TECHFINANCIALS INC.

15 August 2019

TechFinancials, Inc.

Unaudited Interim Report for the Six Months Ended 30 June 2019

TechFinancials (AIM: TECH) (the "Company" or the "Group"), a fintech software provider of financial solutions including blockchain-based digital assets and traditional financial trading solutions for retail clients, today announces its unaudited interim results for the six month period ended 30 June 2019 (“H1 2019”).

Financial Overview

- Group Revenues of US$2.07m (H1 2018: US$3.78m)
- Blockchain trading technology segment revenues of US$0.89m (H1 2018: 1.30m)
- EBITDA loss attributable to shareholders of US$0.62m (H1 2018: EBITDA loss of US$0.73m*)
- Pre-tax loss attributable to shareholders of US$1.07m (H1 2018: loss of US$ 1.11m*)
- Loss for the period attributable to shareholders of US$1.09m (H1 2018: loss of US$1.13m*)
- Cash position at the period end of US$1.23m (31 December 2018: US$1.71m)
- Basic earnings per share (“EPS”) of (US$0.013) (H1 2018 (US$0.015)*)
- Footies Ltd, the Company's 75% subsidiary, established in UK on 7 February 2019 has been included for the first time in the Group's financial statements
- Intangible asset capitalised amount of US$0.4m related to development of Footies Ltd’s new product

***** Excluding one-off financial income from financial assets at fair value US$ 9.49m attributable to the option to acquire up to 90% of Cedex, which was reversed in full in the year-end financial statements due to the difficulty in determining the fair value of the option.

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

“The first half of the year continued to be a very exiting period of transformation for the Company. Focus has been placed on our subsidiary Footies Ltd, a disruptive blockchain based ticketing venture for sports clubs and teams. The Company has continued to support Footies Ltd and has committed to further finance the venture by providing an additional minimum of US$225,000. This will bring the total to date to US$725,000, with the funds to be used for product and business development.

"The Company continues to deepen its experience in blockchain-related projects through developing and providing some of the software components to Footies Ltd and through continuing to develop and maintain technology provided for CEDEX (the blockchain based diamond exchange). The Company will continue to leverage this knowledge and infrastructure while seeking new opportunities in the blockchain industry.

"The Board is encouraged with the progress made over the past six months on the Footies venture and believes that the product, once fully commercialised will play a pivotal role in shaping the future of the sports ticketing market.”

TECHFINANCIALS INC.

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Chairman's Statement

The Group continued to invest in new technologies, partnerships and markets, supported by our R&D efforts. We have made good progress with the development of the new blockchain based ticketing product, which has already generated a good level of indications of interest from potential customers and partners during the course of 2019. We aim to continue and strengthen our blockchain business focus through our relationship with Footies Ltd as well as supporting the technological needs of CEDEX and we will continue to review and assess additional opportunities where our technology can be leveraged.

Blockchain Trading Technology Activity

The Group continues to provide blockchain related services to CEDEX, generating revenues of US$0.89 million in the first half of the year, while progressing with the development of the new blockchain based product, Footies Ltd. The Company currently has a 75 per cent interest in Footies Ltd, in addition to a convertible loan committing a minimum further amount of US$225,000 of funding signed in July 2019, which would increase the Company's interest in Footies Ltd. The Company also has a 2 per cent interest in CEDEX with an option to acquire a further 90 per cent, giving it up to 85.9 per cent on a fully diluted basis. (Management continues to believe that any value the option may have, is difficult to estimate, therefore no value was recognised in the first half of the year).

Regulation

During the period the main impact of tighter regulation was seen in the Group's historical B2C business in Asia. The results of tighter regulation in other markets across the world was already reflected in previous reporting periods.

B2B

The B2B business saw broadly similar levels of activity in H1 2019 as in the second half of 2018, where the remaining active customers continued to adjust their activities to the more strenuous regulations.

B2C

In June 2019, the Company received an advance on account of the full purchase price of €100,000, pursuant to the SPA signed with M&N Equity Research Ltd to sell its entire holdings in its subsidiary MarketFinancials Limited. The amount received and the completion of the acquisition remains subject to, inter alia, the full SFCA consent and registration of the share transfer by 31 August 2019.

With regard to the Company's B2C joint venture in the Asia Pacific region, DragonFinancials, this business continued to see a decline in both revenue and profit, due to the tightening of regulations since the second half of 2018 that has made it harder to obtain basic services such as marketing channels, bank accounts and Processing Service Provider (" PSP") services.

Outlook

As I stated in my statement on the results for the previous financial year, our focus in 2019 will be to continue our investment in new technologies, partnerships and markets focused upon blockchain, where we are seeking new investment opportunities to support future growth.

The next twelve months will continue to be challenging for the team as we continue to invest for the future in technology-based solutions. We remain confident in the medium and long term prospects for the Group.

Christopher Bell
Independent Non-Executive Chairman
15 August 2019

Chief Executive's Statement

Financial Results*

The Group's turnover in the six months ended 30 June 2019 decreased to US$2.07m (H1 2018: US$3.78m). Revenues in the core software licencing business on a standalone basis decreased by 62% to US$0.41m from US$1.07m. This is mainly due to tightened regulation in the industry implemented at the beginning of 2018 that continued to reduce trading volumes and the license services provided to DragonFinancials. The trading platform revenues decreased by 46% to US$0.85m from US$1.56m in H1 2018.

The blockchain trading technology segment revenues decreased by 31% to US$0.89m from US$1.30m in H1 2018 (from CEDEX), mainly due to one-off success related income received in H1 2018.

Gross profit decreased by 50% to US$1.31m from US$2.63m in H1 2018, predominantly due to the reduced revenues of the Group. The gross margin in the period decreased to 63% (H1 2018: 70%) due to lower margin contribution from B2C trading platform activity and lower margin in the blockchain trading activity compared to H1 2018, which included a one-off success related income.

The operating loss for the period was US$1.12m (H1 2018: loss of US$ 0.84m); the decrease in the profit is due to revenues reducing quicker than expenses, some of which are fixed overheads, whilst all operating expenses decreased in line with the decrease in revenues compared to H1 2018.

The Company's expenditure on R&D was US$0.98m (H1 2018: US$ 1.14m), this focused on the new product innovation of Footies Ltd as well as improving blockchain solutions for CEDEX. Out of the total R&D expenditure, the Group capitalised US$0.40m (H1 2018: NIL), all of which are related costs of the new product developed by Footies Ltd.

The loss after taxation for the period attributable to shareholders of the Company was US$ 1.09m (H1 2018: loss of US$ 1.13m).

Net profit from DragonFinancials, in which TechFinancials holds a 51% stake, decreased to a loss of US$0.15m (H1 2018: a profit of US$ 0.27m). No dividends were paid by DragonFinancials to TechFinancials for the period.

The EBITDA loss attributable to the shareholders of the Company was US$ 0.62 m (H1 2018: a loss of US$ 0.73m).

In H1 2019, the Group cash generated in operating activities was US$0.07m compared with net used in the comparative period of US$ 0.75m. The main increase in the cash generated during the period is due to accounts receivable collection from related party. Cash outflows from investing activities were US$0.93m (H1 2018: inflows of US$ 0.10m) the main increase is due to capitalisation of US$0.40m development investment in Footies' new product (see Note 4) and US$0.51m right of use of leased asset that resulted from the adoption of a new accounting policy (see Note 6). Cash generated from financing activities were US$0.33m (H1 2018: US$ 0.0m) (see Note 6). The Group's cash position for the period ended 30 June 2019 was US$ 1.23m (31 December 2018: US$ 1.71m) a decrease of US$ 0.48m in the period.

*excluding a recognised one-off item of financial income of US$9.49m in H1 2018 arising from the fair value of the option it holds to acquire an additional 90% in Cedex, which was reversed in full on the year-end financial statements due to difficulty to determine the fair value of the option.

Asaf Lahav
Chief Executive Officer of the Group
15 August 2019

TECHFINANCIALS INC.

STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2019

	Note	Unaudited 6 Month Period Ended 30 June 2019 US$'000	Unaudited 6 Month Period Ended 30 June 2018 US$'000	Audited 12 Month Period Ended 31 December 2018 US$'000
Revenue		2,065	3,780	7,764
Cost of sales		(757)	(1,146)	(1,650)
Gross profit		**1,308**	**2,634**	**6,114**
Research and development		(583)	(1,136)	(3,478)
Selling and marketing		(442)	(603)	(1,396)
Administrative		(1,341)	(1,730)	(3,499)
Impairment of intangible assets	4	-	-	(2,434)
Other expenses		(59)	-	(41)
Operating loss		**(1,117)**	**(835)**	**(4,734)**
Financial income from financial assets at fair value		-	9,486	-
Bank fees		(20)	(43)	(59)
Foreign exchange loss		(5)	(79)	(166)
Other financial income / (expenses)		(4)	3	4
Financing income / (expenses), net		**(29)**	**9,367**	**(221)**
Profit / (loss) before taxation		**(1,146)**	**8,532**	**(4,955)**
Income tax expense		(19)	(24)	(85)
Profit / (loss) from continuing operations		**(1,165)**	**8,508**	**(5,040)**
Loss from discontinued operations		**(14)**	**(17)**	**(35)**
Total comprehensive income / (loss)		**(1,179)**	**8,491**	**(5,075)**
<u>Profit / (loss) attributable to:</u>				
Owners of the Company		(1,086)	8,360	(5,274)
Non-controlling interests		(93)	131	199
Profit / (loss) for the period		**(1,179)**	**8,491**	**(5,075)**

Earnings per share attributable to owners of the parent during the year:

	Note	Unaudited 6 Month Period Ended 30 June 2019 (Cents USD)	Unaudited 6 Month Period Ended 30 June 2018* (Cents USD)	Audited 12 Month Period Ended 31 December 2018 (Cents USD)
Basic*	3	(1.28)	11.06	(6.55)
Diluted *	3	(1.28)	10.96	(6.55)
From continuing operations - Basic*	3	(1.26)	11.08	(6.50)
From continuing operations - Diluted*	3	(1.26)	10.98	(6.50)
From discontinued operations - Basic	3	(0.02)	(0.02)	(0.05)
From discontinued operations - Diluted	3	(0.02)	(0.02)	(0.05)

* Including one-off financial income from financial assets at fair value US$ 9.49m attributable to the option to acquire up to 90% of Cedex, which was reversed in full on the year-end financial statements.

Excluding the above one-off income of US$ 9.49m, the EPS would have been:

	Unaudited 6 Month Period Ended 30 June 2018* (Cents USD)
Basic	(1.49)
Diluted	(1.49)
From continuing operations - Basic	(1.47)
From continuing operations - Diluted	(1.49)

TECHFINANCIALS INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2019

	Note	Unaudited 30 June 2019 US$'000	Unaudited 30 June 2018 US$'000	Audited 31 December 2018 US$'000
Non-current assets				
Intangible assets, net	4	3,412	5,848	3,212
Property and equipment	6	798	647	471
Other long term assets		51	58	51
Investment in related party		200	201	200
Loans to related parties		-	-	147
		4,461	**6,754**	**4,081**
Current assets				
Financial assets at fair value through profit or loss		-	9,486	-
Trade and other receivables		1,025	2,882	2,020
Loans to related parties		68	-	-
Restricted bank deposits		287	291	276
Cash and bank balances		1,227	2,856	1,712
		2,607	**15,515**	**4,008**
Total Assets		**7,068**	**22,269**	**8,089**
Non-Current liabilities				
Shareholders loan		92	-	92
Other long term liabilities for lease, net	6	357	-	-
		449	**-**	**92**
Current Liabilities				
Trade and other payables	5	1,214	1,312	1,440
Income tax payable		107	107	90
		1,321	**1,419**	**1,530**
Total Liabilities		**1,770**	**1,419**	**1,622**

TECHFINANCIALS INC.

	Unaudited 30 June 2019 US$'000	Unaudited 30 June 2018 US$'000	Audited 31 December 2018 US$'000
Equity			
Share Capital	61	61	61
Share premium account	12,022	12,022	12,022
Share-based payment reserve	945	934	937
Accumulated profits / (losses)	(7,839)	6,866	(6,755)
Equity attributable to owners of the Company	**5,189**	**19,883**	**6,265**
Non-controlling interests	109	967	202
Total equity	**5,298**	**20,850**	**6,467**
Total Equity and Liabilities	**7,068**	**22,269**	**8,089**

TECHFINANCIALS INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2019

	Share capital	Share premium	Share-based payment reserve	Accum-ulated profits/ (losses)	Total	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2017	**55**	**7,500**	**922**	**(1,510)**	**6,967**	**836**	**7,803**
Total comprehensive income for the period	-	-	-	8,360	**8,360**	131	**8,491**
Share-based payment	-	-	28	-	**28**	-	**28**
Transfer of Shared based payment reserve on lapsed options	-	-	(16)	16	-	-	-
Issue of shares	6	4,522	-	-	**4,528**	-	**4,528**
Balance at 30 June 2018	**61**	**12,022**	**934**	**6,866**	**19,883**	**967**	**20,850**
Total comprehensive loss for the year	-	-	-	(13,634)	**(13,634)**	68	**(13,566)**
Dividends to NCI	-	-	-	-	-	(833)	**(833)**
Share-based payment	-	-	16	-	**16**	-	**16**
Transfer of Shared based payment reserve on lapsed options	-	-	(13)	13	-	-	-
Balance at 31 December 2018	**61**	**12,022**	**937**	**(6,755)**	**6,265**	**202**	**6,467**
Total comprehensive loss for the period				(1,086)	**(1,086)**	(93)	**(1,179)**
Share-based payment	-	-	10	-	**10**	-	**10**
Transfer of Shared based payment reserve on lapsed options	-	-	(2)	2	-	-	-
Balance at 30 June 2019	**61**	**12,022**	**945**	**(7,839)**	**5,189**	**109**	**5,298**

TECHFINANCIALS INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2019

	Note	Unaudited 6 months ended 30 June 2019 US$'000	Unaudited 6 months ended 30 June 2018 US$'000	Audited Year ended 31 December 2018 US$'000
Cash Flow from operating Activities				
Profit / (loss) before tax for the period		(1,160)	8,515	(4,990)
Adjustment for:				
Depreciation of property and equipment		34	48	227
Depreciation of leased asset	6	176	-	-
Amortization of intangible assets	4	201	201	403
Impairment of intangible assets		-	-	2,434
Share Option Charge		10	28	44
Impairment of account receivables		59	-	41
Financial income from financial asset FV		-	(9,486)	-
Financial expenses from leased asset	6	3	-	-
Operating cash flows before movements in working capital:				
Decrease in trade and other receivables		994	191	1,026
Decrease in long term receivables		-	32	39
Decrease in trade and other payables	5	(224)	(246)	(28)
Interest income		(1)	(3)	(4)
Income tax received		-	-	13
Income tax paid		(20)	(34)	(83)
Net cash (used in) / generated from operating activities		**72**	**(754)**	**(878)**
Cash Flow from investing Activities:				
Proceeds from disposal of property, plant and equipment		-	-	1
Decrease/(Increase) of restricted bank deposits		(11)	14	29
Development of intangible assets	4	(402)	-	-
Increase in software license		-	(23)	(25)
Loans given by the Company		-	-	(79)
Loans refund to the Company		-	338	-
Investment in Equity		-	(201)	(200)
Leased asset of right in use	6	(509)	-	-
Acquisition of property and equipment		(4)	(25)	(27)
Net cash generated from/ (used in) investing activities		**(926)**	**103**	**31**
Cash Flow from financing Activities:				
Dividends paid to NCI		-	-	(833)
Lease liability	6	509	-	-
Repayment of lease	6	(176)	-	-
Net cash generated from/ (used in) financing activities		**333**	**-**	**(833)**
Net decrease in cash and cash equivalents		**(521)**	**(651)**	**(1,680)**
Cash and equivalents at beginning of period		1,712	3,499	3,499
Effect of changes in exchange rates on Cash		36	8	(107)
Cash and equivalents at end of period		**1,227**	**2,856**	**1,712**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Techfinancials Inc (the "Company") and its subsidiaries (together, the "Group") are engaged in the development of blockchain-based digital assets solutions and development and licensing of financials trading platforms to businesses and the provision of investment services through its trading platform. The financial statements present the consolidated results of the Group for each of the periods ending 30 June 2019, 30 June 2018 and 31 December 2018.

On 7 February 2019, the Company and Footies Tech Ltd. established Footies Ltd in UK for the purpose of developing a new blockchain based ticketing product. The Company currently has a 75 per cent interest in Footies Ltd. and as such, as the controlling partner, these financial statements consolidate the results of Footies Ltd.

As permitted, the Group has chosen not to adopt International Accounting Standard 34 'Interim Financial Reporting' in preparing these interim financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts. The information has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group's 2018 audited financial statements. Statutory financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 18 June 2019 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified. The Directors approved these condensed interim financial statements on 14 August 2019.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2018 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.techfinancials.com. The Group's key financial risks are the availability of adequate funding and foreign exchange movements.

2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

The business is not subject to seasonal variations.

The financial information for the 6 months ended 30 June 2019 and the 6 months ended 30 June 2018 has not been audited.

No dividends have been paid in the period (2018: US$833 dividend to NCI).

Critical accounting estimates and judgements:

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates and have not changed during the interim period and are set out in note 3(x) of the Group's 2018 Annual Report and Financial Statements.

Changes in accounting policies initially adopted in the period:

IFRS 16 "Leases"

New standards and amendments are effective since 2019 and have material effect on the consolidated financial statements. The Group has adopted IFRS 16 "Leases" in the current period, since 1 January 2019.

As a lessee, under IFRS 16, in respect of leased properties previously accounted for as operating leases, the Group now recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Details of the impact of adoption of IFRS 16 are provided in note 6.

IFRS 12 "Income Taxes"

The Group has reviewed the impact of amendments to IAS 12 "Income Taxes" and the directors believe that the standard has no material impact.

3. EARNINGS PER SHARE

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

EARNINGS PER SHARE	Unaudited 6-month period ended 30 June 2019	Unaudited 6-month period ended 30 June 2018	Audited Year ended 31 December 2018
	US$'000	US$'000	US$'000
Basic			
Profit /(Loss) attributable to equity holders	(1,086)	8,360	(5,274)
Weighted average number of shares basic	84,980,979	75,577,264	80,533,560
	US$	US$	US$
Earnings/(loss) per share - basic	(0.013)	0.111	(0.066)
Earnings per share from continuing operations - basic	(0.013)	0.111	(0.065)
Earnings per share from discontinued operations - basic	(0.0002)	(0.0002)	(0.001)

EARNINGS PER SHARE	Unaudited 6-month period ended 30 June 2019	Unaudited 6-month period ended 30 June 2018	Audited Year ended 31 December 2018
	US$	US$	US$
Diluted			
Weighted average number of shares diluted	85,680,979	76,277,764	80,981,546
Earnings/(loss) per share - diluted	(0.013)	0.110	(0.066)
Earnings per share from continuing operations - diluted	(0.013)	0.110	(0.065)
Earnings per share from discontinued operations - diluted	(0.0002)	(0.0002)	(0.001)

4. INTANGIBLE ASSETS NET

	Note	Unaudited 6-month period ended 30 June 2019	Unaudited 6-month period ended 30 June 2018	Audited Year ended 31 December 2018
		US$'000	US$'000	US$'000
Consist of:				
Goodwill	A	2,606	5,040	2,606
License		90	90	90
Development expenditure capitalised as intangible assets:				
Previous projects Expenditure, net	B	314	718	515
New Footies Ticketing Product Expenditure	C	402	-	-
Intangible assets, net		**3,412**	**5,848**	**3,212**

A. The Group recognises goodwill on acquisition according to the fair value of the consideration transferred including any amounts recognised 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 or more frequently whether goodwill has indicated any potential impairment. 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. 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. Impairment of goodwill was assessed by comparing the unlevered free cash flow to the value of goodwill for the entity whose acquisition gave rise to the goodwill, DragonFinancials Ltd.

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

C. Ticketing Product Expenditure
Capitalised development costs are recognised as an Intangible asset reducing costs related to the development of the new ticketing product.
Once the product will be sold, the costs will be amortised and charged to cost of sales expenses.

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

Goodwill	N/A
License	N/A
Development expenditure for previous projects	5 years
Development expenditure for ticketing Product	N/A

Impairment review and estimates of intangible assets are as follows:

The intangible assets are reviewed for impairment annually or more frequently 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 from the date on which it starts to carry value. 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.

5. Trade and other payables

	Unaudited 6-month period ended 30 June 2019	Unaudited 6-month period ended 30 June 2018	Audited Year ended 31 December 2018
	US$'000	**US$'000**	**US$'000**
Consist of:			
Trade Payable	525	241	552
Short term loan from shareholders	-	93	-
Other Payable	2	41	40
Deposit held	242	248	244
Advance received*	114	-	-
Employees' salaries related balance	248	552	349
Accrued liabilities	82	137	254
	1,214	**1,312**	**1,440**

* Advance received – In respect of selling the Company's entire shareholding in MarketFinancials, which is presented as a discontinued operation.

6. Implementation of IFRS 16

The Group has adopted IFRS 16 Leases from 1 January 2019; comparative information has not been restated.

<u>The overall effects of IFRS 16 initial adoption in 2019 Financial statements are as follows:</u>

- A lease liability amounting to US$0.5 million in respect of office rent, previously accounted for as operating lease, was recognised at 1 January 2019.

  This liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at that date, adjusted to exclude short-term leases and leases of low-value assets. The weighted-average borrowing rate applied to this lease liability was 1.5 per cent.

  The lease liability was included within other long term liabilities at a net cost of US$0.4 million as of 30 June 2019.

- A corresponding right-of-use asset of US$0.5 million was measured as of 1 January 2019, at an amount equal to the lease liability. The asset is depreciated over the remaining contractual period of the office rent as of 01 January 2019. The right-of-use asset was included within Property and equipment at a net cost of US$0.4 million as of 30 June 2019.

- There was no impact on shareholders' equity.

- A decrease in the Group's lease expenses by approximately US$0.2 million and an increase in depreciation expenses in the same amount, with an immaterial increase of finance expenses.

In applying IFRS 16 for the first time, the Group has used a number of practical expedients permitted by the standard; the most significant of which were the use of a discount rate; reliance on whether a lease is onerous and ignoring the option to extend or terminate the lease while determining the lease term.

7. Segmental Information

6 Months ended 30 June 2019

	B2C Trading Platform US$'000	B2B Licence Income US$'000	Licence Services Between segments* US$'000	Blockchain related technology^ US$'000	Total US$'000
Revenue and results:					
Revenues	851	406	(85)	893	**2,065**
Cost of sales	(429)	(321)	85	(92)	**(757)**
Gross profit	**422**	**85**	**-**	**801**	**1,308**
Research and development	-	(241)	-	(342)	**(583)**
Selling and marketing expenses	(260)	(82)	-	(100)	**(442)**
Administrative expenses	(270)	(761)	-	(324)	**(1,355)**
Other expenses	(59)	-	-	-	**(59)**
Finance expenses	(2)	(20)	-	(7)	**(29)**
Profit /(loss) before tax from recurring activities	**(169)**	**(1,019)**	**-**	**28**	**(1,160)**
EBITDA**	**(167)**	**(577)**	**-**	**35**	**(709)**
EBITDA attributed to shareholders**	**(75)**	**(577)**	**-**	**35**	**(617)**
Assets and liabilities					
Assets	811	5,370	-	887	**7,068**
Liabilities	329	1,345	-	96	**1,770**
Depreciation and additions					
Depreciation of fixed assets	-	34	-	-	**34**
Depreciation of leased assets	-	176	-	-	**176**
Additions to property and equipment	-	-	-	4	**4**
Additions to Leased Assets	-	357	-	357	**375**

Revenues from the Group's top three customers in H1 2019 represent approximately 10% of total revenues.

^Blockchain segment includes activities related to Footies Ltd., a new 75% owned subsidiary and the provision of development services to CEDEX.

YEAR ENDED 31 DECEMBER 2018

	B2C Trading Platform US$'000	B2B Licence Income US$'000	Licence Services Between segments* US$'000	Blockchain related technology US$'000	Total US$'000
Revenue and results:					
Revenues	2,683	1,528	(268)	3,821	**7,764**
Cost of sales	(896)	(825)	268	(197)	**(1,650)**
Gross profit	**1,787**	**703**	**-**	**3,624**	6,114
Research and development	-	(1,916)	-	(1,562)	**(3,478)**
Selling and marketing expenses	(727)	(258)	-	(411)	**(1,396)**
Administrative expenses	(905)	(2,270)	-	(358)	**(3,533)**
Other expenses	(41)	-	-	-	**(41)**
Finance income (expenses)	(114)	(108)	-	-	**(222)**
Profit /(loss) before tax from recurring activities	**-**	**(3,849)**	**-**	**1,293**	**(2,556)**
Impairment of intangible assets	**-**	(2,434)	**-**	**-**	**(2,434)**
Profit /(loss) before tax From recurring activities	**-**	**(6,283)**	**-**	**1,293**	**(4,990)**
EBITDA**	**261**	**(3,213)**	**-**	**1,293**	**(1,659)**
EBITDA attributed to shareholders**	**20**	**(3,213)**	-	**1,293**	**(1,901)**
Assets and liabilities					
Assets	1,013	5,815	-	1,261	**8,089**
Liabilities	397	996	-	232	**1,625**
Depreciation and additions					
Depreciation	147	80	-	-	**227**
Additions to property and equipment	-	27	-	-	**27**

Revenues from the Group's top three customers in 2018 represent approximately 11% of total revenues.

6 MONTHS ENDED 30 JUNE 2018

	B2C Trading Platform US$'000	B2B Licence Income US$'000	Licence Services Between segments* US$'000	Blockchain related technology US$'000	Financial assets at fair value through profit or loss US$'000	Total US$'000
Revenue and results:						
Revenues	1,561	1,074	(154)	1,299	-	**3,780**
Cost of sales	(486)	(814)	154	-	-	**(1,146)**
Gross profit	**1,075**	**260**	**-**	**1,299**	**-**	**2,634**
Research and development	-	(704)	-	(432)	-	**(1,136)**
Selling and marketing expenses	(438)	(165)	-	-	-	**(603)**
Administrative expenses	(337)	(1,109)	-	(302)	-	**(1,748)**
Finance income (expenses)	(67)	(51)	-	-	9,486	**9,368**
Profit /(loss) before tax from recurring activities	**233**	**(1,769)**	**-**	**565**	**9,486**	**8,515**
EBITDA**	**300**	**(1,439)**	**-**	**565**	**-**	**(574)**
EBITDA attributed to shareholders**	**144**	**(1,439)**	**-**	**565**	**-**	**(730)**
Assets and liabilities						
Assets	2,433	9,064	-	1,286	9,486	**22,269**
Liabilities	13	1,396	-	10	-	**1,419**
Depreciation and additions						
Depreciation	6	42	-	-	-	**48**
Additions to property and equipment	-	25	-	-	-	**25**

Revenues from the Group's top three customers in H1 2018 represent approximately 18 % of total revenues.

* License services represents intercompany charges between segments, allowing the performance assessment of each segment on standalone basis.
** Earnings before interest, tax, depreciation and amortisation and non-cash charges.

8. SUBSEQUENT EVENTS

On 15 July 2019, based on the positive progress on the product side and indications of interest from potential customers and partners, the Company has signed a new funding agreement with Footies Ltd, a 75% owned subsidiary. Under the new agreement, the Company will provide an additional loan in the amount of a minimum of US$225,000 and up to US$300,000 by way of a convertible loan. The additional loan will be converted into Footies shares, based on certain business conditions that will determine the valuation of Footies, which can potentially increase the Company's equity interest in Footies.