(471)	(212)
Profit before taxation		15	266	794
Income tax expense		(95)	(63)	(182)
Profit/(loss) after taxation		(80)	203	612
Total comprehensive (Loss) / Profit income attributable to owners of the parent		(80)	203	612
Earnings per share Basic	3	(0.001)	0.04	0.012
Earnings per share diluted		(0.001)	0.04	0.011

TECHFINANCIALS INC.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As of 30 June 2015*

Note	Unaudited June 30, 2015 US\$'000	Unaudited June 30, 2014 US\$'000	Audited 2014 US\$'000
Non-current assets			
Intangible assets	2,407	1,550	2,318
Property and equipment	406	182	214
	<u>2,813</u>	<u>1,732</u>	<u>2,532</u>
Current assets			
Trade and other receivables	1,757	893	1,414
Restricted bank deposits	248	160	40
Cash and bank balances	4,619	2,291	1,663
	<u>6,624</u>	<u>3,344</u>	<u>3,117</u>
Total Assets	<u>9,437</u>	<u>5,076</u>	<u>5,649</u>
Non-Current liabilities			
Due to shareholders (non-trade)	281	278	281
Loan to bank	-	191	-
	<u>281</u>	<u>469</u>	<u>281</u>
Current liabilities			
Trade and other payables	1,926	2,437	1,619
Income tax payable	95	52	39
	<u>2,021</u>	<u>2,489</u>	<u>1,658</u>
Share Capital	36	27	28
Share premium account	5,979	1,650	2,753
Share-based payment reserve	828	478	557
Accumulated profits	292	(37)	372
	<u>7,135</u>	<u>2,118</u>	<u>3,710</u>
Total Equity and Liabilities	<u>9,437</u>	<u>5,076</u>	<u>5,649</u>

TECHFINANCIALS INC.**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six month period ended 30 June 2015*

	Share capital US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Accumulated profits/(losses) US\$'000	Total US\$'000
Balance at 31 December 2013	27	1,650	446	(240)	1,883
Total comprehensive loss for the year	-	-	-	203	203
Share-based payment	-	-	32	-	32
Issue of shares	-	-	-	-	-
Balance at 30 June 2014	27	1,650	478	(37)	2,118
Total comprehensive income for the year	-	-	-	409	409
Share-based payment	-	-	79	-	79
Issue of shares	1	1,103	-	-	1,104
Balance at 31 December 2014	28	2,753	557	372	3,710
Total comprehensive income for the period	-	-	-	(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

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 2015 US\$'000	Unaudited 6 months ended 30 June 2014 US\$'000	Audited Year ended 31 December 2014 US\$'000
Cash Flow from Operating Activities			
Profit for the period	15	266	1,917
<i>Adjustment for:</i>			
Depreciation of property and equipment	21	33	73
Amortization of intangible assets	162		
Share Option Charge	271	32	111
<i>Operating cash flows before movements in working capital</i>			
(Increase)/ Decrease in trade and other receivables	(387)	566	162
Increase/(Decrease) in trade and other payables	343	984	(125)
Interest Expenses	-	-	2
Income tax paid (received)	-	-	(19)
<i>Net cash generated from operating activities</i>	425	1,881	2,121
Redemption of restricted bank deposits	(208)	-	120
Development of intangible assets	(247)	(677)	(1,445)
Acquisition of property and equipment	(215)	(59)	(138)
<i>Net cash used in investing activities</i>	(670)	(736)	(1,463)
Interest Paid	-	-	(7)
Proceeds from long term loan, net	-	191	-
Investment in Equity	3,226	-	1,104
<i>Net cash used in financing activities</i>	3,226	191	1,097
<i>Net increase/ (decrease) in cash and cash equivalents</i>	2,981	1,336	1,755
Cash and equivalents at beginning of period	1,663	982	982
Exceptional loss on group reorganisation	-	-	(1,125)
Effect of changes in exchange rates on Cash	(25)	(27)	51
<i>Cash and equivalents at end of period</i>	4,619	2,291	1,663

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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 years ending 30 June 2015 and 31 December 2014, following the reorganisation described in note 2.1.

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 Ltd, 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, TechFinancials (Israel) 2014 Ltd, an Israeli incorporated company and NetMavrik Ltd, an Israeli incorporated company held by common direct shareholders with the Company until 14 November 2014.

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 licencing of financial trading platforms.
B.O. TradeFinancials Ltd	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	Seychelles	100%	Liquidity providers since January 2015.
Netmavrik Ltd	Israel	No longer part of the Group as of 14 November 2014 - See note 2.1	The provision of services to the Group until the end of October 2014.

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 licencing of financial trading platforms to businesses and the operation of its own online broker, OptionFair.

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 client accounts.

TECHFINANCIALS INC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 to assume the role of NetMavrik on 1 November 2014.

B.O. TradeFinancials and NetMavrik were previously held by parties under common control with the Company. Until 31 October 2014, the financial statements were prepared on the basis of presenting the results for the Company and subsidiaries on a combined basis.

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.

Therefore, although the Group reconstruction did not become unconditional until 14 November 2014, these consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group’s principal subsidiary. Both entities had the same management as well as majority shareholders.

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 of 31 December 2014.

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 2014.

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.

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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 2015 US\$'000	Unaudited 6-month period ended 30 June 2014 US\$'000	Audited Year 2014 US\$'000
Profit attributable to equity holders	(80)	203	612
Weighted average number of shares basic	61,763,722	52,399,231	52,598,607
Basic	(0.001)	0.004	0.012
Weighted average number of shares diluted	61,763,722	56,124,000	56,312,607
Earnings per share			
Diluted	(0.001)	0.004	0.011

The calculation of basic and diluted earnings per share for all periods presented have been adjusted retrospectively to reflect the share splits that occurred after the balance sheet date.

4. SEGMENTAL INFORMATION

YEAR ENDED 31 DECEMBER 2014

	Trading Platform US\$'000	Licensed Income US\$'000	Total US\$'000
Revenue and results:			
Revenues from external customers	8,883	6,609	15,492
Segment profit	25	1,894	1,919
Unallocated other income and expenses	-	-	-
Profit before tax from recurring activities (excluding reorganisation costs)from	25	1,894	1,919
Assets and liabilities			
Assets	1,447	4,203	5,650
Liabilities	1,079	862	1,941
Depreciation and additions			
Depreciation	37	37	74
Additions to property and equipment	69	69	138

Revenues from the Group's top three customers represent approximately 20% of the total revenues.

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6 MONTHS ENDED 30 JUNE 2014

	Trading Platform US\$'000	Licensed Income US\$'000	Total US\$'000
Revenue and results:			
Revenues from external customers	4,123	3,033	7,156
Segment profit	(437)	703	266
Unallocated other income and expenses	-	-	-
Profit before tax from recurring activities (excluding reorganisation costs) from	(437)	703	266
Assets and liabilities			
Assets	1,552	3,524	5,076
Liabilities	937	1,743	2,680
Depreciation and additions			
Depreciation	17	16	33
Additions to property and equipment	29	30	59

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

6 MONTHS ENDED 30 JUNE 2015

	Trading Platform US\$'000	Licensed Income US\$'000	Total US\$'000
Revenue and results:			
Revenues from external customers	3,310	4,033	7,343
Segment profit	(11)	374	363
Unallocated other income and expenses	174	174	348
Profit before tax from recurring activities (excluding reorganisation costs)from	(185)	200	15
Assets and liabilities			
Assets	3,214	6,223	9,439
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 21% of the total revenues.

TECHFINANCIALS INC.

5. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On 4 February 2015, all ordinary A shares of US\$0.01 each in the capital of the Company were converted into ordinary shares of US\$0.01 each in the capital of the Company.

On 4 February 2015, the shares of the Company were split by 20, thus increasing the number of the issued shares from 2,844,235 to 56,884,700.

On 16 March 2015, the Company's shares were admitted to trading on the AIM market of London Stock Exchange. As part of the placing and admission, the Company issued 11,304,901 shares of US\$0.0005 par value at 27 pence per share which raised a gross amount of approximately US\$4.62 m. Subsequent to the IPO the number of shares in issue is 68,189,601. The share issue costs amounted to \$1.35 m. In addition, as part of the IPO, a Shareholder of the Company sold 1,683,502 shares to the public in consideration for £454,545 (about US\$700,000). On 16 March 2015, trading in company's shares commenced on AIM.

On 27 April 2015, the Company announced the appointment of Jonathan Shkedi as OptionFair CEO.

On 4 February 2015 and on 1 April 2015 the Company granted 2,336,700 and 134,680 options respectively, to purchase ordinary shares of the company to 51 employees and 2 consultants under a new 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 that varies between \$0.083 and \$0.416 per share.