



Half Year Report

2014

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Management explanation

1. General

CLIQ Digital AG is a sales and distribution network for digital products, with proprietary Billing and Payment systems. We deliver products that the digital generation wants, and are specialized in Games, Entertainment, Apps & Software. The products are either owned or licensed. The group employs over 20 different nationalities and is fully engaged in offering a wide range of digital products to consumers worldwide. Cliq Digital has offices in Germany and The Netherlands.

The group was founded in 2005. Since November 20, 2012 the company is named Cliq Digital AG and has its legal seat in Dusseldorf, Germany. The shares of Cliq Digital AG are traded in the Entry Standard of the Frankfurt Stock Exchange.

Although the company is not obligated to prepare consolidated financial statements on the basis of International Financial Accounting Standards (IFRS), the consolidated Half Year Report is prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission. In preparing the Half Year Report the same IFRS principles for inclusion and valuation have been applied as for the consolidated annual financial statements at 31 December 2013.

Compared to the consolidated financial statements at 31 December 2013 and Half Year Report 2013 there is one important change in accounting estimate in accordance with IAS 8. Due to a significant improvement and harmonization in Cliq Digital's Business Intelligence (BI) system, which was accomplished this year, the Group is in a position to precisely determine the useful life of a customer acquired from its marketing partners. As a consequence, the costs for the acquisition of its customers (in case of a subscription) qualify as an intangible asset under IAS 38. The costs for customer acquisition have been accounted for as intangible assets and are depreciated over the customer's revenue life-cycle.

For a detailed description of the general accounting and measurement principles reference is made to "general Information" in the notes of this Half Year Report.

Since the company has no audit obligation for interim financial statements, the Half Year Report is unaudited.

Income Statement

Revenues recovered during the second quarter in comparison to the first three months 2014, positively affected by higher first quarter marketing spending. Second quarter revenues came in at EUR 12.1 million, an increase of 22% quarter-on-quarter (Q1/2014: EUR 9.9 million). Therefore revenues reached EUR 22.0 million in the first half year 2014, compared to EUR 30.5 million in the same period of 2013. The decline in H1/2014 compared to H1/2013 revenues is mainly due to lower marketing spending in the second half of 2013.

Personnel expenses amounted to EUR 2.9 million in H1/2014, decreased with 14% compared to H1/2013 (EUR 3.3 million). The decrease of the costs is a result of further efficiency improvements in operations of the Cliq Group resulting in a decrease of number of employees.

Media costs decreased from EUR 7.0 million in H1/2013 to EUR 0.2 million in H1/2014 as a result of the change in accounting estimate as described above.

Costs for technology and licenses amounted to EUR 12.7 million in H1/2014, compared to EUR 14.4 million in H1/2013 which is a direct result of the lower revenues in H1/2014 compared to H1/2013.

EBITDA (earnings before interests, taxes, depreciation and amortization) as a key performance indicator of the company increased to EUR 5.0 million in the first half 2014 (H1/2013: EUR 4.7 million).

Because of the change of accounting estimate in relation to the customer acquisition costs, amortization of intangible assets has risen significantly.

Net earnings amounted to EUR 0.6 million in H1/2014 (H1/2013: EUR 1.4 million).

1. Balance sheet

Non-current assets

The CLIQ Group reported EUR 48.1 million of intangible assets, EUR 0.5 million of tangible assets and EUR 3.1 million of deferred tax assets as of June 30, 2014.

The most important component of intangible assets is goodwill of EUR 43.2 million (31.12.2013 EUR 43.2 million). Goodwill arising on acquisitions exists as a result of the merger with Cliq B.V. in the financial year 2012 and the acquisition of Grumbl Media Holding B.V. in the fiscal year 2013. The retention of the value of this goodwill was confirmed through an impairment test conducted on December 31, 2013. Since there were no triggering events noted as of June 30, 2014 no new impairment test has been conducted.

Due to the change of accounting estimate in relation with customer acquisition costs, net Intangibles for this specific customer acquisition amounted to approx. EUR 3.3 million as of June 30, 2014 (31.12.2013 EUR 0.0 million).

The valuation of deferred tax of EUR 3.1 million (31.12.2013: EUR 3.1 million) was subjected to detailed analysis. The analysis clarified the fact that the capitalized deferred tax can be utilized in the future. No deferred tax assets were formed for the tax losses of which carry forwards are uncertain.

Current assets

The CLIQ Group reported EUR 1.9 million of trade receivables (31.12.2013 EUR 2.7 million), EUR 7.3 million of miscellaneous receivables and other assets (which include amongst others income not yet invoiced) (31.12.2013 EUR 6.8 million) and EUR 0.3 million of cash and cash equivalents (31.12.2013 EUR 0.3 million).

No significant changes in the total current assets as of June 30, 2014 of EUR 9.6 million compared to December 31, 2013 (EUR 9.8 million).

Equity

The CLIQ Group reported EUR 36.4 million of equity as of June 30, 2014 (31.12.2013 EUR 35.8 million). The company has EUR 4,445,699.00 of share capital (4,445,699 listed shares).

The company held 4,000 treasury shares as of June 30, 2014. The loss carried forward of EUR 14.5 million as of December 31, 2013, decreased to a loss carried forward of EUR 13.9 million due to the net profit of EUR 0.6 million incurred in H1/2014.

Liabilities

The CLIQ Group reported bankloans for EUR 6.0 million and an overdraft facility of EUR 6.9 million. In total bankborrowings as per 30.6.2014 amounted to EUR 12.9 million of which EUR 10.6 million with a residual term > 1 year and EUR 2.3 million with a residual term < 1 year.

Furthermore the CLIQ Group reported EUR 0.9 million of deferred tax liability, EUR 0.7 million of other provisions, EUR 3.3 million of trade payables and EUR 7.0 million of other current liabilities.

Bank borrowings correspond to a loan and an overdraft facility. In the first quarter of 2014, CLIQ Digital signed agreements with Commerzbank AG and the remaining term loan and credit facility were paid back to ABN AMRO N.V.

The loan agreement of the Commerzbank AG has an original amount of EUR 6.8 million (provided in February 2014) with a monthly redemption of EUR 187.5 thousand, starting in March 2014 till February 2016 and a final bullet payment of EUR 2.3 million in February 2016. The applicable interest rate is Euribor plus 3.45 %. Of the total loan outstanding as per June 30, 2014 therefore EUR 2.3 million is repayable within 1 year. EUR 6.9 million of the overdraft facility (provided in March 2014) was used per 30.6.2014. As of today the maximum overdraft facility, under certain restrictions, amounts to EUR 10 million with an average interest rate of Euribor plus 2.70%.

Deferred tax liability of EUR 0.9 million as of June 30, 2014 increased compared to December 31, 2013 (EUR 0.5 million) as a result of the tax effect of the temporary difference between the tax value of capitalized intangible fixed assets and their amounts as recognized in the consolidated financial statements.

There are no significant changes in the total of trade payables and other current liabilities as of June 30, 2014 of EUR 10.3 million compared to December 31, 2013 (EUR 11.0 million)

consolidated balance sheet

according to IFRS as of June 30, 2014 (unaudited)

ASSETS in EUR thousand	Note	30/6/2014	31/12/2013
Non-current assets			
Intangible assets	1	48,067.0	45,445.8
Internally generated intangible assets		1,227.0	1,478.7
Customer Base		333.7	750.5
Customer Acquisition Costs		3,289.7	-
Goodwill		43,216.6	43,216.6
Tangible assets		489.8	599.2
Plant, operating and office equipment		489.8	599.2
Deferred tax assets	2	3,081.3	3,060.0
Total non-current assets		51,638.1	49,105.0
Current assets			
Receivables		1,917.9	2,720.5
Trade receivables		1,917.9	2,720.5
Miscellaneous receivables and other assets		7,337.2	6,752.9
Other assets (if residual term < 1 year)		7,337.2	6,752.9
Cash and cash equivalents		344.8	276.6
Total current assets		9,599.9	9,750.0
Total assets		61,238.0	58,855.0

consolidated balance sheet

according to IFRS as of June 30, 2014 (unaudited)

EQUITY AND LIABILITIES in EUR thousand	Note	30/6/2014	31/12/2013
Equity			
Subscribed capital		4,445.7	4,445.7
Less: treasury shares		-4.0	-4.0
Total subscribed capital		4,441.7	4,441.7
Capital reserve		45,878.2	45,878.2
Retained earnings		-13,935.9	-14,541.2
Total equity	3/4	36,384.0	35,778.7
Liabilities			
Non-current liabilities			
Deferred tax liabilities	2	913.4	505.2
Bank borrowings (if residual term > 1 year)	6	10,633.7	-
Total non-current liabilities		11,547.1	505.2
Current liabilities			
Other provisions	5	745.9	1,274.4
Bank borrowings (if residual term < 1 year)	6	2,250.0	10,326.7
Trade payables		3,275.8	2,424.3
Other liabilities		7,035.2	8,545.7
Total current liabilities		13,306.9	22,571.1
Total liabilities		24,854.0	23,076.3
Total equity and liabilities		61,238.0	58,855.0

consolidated statement of comprehensive income

according to IFRS for the period from January 1 to June 30, 2014 (unaudited)

in EUR thousand	Note	HY 1 2014	HY 1 2013
Revenue		21,984.1	30,510.4
Other operating income		-	0.4
Personnel expenses		-2,852.9	-3,328.8
Wages and salaries		-2,540.3	-2,940.6
Social contributions		-312.6	-388.2
Depreciation, amortization and impairment charges		-4,167.6	-2,385.2
Amortization and impairment charges applied to intangible assets		-4,041.2	-2,237.8
Depreciation and impairment charges applied to tangible assets		-126.4	-147.4
Other operating expenses	7	-14,083.8	-22,449.9
Operating profit/loss		879.8	2,346.9
Net financial result		42.9	-742.9
Profit/loss on ordinary business activities		922.7	1,604.0
Taxes on income	2	83.5	-441.4
Deferred taxes	2	-386.9	269.7
Consolidated net profit/loss for the period		619.3	1,432.3

cash flow statement

according to IFRS for the period from January 1 to June 30, 2014 (unaudited)

in EUR thousand	HY 1 2014	HY 1 2013
1. Net profit/loss for the period	619.3	1,432.3
2. + Depreciation and amortization	4,167.6	2,385.1
3. + Increase in provisions	-120.3	-414.3
4. -/+ Other non-cash income	-	-101.7
5. +/- Decrease/increase in trade receivables and other assets not attributable to investment or financing activities	183.0	3,054.8
6. -/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	-659.0	-1,372.1
7. = Cash flow from operating activities	4,190.6	4,984.1
8. + Payments received from sale of tangible assets	-	-
9. - Payments for investments tangible assets	-17.0	-138.3
10. + Payments received from disposals of intangible assets	-	-
11. - Payments for investments in intangible assets	-6,662.4	-209.4
12. - Payments from the acquisition of consolidated companies and other business units	-	-
13. = Cash flow from investing activities	-6,679.4	-347.7
14. + Proceeds from additions to equity	-	-
15. + Proceeds from drawing down on financial loans	13,633.7	-
16. - Payments for the repayment of financial loans	-11,076.7	-6,880.5
17. = Cash flow from financing activities	2,557.0	-6,880.5
18. Net change in cash and cash equivalents	68.2	-2,244.1
19. + Cash and cash equivalents at the start of the period	276.6	2,677.9
20. = Cash and cash equivalents at the end of the period	344.8	433.9

consolidated statement of changes in equity

according to IFRS as of June 30, 2014 (unaudited)

in EUR thousand	Subscribed capital ordinary shares	Capital Reserve	Consolidated retained earnings	Treasury shares not designated for withdrawal	Equity as per consolidate d balance sheet
Balance as of December 31, 2013	4,445.7	45,878.2	-14,541.2	-4.0	35,778.7
Issue of shares	-	-	-	-	-
Net profit/loss for the period	-	-	619.3	-	619.3
Miscellaneous changes	-	-	-14.0	-	-14.0
Balance as of June 30, 2014	4,445.7	45,878.2	-13,935.9	-4.0	36,384.0

General information

GENERAL INFORMATION

The Group parent company of the Cliq Group is Cliq Digital Aktiengesellschaft (hereinafter referred to as "Cliq Digital"), which is headquartered at Immermannstrasse 13, 40210 Düsseldorf, Germany. The company is entered in the commercial register of the Amtsgericht Düsseldorf (Commercial Register Sheet 69068). The shares of Cliq Digital AG are listed on the Frankfurt Stock Exchange in the Open Market segment, forming part of the Entry Standard. Pursuant to Section 2 (5) of the German Securities Trading Act (WpHG), the Open Market does not comprise an organized or regulated market. The guidelines for Deutsche Börse AG's regulated unofficial market form the basis for including securities in the Open Market (Entry Standard). As a consequence, Cliq Digital AG is not a capital market-oriented company pursuant to Section 264d of the German Commercial Code (HGB), and is also not obligated pursuant to Section 315a of the German Commercial Code (HGB) to prepare consolidated financial statements on the basis of International Financial Accounting Standards (IFRS). Due to characteristics relating to size, Cliq Digital AG overall is not statutorily obligated to prepare consolidated financial statements, whether it be on the basis of German accounting standards, or IFRS. These consolidated IFRS financial statements are prepared voluntarily, to provide investors with additional financial information in line with capital markets expectations and to fulfill disclosure obligations to Deutsche Börse AG under the General Terms and Conditions of Deutsche Börse AG for the Open Market of the Frankfurt Stock Exchange.

The Group's financial half year starts on January 1 and ends on June 30 of each calendar year.

Cliq Digital's functional currency and reporting currency is the Euro. These consolidated financial statements are prepared in Euros since this is the currency in which most of the Group's transactions are realized. Reporting is in thousands of Euros (EUR thousand), unless otherwise stated.

In order to improve the clarity of presentation, various items in the consolidated balance sheet and consolidated statement of comprehensive income are reported on a summarized basis. These items are presented and explained separately in the notes to the consolidated financial statements. The statement of comprehensive income is presented according to the nature of expense method.

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND DECLARATION OF CONFORMITY.

The consolidated Half Year Report has been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission. In preparing the Half Year Report the same IFRS principles for inclusion and valuation have been applied as for the consolidated annual financial statements at 31 December 2013. Compared to the consolidated financial statements at 31 December 2013 and Half Year Report 2013 there is one important change in accounting estimate in accordance with IAS . For more information about the change of accounting estimate please refer to Assumptions and Estimates chapter of the General Accounting and Measurement Principles of these notes.

CONSOLIDATION METHODS

Consolidation principles

The Half Year Report is based on uniform Group regulations as of June 30, 2014, and the annual financial statements of the companies included in the Group for the comparable period as of December 31, 2013 for the balance sheet and the interim financial reports for the comparable period as of June 30, 2013 for the profit and loss and cash flow statement.

Business Combinations are applied in accordance with IFRS 3. According to IFRS 3, business combinations are to be accounted for using the purchase method, whereby the acquired assets, liabilities and contingent liabilities are recognized at fair value. The positive difference between the purchase costs of the corporate merger and the interest in the fair value of the recognized assets, liabilities and contingent liabilities is reported as goodwill.

In the case of mergers arising from January 1, 2010 (transition date IFRS), minority interests are also calculated as the fair values of the assets, liabilities and contingent liabilities (full goodwill method).

Mutual receivables and liabilities between the companies included in the financial statements, intra-group income and expenses, and intra-group profits and losses arising from intra-group deliveries, are eliminated. Deferred taxes were recognized for earnings-effective consolidation transactions where required.

Consolidation scope

Consolidation scope as of June 30, 2014

	Equity interest in %
Cliq Digital AG, Dusseldorf, Germany	
Bob Mobile Deutschland GmbH, Dusseldorf, Germany	100.00
Bob Mobile Hellas S.A., Attiki, Greece	100.00
Cructiq AG, Baar, Switzerland	100.00
Venga Mobile GmbH, Dusseldorf, Germany	100.00
Rheinkraft Production GmbH, Dusseldorf, Germany	100.00
Imobic GmbH, Dusseldorf, Germany	100.00
Just A Game Hellas S.A. Attiki, Greece	100.00
Bluetiq GmbH, Dusseldorf, Germany	100.00
Kraulat GmbH, Dusseldorf, Germany	100.00
Guerilla Mobile Asia Pacific Pte. Ltd, Singapore	100.00
Capital Games GmbH, Berlin, Germany	100.00
Cliq B.V., Amsterdam, The Netherlands	100.00
Blink International B.V., Amsterdam, The Netherlands	100.00

Continued on next page

	Equity interest in %
Artiq Mobile B.V., Amsterdam, The Netherlands	100.00
Blinck Mobile Ltd., Dublin, Ireland	100.00
Hectiq B.V., Amsterdam, The Netherlands	100.00
Memco B.V., Amsterdam, The Netherlands	100.00
Simiq B.V., Amsterdam, The Netherlands	100.00
thumbr B.V., Amsterdam, The Netherlands	100.00
The Mobile Generation Holding B.V., Amsterdam, The Netherlands	100.00
TMG Singapore PTE Ltd., Singapore	100.00
The Mobile Generation Americas Inc., Toronto, Ontario, Canada	100.00
The Mobile Generation I B.V., Amsterdam, The Netherlands	100.00
Mobtiq B.V., Amsterdam, The Netherlands	100.00
Run The Red Ser. EM, Sao Paulo, Brasil	100.00
GIM Global Investments Munich GmbH, Munich, Germany	100.00
Grumbl Media Holding B.V., Amsterdam, The Netherlands	100.00
Return Media B.V., Amsterdam, The Netherlands	100.00
iDNA B.V., Amsterdam, The Netherlands	100.00

CURRENCY TRANSLATION

In the separate financial statements and interim reports prepared in local currency, foreign-currency transactions are reported with the cash rates prevailing on the transaction date. Monetary items denominated in foreign currencies (cash and cash equivalents, receivables and liabilities) are measured at the cash mid-rate prevailing on the balance sheet date. Exchange-rate gains and losses arising from the measurement or unwinding of the monetary items are reported in the statement of income. Non-monetary items are recognized at historic rates.

Pursuant to IAS 21, annual financial statements prepared in foreign currencies are translated into Euros according to the functional currency concept. The functional currency is the currency in which a foreign company predominantly generates its cash inflows, and makes payments. Since the Group companies operate their businesses independently from a financial, economic and organizational perspective, the functional currencies are generally identical with the respective national currencies. The respective national currency of the subsidiaries included in the consolidated Half Year Report of Cliq Digital AG is the euro. As a consequence, the euro is utilized as the functional currency for Cliq Digital AG and the subsidiaries included in the consolidated Half Year Report.

GENERAL ACCOUNTING AND MEASUREMENT PRINCIPLES

The Half Year Report is prepared on the basis of standard Group accounting and measurement methods. The accounting and valuation principles have been retained unchanged compared to the previous year.

Assets and liabilities have been valued at historical acquisition/production cost, with the exception as far as relevant of financial instruments classified as "financial asset or financial liabilities at fair value through profit or loss" and derivatives, which have been included at their fair value.

Assumptions and estimates

When preparing the Half Year Report, assumptions and estimates are made that affect the level and recognition of the recognized assets and liabilities, income and expenses, and contingent liabilities.

These assumptions mainly relate to the standard Group determination of the economic useful lives of intangible assets, and of property, plant and equipment.

The estimates which are applied significantly affect the calculation of discounted cash flows as part of impairment tests, other provisions, and the extent to which future tax reliefs can be realized.

Estimates are based on empirical values and assumptions which are valid as of the balance sheet date, and which are regarded as appropriate under the given circumstances. They are based on the future business trend that is deemed to be the most likely. Developments among banks and providers of similar services, as well as the corporate environment, are also taken into account. The estimates and the underlying assumptions are reviewed continuously. Nevertheless, the actual values can diverge from the assumptions and estimates in individual cases if the aforementioned general circumstances differ on the balance sheet date compared to how they were expected to develop. Changes are carried through profit and loss on the date when better information is gained, and the assumptions are adjusted accordingly.

Compared to the consolidated financial statements at 31 December 2013 and Half Year Report 2013 there is one important change in accounting estimate in accordance with IAS 8. Due to a significant improvement and harmonization in Cliq Digital's Business Intelligence (BI) system, which was accomplished this year, the Group is in a position to precisely determine the useful life of a customer acquired from its marketing partners. As a consequence, the costs for the acquisition of its customers (in case of a subscription) qualify as an intangible asset under IAS 38. The costs for customer acquisition have been accounted for as intangible assets and are depreciated over the customer's revenue life-cycle.

Revenue

Revenue from the transfer of utilization rights for mobile handset applications and games is reported as soon as the inflow of an economic benefit arising from the sale is sufficiently likely, and the level of revenue can be determined reliably. No revenue is reported if significant risks exist relating to the receipt of the consideration, or if the customer is unable to realize the utilization right for reasons for which the customer does not bear responsibility.

If the transfer of utilization rights comprises a determinable partial amount for several or consecutive payments (multi-component agreements), the assignable revenue is deferred, and released through profit and loss over the duration of the utilization right. Such releases are generally performed in line with the rendering of services.

Revenues are generally reported at the fair value of the consideration received, or to be received, after deducting VAT and other taxes, as well as after deducting sales reductions such as bonuses or rebates.

Research and development costs

Pursuant to IAS 38, research costs cannot be capitalized. Development costs must be capitalized if certain and precisely designated preconditions exist. Accordingly, capitalization is always required if the development work is sufficiently likely to result in a future inflow of financial resources which also cover the corresponding development costs above and beyond normal costs. Various criteria set out in IAS 38.57 must be cumulatively satisfied with regard to the development project, the application to be developed, and platform components be developed.

Development costs for applications or platform components are recognized at cost if the assignable expenditures can be measured reliably, and both technical feasibility and successful marketing are ensured. It must also be sufficiently likely that the

development work will generate future economic benefit. Capitalized development costs include all costs directly attributable to the development process including development-related overhead costs. Capitalized development costs are generally amortized from the production start across the expected product life-cycle, generally comprising 3 to 5 years.

A significant portion of development costs within the Group comprise further developments and improvements of already existing applications and platform components, which fail to satisfy the criteria for separate capitalization as development costs pursuant IAS 38. In addition, individual development projects are frequently subject to approval and certification procedures so that the conditions for capitalization of costs arising before approval are frequently not satisfied.

Borrowing costs

Borrowing costs are expensed on the date when they are incurred. The direct allocation of borrowing costs to the purchase or manufacturing of a qualified intangible asset, which could accordingly generate purchase or manufacturing costs, is not performed.

Taxes

Taxes on income comprise both current and deferred taxes. Such taxes are reported in the statement of comprehensive income, unless they relate to items that are reported directly in equity. In such instances, the corresponding taxes are carried directly to equity.

Current taxes on income comprise the taxes expected to be paid for the period based on the tax rates prevailing in the respective period, as well as any corrections to prior years' taxes.

Deferred tax is recognized for temporary differences between the tax values of assets and liabilities, and their amounts as recognized in the consolidated financial statements. Deferred tax assets are also recognized for the future utilization of tax loss carryforwards. Deferred tax assets on temporary differences and loss carryforwards are recognized at the level at which it is likely that sufficient taxable income will be available in future in order to utilize them. Deferred taxes are recognized at the tax rates which are currently valid for the period or applicable in the future in the individual countries as of the balance sheet date, and on which the temporary differences will prospectively be reversed, or on which the loss carryforwards will prospectively be utilized.

Deferred tax assets are netted with deferred tax liabilities if entitlement to the offsetting of actual taxes exists, and the items relate to taxes on income which are levied by the same tax authorities, and which arise at the same company, or within the same tax entity.

Intangible assets

Intangible assets are recognized at cost and, since the useful lives can be categorized as limited (except goodwill), they are amortized straight-line over their respective useful lives, with exception of the customer base and the customer acquisition costs for subscriptions. These are amortized based on the customer's revenue life-cycle, which means that the amortization is proportional to the expected realization of the average customer's revenue over the life time of the customer. Where indications exist that intangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

The maximum duration of amortization for industrial property rights and licenses is five years.

Amortization and impairment losses applied to intangible assets are reported in the consolidated statement of comprehensive income under the "Amortization and impairment charges applied to intangible assets" item.

As in the previous period, no reversals were made to impairment losses applied to intangible assets. No borrowing costs were capitalized for intangible assets in the financial year elapsed.

In accordance with IFRS 3, amortization is not applied to goodwill to be recognized in the case of this and future corporate mergers. Instead, only impairment losses are applied if determined. It should be noted already that any impairment losses incurred on goodwill cannot be reversed in subsequent reporting periods.

Tangible assets

Tangible assets are recognized at cost less depreciation and impairment losses. Tangible assets were not re-measured in line with the IAS 16 option.

Where indications exist that tangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

Cost comprises the purchase price, incidental purchase costs, and subsequent purchase costs less any purchase price reductions received.

Other plant, operating and office equipment is predominantly depreciated over a period of between three and five years. Straight-line depreciation is applied to tangible assets in line with the economic useful life.

Current year depreciation and impairment losses are reported in the "Depreciation and impairment charges applied to tangible assets" item in the statement of comprehensive income.

Costs for repairing property, plant and equipment, such as maintenance expenses, are generally carried through profit and loss.

As in the previous period, no reversals of impairment losses applied to tangible assets were performed in the year under review. No borrowing costs were capitalized for tangible assets in the financial year elapsed.

Impairment

With the exception of deferred tax assets (see taxes), and financial assets (see financial instruments), the carrying amounts of the Group's assets are examined as of the balance sheet date as to whether indications of impairment exist as per IAS 36. If such indications exist, the recoverable amount of the asset is estimated, and impairment losses, if required, are expensed.

Goodwill arising on acquisitions exists as a result of the merger with Cliq B.V. in the financial year 2012 and the acquisition of Grumbl Media Holding B.V. in the fiscal year 2013. The retention of the value of this goodwill was confirmed through an impairment test conducted on December 31, 2013. Since there were no triggering events noted as of June 30, 2014 no new impairment test has been conducted.

Fair value measurement

In accordance with IFRS 13 Fair Value Measurement, for financial instruments which are measured at fair value, the valuation method should be disclosed. The different levels within IFRS 13 have been defined as follows:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group Controller is responsible for the valuations of the concerning assets and liabilities required for financial reporting purposes. The Group Controller reports directly to the CEO. Discussions of valuation processes and results are held between the Group Controller and the CEO at least once every quarter, in line with the group's quarterly reporting dates.

Leasing

According to IAS 17, a lease is an agreement where the lessor transfers to the lessee the right to utilize an asset for an agreed period in return for payment, or a series of payments. A differentiation is made between finance leases and operating leases. Finance leases comprise leases where the lessee essentially bears all risks and opportunities connected with the ownership of the asset. All other leases are designated as operating leases.

In the case of an operating lease, Cliq Digital expenses the lease installment to be paid as lessee.

If Cliq Digital is a lessee in a finance lease, the lower of the fair value and the present value of the minimum lease payments at the start of the lease is capitalized on the balance sheet, and the liability is recognized under bank borrowings at the same time. The minimum lease components primarily comprise financing costs and the repayment share of the residual liability. The leased object is depreciated over the estimated useful life of the contractual duration, whichever is shorter. The lease installments repaid are split into a repayment component and interest expenses according to the effective interest method.

All leases are classified as operating leases at the time of the transition to IFRS and subsequently.

Other receivables and liabilities

Non-financial assets and liabilities, as well as deferred and accrued items, and prepayments, are recognized at amortized cost.

Financial instruments

Basic principles

Financial assets are reported if Cliq Digital is entitled to a contractual right to receive cash, cash equivalents, or other financial assets from another party. Financial liabilities are reported as soon as Cliq Digital is obligated to transfer to a third party cash, cash equivalents, or other financial assets. Normal market purchases and sales of financial assets are generally recognized on the settlement date. By contrast, purchases and sales of securities are recognized with the bank's invoicing price on the trade date, and derivative transactions at cost on the trade date.

Financial assets and liabilities are initially measured at fair value. The carrying amount of financial instruments that are not subsequently measured at fair value through profit and loss also includes directly attributable transaction costs.

Financial assets

The regulations of IAS 39 divide financial instruments into "financial assets measured at fair value through profit and loss", "financial investments held to maturity", "financial assets available for sale" or "loans and receivables". Equity participating interests whose fair value can be reliably determined are classified as "financial assets measured at fair value through profit and loss". If fair value cannot be determined reliably, equity participating interests are classified as "financial assets available for sale", and are measured at cost.

Receivables and other assets

Receivables and other assets are divided into "trade receivables", "receivables from companies in which the company has a participating interest" and "miscellaneous receivables and other assets".

On initial recognition, "trade receivables" are recognized at fair value while taking into account directly attributable transaction costs. They are measured at amortized cost in subsequent periods due to their classification as "loans and receivables".

Both non-financial assets and financial assets are reported under the item "miscellaneous receivables and other assets". With the exception of derivative financial instruments, financial assets are allocated to the "loans and receivables" IAS 39 measurement category, are recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and are measured in subsequent periods at amortized cost while applying the effective interest method. Non-financial assets are measured according to the respectively applicable standards.

Cash and cash equivalents

Cash in hand and cash at banks is reported under this item. Cash in hand and cash at banks is allocated to the IAS 39 "loans and receivables" measurement category, is recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and is measured in subsequent periods at amortized cost while applying the effective interest method. Foreign currency positions are measured at the mid-rate prevailing on the balance sheet date. Cash at banks carries a residual term of up to three months on acquisition.

Financial liabilities

Primary financial instruments comprise bank borrowings, trade payables, and other non-derivative financial liabilities. Trade payables and other non-derivative financial liabilities include liabilities existing as of the balance sheet date for invoices that have not yet been settled, loan obligations, liabilities to employees, and related obligations. Pursuant to IAS 39, primary financial liabilities are initially recognized at fair value. In this context directly assignable transaction costs are taken into account. They are measured at amortized cost in subsequent periods.

Provisions for employee benefits

The Group has no pension plan for the German entities, but various pension plans for the Dutch entities and other entities abroad Germany and The Netherlands. The Dutch plans are financed through contributions to pension providers such as insurance companies. The other foreign pension plans can be compared to how the Dutch pension system has been designed and functions. The pension obligations of both the Dutch and the other foreign plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Other provisions

Other provisions are recognized for legal or notional obligations to third parties arising from past events, as well as for agreements containing charges if the outflow of funds to settle the obligations is likely and can be reliably estimated.

Other provisions are measured according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are measured based on best possible estimates in this context. No interest is applied due to the short-term nature of these provisions. Compensation claims against third parties are capitalized separately from provisions if their realization is almost certain.

Share-based compensation transactions

Stock options, in other words, share-based compensation transactions that are settled with equity instruments, are measured at fair value on the vesting date. The fair value of the obligation is reported as personnel expenditure within equity over the entitlement period. The stock options' fair value is calculated using the internationally recognized Black-Scholes-Merton formula.

The share-based program for Management Board and employee compensation includes an option for Cliq Digital AG to satisfy the options in either cash or Cliq Digital AG ordinary shares. As of the balance sheet date, the company does not intend to satisfy share-based compensation in cash.

Supplementary information about items in the balance sheet and the income statement.

(1) Intangible assets

Intangible assets reported the following changes:

In EUR thousand	Internally generated intangible assets	Customer base	Customer acquisition costs	Other intangible assets	Goodwill	Total
Cost						
January 1, 2014	3,453.0	11,720.8	-	243.2	43,322.2	58,739.2
Additions	147.1	-	6,515.3	-	-	6,662.4
Disposals	-	-	-	-	-	-
June 30, 2014	3,600.1	11,720.8	6,515.3	243.2	43,322.2	65,401.6
Amortization and impairment losses						
January 1, 2014	1,974.3	10,970.3	-	243.2	105.6	13,293.4
Amortization	398.8	416.8	3,225.6	-	-	4,041.2
Disposals	-	-	-	-	-	-
June 30, 2014	2,373.1	11,387.1	3,225.6	243.2	105.6	17,334.6
Carrying amount December 31, 2013	1,478.7	750.5	-	-	43,216.6	45,445.8
Carrying amount June 30, 2014	1,227.0	333.7	3,289.7	-	43,216.6	48,067.0

Because of the change of accounting estimate in relation to the customer acquisition costs, amortization of intangible assets has risen significantly with an opposite effect in the other operating expenses (Media Cost) which have decreased significantly.

(2) Taxes

Taxes on income can be specified as follows:

in EUR thousand	HY 1 2014	HY 1 2013
Current taxes on income-Germany		
Corporation taxes	-	-
Trade taxes	-	-
	-	-
Current taxes on income – The Netherlands		
Corporation taxes	86.2	-414.1
	86.2	414.1
Current taxes on income – Abroad	-2.7	-27.3
Subtotal Current taxes	83.5	-441.4
Deferred taxes on income	-386.9	269.7
Actual tax expense (-)/income (+)	-303.4	-171.7

The tax deferrals are allocated to the following balance sheet items:

in EUR thousand	30/6/2014		31/12/2013	
	Deferred tax asset	Deferred tax liabilities	Deferred tax asset	Deferred tax liabilities
Intangible assets	-	913.4	-	505.2
Tax loss carry forwards	3,081.3	-	3,060.0	-
Netting of deferred tax assets and liabilities	2,167.9		2,554.8	

(3) Equity

The consolidated equity in his individual components are reported separately in the "Statement of changes in equity".

(4) Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to Cliq Digital AG shareholders by the weighted average number of shares in issue. Diluted earnings per share also take into account all shares that can potentially be issued due to the stock option program.

	HY 1 2014	HY 1 2013
Profit/Loss attributable to Cliq Digital shareholders (in EUR thousand)	619.3	1,432.3
Number of shares in circulation as of January 1	4,441,699	3,946,699
Number of shares in circulation as of June 30	4,441,699	3,946,699
Weighted average number of shares in issue	4,441,699	3,946,699
Basic earnings per share (in EUR)	0.14	0.36
Number of potentially dilutive ordinary shares (in number of shares)	89,050	93,800
Weighted average number of shares for the calculation of diluted earnings per share	4,530,749	4,040,499
Diluted earnings per share (in EUR)	0.14	0.35

(5) Other provisions

in EUR thousand	30/6/2014	31/12/2013
Taxes on income	-15.6	466.1
Costs for financial statements and auditing	132.3	148.0
Miscellaneous provisions	629.2	660.3
Total other current provisions	745.9	1,274.4

(6) Bank borrowings

Bank borrowings are recognized at amortized cost. Bank borrowings correspond to a term loan of EUR 6,750,000 and a credit (revolving) facility of EUR 7,000,000 of which EUR 6,883,700 is utilized as per June, 2013.

The original amount of the term loan amounted to EUR 6,750,000 and was provided by Commerzbank AG in the first quarter of 2014. The monthly redemption of EUR 187,500 started in March 2014 and ends in February 2016. The last redemption payment includes a final bullet payment of EUR 2,250,000. The remaining part of the loan per 30 June 2014 is EUR 6,000,000.

The applicable interest rates for the loan and the credit facility are respectively Euribor plus 3.45% and Euribor plus 2.95%. As of today the maximum overdraft facility, under certain restrictions, amounts to EUR 10 million with an average interest rate of Euribor plus 2.70%.

in EUR thousand	30/6/2014	31/12/2013
Loan (residual term > 1 year)	3,750.0	-
Credit facility used (residual term > 1 year)	6,883.7	-
Total bank borrowings (residual term > 1 year)	10,633.7	-
Loan (residual term < 1 year)	2,250.0	6,750.0
Credit facility used (residual term < 1 year)	-	3,576.7
Total bank borrowings (residual term < 1 year)	2,250.0	10,326.7
Total bank borrowings	12,883.7	10,326.7

(7) Other operating expenses

Other operating expenses include the following expenses:

in EUR thousand	HY 1 2014	HY 1 2013
Media costs	178.6	7,040.0
Costs for technology and licenses	12,710.4	14,418.2
Other	1,194.8	991.7
Total	14,083.8	22,449.9

Because of the change of accounting estimate in relation to the customer acquisition costs, media costs decreased significantly, with an opposite effect in the amortization of intangible assets which has risen significantly.

(8) Number of employees

The average number of employees in during the period was as follows:

	HY 1 2014	HY 1 2013
Germany	3	22
The Netherlands	90	97
Abroad	1	2
Total (fulltime and part-time)	94	121

Düsseldorf, September 29, 2014

Cliq Digital AG, Düsseldorf

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(Vorstand)