Company Announcement

*The following is a company announcement issued by Klikk Finance plc (**"Klikk"** or the **"Company"**) pursuant to Rule 4.11.12 of the Prospects Rules.*

Publication of Condensed Interim Financial Statements (unaudited)
01 January 2019 to 30 June 2019

Quote

The Company hereby announces that the Condensed Consolidated interim Financial Statements (unaudited) for the period 01 January 2019 to 30 June 2019 (the **"Financial Statements"**) were considered and approved by the board of directors of the Company.

The Financial Statements are available as part of this announcement as well as on the Investor Relations section of the Company's website: https://www.klikk.com.mt/investor-relations

Unquote

Mikiel Calleja

Company Secretary

28.08.2019

Company Registration No.: C 52833

Klikk Finance p.l.c.

Condensed Consolidated Interim Financial Statements (unaudited)

for the period

1 January 2019 to 30 June 2019

Contents **Page**

CM | JWG

Klikk Finance p.l.c.

Directors' Report pursuant to Prospects Rule 4.11.12 for the period 1 January 2019 to 30 June 2019

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2019 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2018.

Principal activity

Klikk Finance p.l.c. (formerly BOE Finance Limited) (the Company) is the financing arm of the Group and its main purpose is to act as financer of Klikk Limited (the Subsidiary) and Klikk Code Ltd (the sub-Subsidiary).

The principal activity of the Group is to operate two computer retail outlets servicing both retail and corporate clients, with the outlets situated on the Birkirkara By-Pass and Tal-Barrani Road, Zejtun. Furthermore, the Group develops Bespoke and B2B software solutions to corporate customers.

Review of business and results

The Group (consisting of the Company, Subsidiary, and sub-Subsidiary) incurred a consolidated loss before tax of €80,987 (2018: €95,015) for the six-month period ended 30 June 2019, a decrease of 15% over the previous period.

Progress has been registered following the increase in local sales as turnover increased from €2.4m between January to June 2018 to €2.7m between January to June 2019, representing an increase of 14.5%. However, the Group's gross profit margin decreased to 17.5% during the current period (January to June 2018: 26%).

Dividend

No interim dividends are being proposed.

Approved by the Board of Directors on 27 August 2019 and signed on its behalf by:

Mr. Gordon Zammit - Chairman

Mr. Martin Vella - Director / CEO

Registered Office

Hal Mann, The Factory,
Mosta Road,
Lija LJA 9016
Malta

Klikk Finance p.l.c.

Directors' Statement

We hereby confirm that to the best of my knowledge:

• The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting"; and

• The Interim Directors' Report includes a fair review of the information required in terms of Prospects Rule 4.11.12.

Mr. Gordon Zammit - Chairman

Mr. Martin Vella - Director / CEO

27 August 2019

HLB CA FALZON
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of Klikk Finance p.l.c. (formerly BOE Finance Limited)
Report on Review of Condensed Consolidated Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Klikk Finance p.l.c. as at 30 June 2019, the related condensed consolidated interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU applicable to interim financial reporting in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

Jozef W. Galea
for and on behalf of HLB CA Falzon
Registered Auditors

27 August 2019

HLB CA Falzon, Central Office Building, Block A, Level 1, Mosta Road, Lija LJA 9016, Malta
TEL: +356 2010 9800 EMAIL: info@hlbmalta.com VAT NO: MT 2080 6811
PARTNERS: Jozef Wallace Galea, Alfred Falzon, Patrizio Prospero, Adrian Sultana.

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Comprehensive Income
for the period 1 January 2019 to 30 June 2019

	Note	1 January to 30 June 2019 (unaudited) €	1 January to 30 June 2018 (unaudited) €
Revenue	4	2,754,927	2,405,738
Cost of sales		(2,272,215)	(1,780,746)
Gross profit		482,712	624,992
Administrative expenses		(480,552)	(634,714)
Operating loss		2,160	(9,722)
Finance costs		(83,147)	(85,293)
Loss before tax	4	(80,987)	(95,015)
Income tax expense		42,528	37,724
Loss for the period		(38,459)	(57,291)
Total comprehensive loss for the period		(38,459)	(57,291)
Attributable to:			
Equity holders of the parent		(38,459)	(57,291)
Earnings per share (cents)			
Basic and diluted, loss for the year attributable to the ordinary equity holders of the parent		(0.11)	(0.16)

The notes on pages 8 to 12 form part of these financial statements.

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Financial Position
as at 30 June 2019

	Note	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
ASSETS			
Non-current assets			
Property, plant and equipment	5	515,863	286,194
Intangible assets		59,317	-
Goodwill		419,176	472,816
Trade and other receivables	7	-	362,583
Deferred tax assets		345,494	302,965
Total non-current assets		1,339,850	1,424,558
Current assets			
Inventories		1,169,843	1,031,723
Trade and other receivables	6,7	1,654,322	1,289,720
Current taxation recoverable		-	2
Cash and cash equivalents	6	545,280	1,068,264
Total current assets		3,369,445	3,389,709
Total assets		4,709,295	4,814,267
EQUITY AND LIABILITIES			
Equity			
Issued capital		350,000	350,000
Additional contributed capital		848,735	848,735
Accumulated losses		(593,301)	(554,842)
Total equity and reserves		605,434	643,893
Non-current liabilities			
Interest bearing loans and borrowings		2,550,022	2,553,439
Lease liability	6	144,216	-
		2,694,238	2,553,439
Current liabilities			
Current Borrowings		385,149	409,140
Trade and other payables	6	908,698	1,207,795
Lease liability	6	115,776	-
Total current liabilities		1,409,623	1,616,935
Total liabilities		4,103,861	4,170,374
Total equity and liabilities		4,709,295	4,814,267

The notes on pages 8 to 12 form part of these financial statements.

The financial statements on pages 4 to 12 were authorised for issue by the Board of Directors on 27 August 2019 and signed on its behalf by:

Mr. Gordon Zammit - Chairman

Mr. Martin Vella - Director / CEO

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Changes in Equity
for the period 1 January 2019 to 30 June 2019 (unaudited)

	Issued capital €	Additional contributed capital €	Accumulated losses €	Equity attributable to equity holders of the parent €	Non-controlling interest €	Total equity €
Balance as at 1 January 2018						
Opening balance	350,000	848,735	(393,055)	805,680	(85,136)	720,544
Total comprehensive loss for the period						
Loss for the period	-	-	(57,291)	(57,291)	-	(57,291)
Total comprehensive loss for the period	-	-	(57,291)	(57,291)	-	(57,291)
Transactions with owners, recorded directly in equity						
Change in shareholding	-	-	(95,136)	(95,136)	85,136	(10,000)
Balance as at 30 June 2018	350,000	848,735	(545,482)	653,253	-	653,253
Balance as at 31 December 2018	350,000	848,735	(554,842)	643,893	-	643,893
Balance as at 1 January 2019						
Opening balance	350,000	848,735	(554,842)	643,893	-	643,893
Total comprehensive loss for the period						
Loss for the period	-	-	(38,459)	(38,459)	-	(38,459)
Total comprehensive loss for the period	-	-	(38,459)	(38,459)	-	(38,459)
Balance as at 30 June 2019	350,000	848,735	(593,301)	605,434	-	605,434

The notes on pages 8 to 12 form part of these financial statements.

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Cash Flows
for the period 1 January 2019 to 30 June 2019

	1 January 2019 to 30 June 2019 (unaudited) €	1 January 2018 to 30 June 2018 (unaudited) €
Cash flows from operating activities		
Loss before tax	(80,987)	(95,015)
Adjustments for:		
Depreciation	83,288	26,380
Provision for impairment of trade receivables	54,289	-
Finance cost	83,147	85,293
Working capital changes:		
Increase in inventories	(138,119)	(140,606)
Increase in receivables	(56,308)	(191,962)
(Decrease)/ Increase in payables	(351,429)	86,826
Interest paid	(11,911)	(12,039)
Taxation refunded/(paid)	2	(15)
Net cash used in operating activities	(418,028)	(241,138)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(1,758)	(9,805)
Payments to acquire additional investment in subsidiary	-	(10,000)
Net cash used in investing activities	(1,758)	(19,805)
Cash flows from financing activities		
Repayment of borrowings	565	(23,648)
Interest paid	(17,900)	(20,799)
Receipts from related company	63,100	65,574
Principal elements of lease payments	(57,888)	-
Net cash (used in)/generated from financing activities	(12,123)	21,127
Decrease in cash and cash equivalents	(431,909)	(239,816)
Cash and cash equivalents at beginning of period	812,814	1,341,327
Cash and cash equivalents at end of period	380,905	1,101,511

The notes on pages 8 to 12 form part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements for the period 1 January 2019 to 30 June 2019

1. General information

The interim condensed consolidated financial statements of Klikk Finance p.l.c., its subsidiary and sub-subsidiary ('the Group') for the six months ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 27 August 2019.

The financial information of the Group as at 30 June 2019 and for the six months then ended reflect the financial position and the performance of Klikk Finance p.l.c., its subsidiary Klikk Limited and Klikk Code Limited its sub-subsidiary. The comparative amounts reflect the position of the group as included in the audited financial statements ended 31 December 2018 and the unaudited results for the period ended 30 June 2019.

Klikk Finance p.l.c. ('the Company') is a limited liability company incorporated in Malta, under the Companies Act, Cap. 386 of the Laws of Malta.

2. Basis of preparation and principal accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The Condensed Group financial statements balances have been extracted from Klikk Finance p.l.c. unaudited Group management accounts for the six months ended 30 June 2019.

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 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2.2 New standards, interpretations and amendments adopted by the Group

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below:

Notes to the Condensed Consolidated Interim Financial Statements for the period 1 January 2019 to 30 June 2019

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model, eliminating the distinction between operating and finance leases. Leases in which the Group is a lessee will be subject to significant adjustments.

Lessor accounting under IFRS 16 remains substantially unchanged from IAS 17 except for a requirement to provide enhanced disclosures and for the reassessment of subleases by an intermediate lessor. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17, whereas intermediate lessors are required to reassess subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial applicationon the basis of the remaining contractual terms and conditions of the head lease and sublease at that date in terms of the transitional provisions of IFRS 16. The Group has determined that such leases continue to be classified as operating leases, except in one case.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- reliance on previous assessment on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the use of hindsight in determing the lease term where the contract contains options to extend or terminate the lease.
- reliance on previous assessment on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the use of hindsight in determing the lease term where the contract contains options to extend or terminate the lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

As a lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which have previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at of 1 January 2019. The incremental borrowing rate varies between the companies within the group.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were not onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 Unaudited €	As at 1 January 2019 Unaudited €
Property, plant and equipment	257,430	311,197
Total right-of-use assets	257,430	311,197

i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjustment for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assesssment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing condensed consolidated interim financial statements, the Board of Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2018.

Impacts on financial statements

	30 June 2019	1 January 2019
Right-of-use assets presented in property, plant and equipment	257,430	311,197
Lease liabilities	259,992	311,197

4. Segment information

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

The Lending and Financing and Retail segment includes financing of debtors and the retail of IT products and electronic goods, including but not limited to laptops, desktops, smartphones, tablets, television and computer peripheral devices.

In addition, the Group also offers be-spoke software solutions. Klikk Limited supplies its computer products and services mainly to individuals, corporate customers and Government institutions and Departments. Customers may acquire the products and/or software either through cash sale or on credit as secured by the bills of exchange.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column.

4. Segment information (continued)

Six-month period ended 30 June 2019	Lending and financing	Retail	Total segments	Adjustments and eliminations	Consolidated
	€	€	€	€	€
Revenue					
External customers	15,634	2,750,580	2,766,214	-	2,766,214
Inter-segment	94,139	19	94,158	- 105,445	- 11,287
	109,773	2,750,599	2,860,372	- 105,445	2,754,927
Expenses					
Depreciation and amortisation	1,875	81,413	83,288	-	83,288
Segment loss	- 18,107	- 62,880	- 80,987	-	- 80,987
Total assets	3,967,917	3,658,944	7,626,861	- 2,907,290	4,719,571
Total liabilities	2,952,410	4,066,029	7,018,439	- 2,904,302	4,114,137

Six-month period ended 30 June 2018	Lending and financing	Retail	Total segments	Adjustments and eliminations	Consolidated
	€	€	€	€	€
Revenue					
External customers	44,878	2,360,860	2,405,738	-	2,405,738
Inter-segment	83,923	19	83,942	- 83,942	-
	128,801	2,360,879	2,489,680	- 83,942	2,405,738
Expenses					
Depreciation and amortisation	1,875	24,505	26,380	-	26,380
Segment profit/(loss)	44,757	- 139,772	- 95,015	-	- 95,015
Total assets	4,043,238	2,822,050	6,865,288	- 2,080,752	4,784,536
Total liabilities	3,037,885	3,016,837	6,054,722	- 1,923,439	4,131,283

5. Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2019, the Group acquired assets with a cost of €1,758 (six months ended 30 June 2018: € 9,805).

With the adoption of IFRS 16 Leases, the Group's property, plant and equipment increased also by the right of use of asset by €257,430. This results in a total of €259,996 increase in fixed assets for the current period.

There were no assets disposed by the Group during the six months ended 30 June 2019 and 30 June 2018.

6. Financial assets and financial liabilities

The Group's financial assets comprise of trade and other receivables, bank deposits and loans to related parties. The Group's financial liabilities comprise of trade and other payables, lease liabilities, loans from related and other parties. All of the Group's financial instruments are measured at amortised cost, except for the equity instruments which are measured at fair value through other comprehensive income. The lease liabilities are measured in terms of the Group's accounting policy.

7. Trade and other receivables

Trade receivables are stated net of a provision for estimated credit losses of €35,205 (31 December 2018: €36,402).

8. Related parties

The Group did not enter into any material transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

9. Fair values measurements

At 30 June 2019 and 31 December 2018, the carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables and current borrowings reflected in the financial statements are not carried at fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair values of loans and receivables and non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

The fair value of non current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The Group used the following hierarchy for determining and disclosing the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

10. Accounting Standards not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2020. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and the Company's financial statements in the period of initial application.