TUNGSTEN CORPORATION PLC
(“Tungsten”, the “Company” or “Group”)

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

14 December 2016

Tungsten Corporation plc (LSE: TUNG), the global e-invoicing, purchase order services, analytics and financing company, today announces its results for the six months ended 31 October 2016 (“H1-FY17”).

Financial Highlights

- Revenue up 20% at £15.5 million (H1-FY16: £13.0 million); up 11% at constant exchange rates
- EBITDA[1] loss decreased by £1.9 million to £6.3 million (H1-FY16: £8.2 million loss)
- Statutory loss after tax £4.5 million, a £15.5 million improvement over H1-FY16
- Net cash and cash equivalents ended at £2.6 million (30 April 2016: £9.3 million). Reported cash excludes £23.5 million cash and invoice receivables in Tungsten Bank, which is held for sale
- Completion of Tungsten Bank sale for total of approximately £30 million scheduled for 21 December 2016

Operational Highlights

- 17 existing Tungsten Network Buyers renewed contracts with weighted average price lift of 40%
- 4 new Buyers signed for signed contract value of £1.1 million; 178 total Buyers at 31 October 2016
- 10,000 net new Suppliers added to Tungsten Network to bring total Suppliers to 213,000 at 31 October 2016
- 560 new Integrated Solution Suppliers signed for contracted revenue of £1.5 million, and a further 11,700 Web Form Suppliers added
- Total Tungsten Network invoice volumes increased 6.3% to 8.4 million (H1-FY16: 7.9 million)
- Tungsten financed Supplier invoices worth a total £60.1 million (H1-FY16: £43.2 million) for an average duration of 38 days at an average gross yield of 6.7% (H1-FY16: 6.2%)
- Secured gross annualised procurement and spend management savings of £1.5 million
- Launched first adjacent product, a currency conversion partnership with Payoneer

Subsequent Events

In the five weeks since the period-end, the following notable events have occurred:

- Two additional new Buyers signed
- 10 further Buyer renewals, increasing the weighted average price lift for FY17-to-date renewals to 47%
- Two sales of our new Invoice Data Capture product for signed contract value of £0.2 million
- Tungsten Network Finance restarted with strengthened financing offer
- £3.95 million in total cash now received in part payment for sale of Tungsten Bank

Outlook

- On track to deliver:
  - Revenue of at least £30 million for FY17;
  - EBITDA loss (now excluding the discontinued operations of Tungsten Bank) of less than £13 million for FY17; and
  - Net cash in excess of £20 million at 30 April 2017
- Remain committed to achieving monthly EBITDA breakeven during calendar 2017, with precise month dependent on the phasing of new customer and product sales

- Anticipate Early Payment financing levels to double by the end of FY17, with material increases in this revenue from FY18, including enhanced revenue share from revised agreement with external funding partner

(1) *EBITDA is defined as operating loss before depreciation, amortisation, impairment, discontinued operations and share-based payments charges*

Richard M. Hurwitz, Chief Executive Officer, commented:

"I am very encouraged by the emerging momentum across our business, notably in the areas where we have been investing. We are making good progress toward our strategic goals, repairing operational efficiency while positioning the business for profitable growth. The benefits of the changes we are making are starting to show in our reported results. We have been executing to plan and ensuring cost discipline as we take needed steps on the path to profitability. I am especially encouraged by our customers' response to the new products we have launched.

"Completing the sale of Tungsten Bank is an important component in the reshaping of our business. With a stronger customer proposition, improved funding structure and the right leaders, our expectations for developing a successful invoice financing business are high."

Analyst Presentation

Richard Hurwitz, Chief Executive Officer, and David Williams, Chief Financial Officer, will today host a conference call and webcast at 9.00am UK time. To access the webcast please click here. The dial-in number for the conference call is +44 (0) 20 3003 2666 / +1 212 999 6659 with the password 'Tungsten' and a presentation will be available on the Tungsten website.

A replay facility will be available until 28 December 2016. The dial-in number for the replay facility is +44 (0) 20 8196 1998 with the access code 4705295.

Enquiries

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About Tungsten Corporation plc

Tungsten Corporation (LSE: TUNG) aims to be the world's most trusted business transaction network by using data intelligently to strengthen the global supply chain.

Tungsten Network is a secure e-invoicing, purchase order services and workflow platform that brings businesses and their Suppliers closer together with unique technology that revolutionises invoice processing, maximises efficiency and improves cash flow management. Delivering trusted connections and streamlined transactions, the network also provides users with real-time spend analysis and offers Suppliers access to invoice financing through Tungsten Network Finance, a form of alternative finance for businesses.

Tungsten Network processes invoices for 70% of the FTSE 100 and 72% of the Fortune 500. It enables Suppliers to submit tax compliant e-invoices in 47 countries, and last year processed transactions worth over £133bn for organisations such as Alliance Data, Cargill, Deutsche Lufthansa, General Motors, GlaxoSmithKline, Mondelēz International, Henkel, IBM, Kellogg's and the US Federal Government.

Trusted, passionate and proven, Tungsten is making the digitisation of global commerce between Buyers and Suppliers faster, easier and smarter.

Forward Looking Statements

This document contains forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tungsten as of the date of this statement. All written or oral forward-looking statements attributable to Tungsten are qualified by this caution. Tungsten does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tungsten's expectations.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Business and Strategic Update

These results are the first full six-month reporting period following the announcement of the revised strategic objectives that we launched just one year ago. Our business has changed significantly in a short period of time. We have brought in new talented people and promoted others from within. We have reshaped the structure of the business to break down inherent silos, and with that, given clarity to our people of what they can do to support the delivery of our goals. There is much more to achieve in the transformation, but as we visit our offices and speak to our people, we are deeply encouraged by their determination to be part of growing Tungsten into a profitable business.

The four strategic objectives that we launched one year ago were as follows:

- Elevate our customer engagement by driving network benefits for them;
- Use end-to-end digital processes to ensure that our people and processes deliver effectively;
- Leverage our network and its data to deliver distinctive financing products; and
- Increase the value we offer our customers by providing adjacent products and services.

These strategic objectives represent a considered approach to optimising our short-term goal of becoming cash flow positive and our longer-term goal of fast paced revenue growth at a strong profit margin. We have made progress in each of our strategic objectives and I am encouraged that we have grown revenues by 20% compared to the same period in the prior year. Our reported revenue has benefited from the weakening of sterling, and growth was 11% based on constant exchange rates. This follows two six-month periods of broadly flat revenues and demonstrates the early success of our enhanced customer engagement and value based pricing.

Currency movements have had an adverse impact on our adjusted operating expenses [(2)], which grew 1% or £0.5 million to £21.8 million as reported, but would have decreased by 1% or £0.2 million compared to the same period in the prior year based on constant exchange rates.

Operating costs will reduce as the efficiency projects underway to deliver enhanced automation of our internal processes are completed, initially in H2-FY17 and then over the course of FY18.

(2) Operating expenses before depreciation, amortisation, impairment, discontinued operations and share-based payments charges

Tungsten Network

Tungsten Network continued to grow in the period, both through the addition of new Buyers and their Suppliers to the network and through creating additional connections between existing Buyers and Suppliers.

We have continued to renew existing Buyer contracts at higher pricing levels. The 17 contract renewal negotiations that were concluded during the period were at a weighted average price lift of 40%. A further 35 Buyers have contracts due for renewal in H2-FY17, of which ten have been completed since the period end, increasing the weighted average price lift for FY17-to-date renewals to 47%. We expect to be able to continue to secure price increases, although the potential size of increases is not known at this stage.

During the period four new Buyers contracted to join Tungsten Network; two for e-Invoicing, one for Workflow and Invoice Status Service (ISS), and one for Workflow, ISS and our new Invoice Data Capture (IDC) product. One Buyer left the network, bringing our total number of Buyers to 178 as at 31 October 2016. Since the period-end two additional new Buyers have signed.

The new Buyers each agreed deals ranging from two to five years with a total contracted value over that period of £1.1 million. The value of guaranteed fees excludes potential revenues from their Suppliers. The fees lost from the exiting Buyer are immaterial.

Suppliers contributed 57% of Tungsten Network revenues in H1-FY17, of which Integrated Solution Suppliers represented 82%. A total of 560 new Integrated Solution Suppliers were contracted during the period, an increase of

21% from the prior year. Our Buyers continue to tell us that they want to do more with us and that the changes we have made to internal processes will allow us to on board Suppliers more effectively and efficiently than before.

In addition, 11,700 new Web Form Suppliers sent their first invoice over Tungsten Network during the period. Web Form Suppliers contributed 10% of Tungsten Network revenues in H1-FY17 (18% of Supplier revenues). Though we receive no revenue from 80% of Web Form Suppliers, these customers are strategically important as they:

- Deliver transactions to our Buyer customers, which Buyers pay us to receive;
- Are an important part of the digitisation of our Buyers' supply chain; and,
- Represent an opportunity for Tungsten to upsell the Integrated Solution or other adjacent products.

The total volume of new Suppliers was less than anticipated as Buyers who had previously indicated their intention for us to on-board their Suppliers during the period were not ready for us to do so. We are now working more closely with these and other Buyers to support their internal readiness for Tungsten Network rollout to their Suppliers. We ended the period with 213,000 Supplier accounts on Tungsten Network, an increase of 5%, or 10,000 net new Suppliers, over the total as at 30 April 2016.

The total volume of invoices processed in the period was 8.4 million, a 6.3% increase on the prior period (H1-FY16: 7.9 million).

Tungsten Network Finance

We remain committed to growing a profitable invoice financing offering and are confident we are well placed to achieve this objective given our special operating assets, in particular Tungsten Network. As we have previously announced, the sale of Tungsten Bank is scheduled to complete on 21 December 2016.

We have completed the required changes to the management and wider team of Tungsten Network Finance, recruiting a small number of high-calibre individuals with strong experience in receivables' financing. This team is now responsible for all of the sales and operations of our invoice financing offerings and have made significant progress in restructuring this important part of our business.

Our relaunched Tungsten Early Payment product includes a new online customer portal, a simplified and more competitive pricing structure, and streamlined customer on boarding. We will provide more details on the impact of our relaunch in due course. The relaunch is not reflected in the reported results below.

By 31 October 2016, 476 Suppliers had signed a contract to use Tungsten Early Payment (30 April 2016: 361).

Tungsten financed a total of £60.1 million of invoices in the period (H1-FY16: £43.2 million; H2-FY16: £59.5 million) at an average gross yield of 6.7% (H1-FY16: 6.2%; H2-FY16: 6.3%). The average duration of financed invoices was 38 days (H1-FY16: 40 days; H2-FY16: 34 days).

Invoices totalling £12.1 million were outstanding as at 31 October 2016 (30 April 2016: £17.3 million). The average outstanding invoices financed over the period was £14.1 million (FY16: £11.1 million).

Revenue from Tungsten Early Payment was £251,000 (H1-FY16: £84,000). Of this, £241,000 was revenue from invoice receivables financed by Tungsten Bank, which is discontinued. Revenue of £10,000 was recorded from our arrangements with Insight Investment, which was prior to the commencement of our revised arrangements. In the future we expect to receive a greater share of the gross yield from invoices sold to Insight Investment following the relaunch of our financing initiatives in November 2016.

Tungsten Bank

The sale of Tungsten Bank is contracted to be concluded on 21 December 2016 for a total consideration of approximately £30 million. Since the period-end, regulatory approvals from the Prudential Regulation Authority and the Financial Conduct Authority were received and there are no further conditions to be satisfied prior to the completion of the transaction.

Tungsten has agreed a staged completion with the purchaser, Wyelands Holdings Limited, on behalf of Sanjeev Gupta and his family. On 16 November 2016 Tungsten disclosed that it had received from the purchaser a cash consideration of £3.95 million in part payment of the premium in addition to net assets of £25 million. The outstanding consideration is to be paid in cash at final completion. The purchaser will cover all ongoing expenses of the Bank during the period to final completion.

Given the impending sale, Tungsten Bank has been classified as discontinued operations in the reporting period, in which its reported revenue was £241,000 (H1-FY16: £84,000). Tungsten Bank's revenue was exclusively generated from invoices sold to it by Tungsten.

Outlook

- On track to deliver:
  - Revenue of at least £30 million for FY17;
  - EBITDA loss (now excluding the discontinued operations of Tungsten Bank) of less than £13 million for FY17; and
  - Net cash in excess of £20 million at 30 April 2017
- Remain committed to achieving monthly EBITDA breakeven during calendar 2017, with precise month dependent on the phasing of new customer and product sales
- Anticipate Early Payment financing levels to double by the end of FY17, with material increases in this revenue from FY18, including enhanced revenue share from revised agreement with external funding partner

Principal Risks and Uncertainties

The Group's principal risks and uncertainties remain the same as those set out in the Tungsten Corporation plc Annual report and accounts for the year ending 30 April 2016.

Financial Results

The results of Tungsten Bank have been classified as discontinued operations following the regulatory approval of its sale.

Revenues:

On a continuing operations basis	Buyers	Suppliers	Tungsten Network Finance	Group
Revenue	**£6.7m**	**£8.8m**	**Immaterial**	**£15.5m**
Change at actual exchange rate	33%	11%	n/a	20%
Change at constant exchange rate	22%	4%	n/a	11%

Group revenue was £15.5 million (H1-FY16: £13.0 million), representing an increase of 20% at actual exchange rates. At constant exchange rates revenue grew by 11%. The growth in revenues reflected the benefits of new customer sales and existing customer price increases.

Revenue from 178 Buyer customers grew 33% to £6.7 million. This includes four new Buyers, which contributed £0.4 million in the period.

We have continued the successful programme of Buyer contract renewals that had commenced in FY16. Price lift achieved in FY16 contributed £0.6 million of revenue in the reported period. We achieved further price increases averaging 40% with 17 of our Buyer customers in H1-FY17. These are expected to increase FY17 revenue by £0.3 million of which £0.1 million impacted H1-FY17.

Revenue from our Supplier customers grew 11% to £8.8 million. This was split 82% Integrated Suppliers and 18% Web Form (H1-FY16 split: 66%:34%). The change in mix represents a focus on the business on the higher revenue generating Integrated Solution Suppliers.

Tungsten purchases invoices from approved Suppliers of Tungsten Network, which are then sold to a funding partner. In the reporting period these funding partners were Tungsten Bank and Insight Investment. Tungsten Network Finance revenue of £10,000 (H1-FY16: nil) excludes revenue from Tungsten Bank, which is discontinued. Tungsten Bank revenue amounted to £241,000 (H1-FY16: £84,000).

The revenue generated by Tungsten Bank represents 100% of the gross yield achieved on Tungsten Early Payment invoices sold to Tungsten Bank. Once Tungsten Bank is sold, we expect to continue to sell invoices to it, with Tungsten Network Finance revenues derived from both Insight Investment and Tungsten Bank.

In November 2016, Tungsten Network Finance started to operate with Insight Investment under a revised funding arrangement that will result in a higher proportion of revenues generated by the Tungsten Early Payment product being paid to Tungsten Network Finance. In future reporting, Tungsten Network Finance revenues will therefore represent Tungsten's share of revenue from all of its funding partners.

EBITDA:

On a continuing operations basis	Tungsten Network	Tungsten Network Finance	Corporate	Group
Revenue	**£15.5m**	**Immaterial**	**-**	**£15.5m**
Change at actual exchange rate	20%	n/a	n/a	20%
Change at constant exchange rate	11%	n/a	n/a	11%
Adjusted operating expenses(1)	**£(17.8)m**	**£(0.8)m**	**£(3.3)m**	**£(21.8)m**
Change at actual exchange rate	13%	(67)%	5%	3%
Change at constant exchange rate	9%	(67)%	5%	(1)%
EBITDA(1)	**£(2.2)m**	**£(0.8)m**	**£(3.3)m**	**£(6.3)m**
Change at actual exchange rate	(18)%	(68)%	5%	(24)%
Change at constant exchange rate	(3)%	(68)%	5%	(19)%

(1) Adjusted operating expenses and EBITDA exclude depreciation, amortisation, impairment, discontinued operations, and share-based payments charges

Group EBITDA loss was £6.3 million (H1-FY16: £8.2 million), a reduction of 24%. The reduction reflects a £2.5 million increase in revenue, offset by a £0.6 million increase in adjusted operating expenses.

Our operating cost base is changing as a result of the reorganisation and reengineering of the business. We reduced the costs in Tungsten Network Finance by £1.6 million compared to the same period in the prior year, and reduced other costs through procurement and spend control initiatives by £0.5 million. The full-year impact of these initiatives is expected to be £1.4 million.

We are continuing to identify opportunities where targeted operational expenditure can deliver an appropriate return, primarily in systems and development costs. These totalled an additional £1.5 million in the period. We also incurred one-off costs of £1.2 million, reflecting contract cancelation, write-offs and redundancy costs.

Adjusted operating expenses in Tungsten Network grew 13% as reported, or 9% at constant exchange rates. Employee related expenses represented £8.6 million of Tungsten Network's £17.8 million adjusted operating expenses.

Adjusted operating expenses in Tungsten Network Finance of £0.8 million primarily related to employee related expenses (£0.5 million) and systems costs (£0.2 million).

Adjusted operating expenses in our Corporate segment include Board costs, the costs associated with being on the Alternative Investment Market and certain centralised costs and totalled £3.3 million in the period.

Loss Before Tax:

The Group loss before tax was £4.5 million (H1-FY16: £19.9 million). This includes:

- Depreciation and amortisation of £1.4 million (H1-FY16: £1.2 million)
- Share based payment expense of £0.2 million (H1-FY16: £0.3 million)
- Net finance income of £4.8 million (H1-FY16: 2.3 million loss). The majority of the net finance income represented the gain on the revaluation of intercompany loans to overseas subsidiaries
- Taxation credit of £0.1m (H1-FY16: £0.2m)

Discontinued Operations:

Discontinued operations contributed a loss of £1.5 million (H1-FY16: £8.1 million). The comparative includes an impairment charge of £6.8 million.

Liquidity and Going Concern:

Cash and cash equivalents, excluding those in Tungsten Bank which is held for sale, were £2.6 million at 31 October 2016 (30 April 2016: £9.3 million; 31 October 2015: £15.9 million).

Cash and cash equivalents, including those in Tungsten Bank, were £21.8 million at 31 October 2016 (30 April 2016: £27.0 million; 31 October 2016: £39.7 million), a net outflow in the reporting period of £5.1 million.

H1-FY17 Cash Flow	Continuing operations	Discontinued operations	Group
Net cash outflow from operating activities	£(6.2)m	£0.8m	£(5.4)m
Net cash outflow from investing activities	£(0.4)m	£(0.4)m	£(0.8)m
Net cash inflow from financing activities	-	£1.2m	£1.2m
Exchange adjustments	£(0.1)m	£(0.1)m	£(0.2)m
Net increase / (decrease) in cash & cash equivalents	£(6.7)m	£1.5m	£(5.2)m
Cash and cash equivalents at the start of the period	£9.3m	£17.7m	£27.0m
Cash and cash equivalents at the end of the period	£2.6m	£19.2m	£21.8m

Excluding discontinued operations, the Group had a net cash outflow in the reporting period of £6.7 million. This reflects a cash outflow from operating activities of £6.2 million, a cash outflow from investing activities of £0.3 million and exchange adjustments of £0.2 million. No drawings were made on the Group's revolving credit facility in the period.

The Group's discontinued operations recorded a net cash inflow of £1.5 million in the period.

Condensed consolidated income statement

	Note	**Six months ended 31 October 2016**	Six months ended 31 October 2015 (re-presented) (restated) (Note 2)
		(unaudited)	(unaudited)
		£'000	£'000
Continuing operations:			
Revenue	5	**15,538**	12,976
Operating expenses		**(23,400)**	(22,681)
Operating loss		**(7,862)**	(9,705)
EBITDA		**(6,295)**	(8,222)
Depreciation and amortisation		**(1,396)**	(1,216)
Share based payment expense	5	**(171)**	(267)
Operating loss		**(7,862)**	(9,705)
Finance income	11	**6,907**	32
Finance costs	11	**(2,125)**	(2,366)
Net finance income / (costs)		**4,782**	(2,334)
Loss before taxation		**(3,080)**	(12,039)
Taxation		**127**	189
Loss for the period from continuing operations		**(2,953)**	(11,850)
Discontinued operations			
Loss for the period from discontinued operations	8	**(1,504)**	(8,069)
Loss for the period		**(4,457)**	(19,919)
Loss per share from continuing and discontinued operations attributable to the equity holders of the parent during the period (expressed in pence per share):			
Basic and diluted loss per share			
From continuing operations	12	**(2.34)**	(9.83)
From discontinued operations	12	**(1.19)**	(6.69)
		(3.53)	(16.52)

The notes on pages 14 to 22 are an integral part of these condensed interim financial statements.

Condensed consolidated statement of comprehensive income

	Six months ended 31 October 2016 (unaudited) £'000	Six months ended 31 October 2015 (restated) (Note 2) (unaudited) £'000
Loss for the period	**(4,457)**	(19,919)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(4,032)**	2,232
Total comprehensive loss for the period	**(8,489)**	(17,687)

Items in the statement above are disclosed net of tax.

The notes on pages 14 to 22 are an integral part of these condensed interim financial statements.

Condensed consolidated statement of financial position

	Note	**As at 31 October 2016 (unaudited)**	As at 30 April 2016 (restated) (Note 2)	As at 30 April 2015 (restated) (Note 2)
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets	6	**117,219**	116,770	128,126
Property, plant and equipment	7	**1,798**	1,924	2,211
Trade and other receivables		**525**	539	624
Total non-current assets		**119,542**	119,233	130,961
Current assets				
Trade and other receivables		**9,610**	8,726	7,783
Invoice receivables		**-**	-	6,392
Cash and cash equivalents		**2,577**	9,268	32,603
		12,187	17,994	46,778
Assets held for sale	8	**28,535**	28,737	-
Total current assets		**40,722**	46,731	46,778
Total assets		**160,264**	165,964	177,739
Capital and reserves attributable to the equity shareholders of the parent				
Share capital	9	**553**	553	454
Share premium	9	**188,794**	188,794	171,875
Shares to be issued		**3,760**	3,760	3,760
Merger reserve		**28,035**	28,035	28,035
Share based payment reserve		**5,590**	5,419	5,237
Other reserve		**(9,253)**	(5,221)	(5,955)
Accumulated losses		**(79,663)**	(75,206)	(46,934)
Total equity		**137,816**	146,134	156,472
Non-current liabilities				
Deferred taxation		**2,972**	3,010	4,006
Total non-current liabilities		**2,972**	3,010	4,006
Current liabilities				
Trade and other payables		**9,336**	7,490	8,628
Deferred income		**8,925**	8,318	8,633
Total current liabilities		**18,261**	15,808	17,261
Liabilities directly associated with assets held for sale	8	**1,215**	1,012	-
Total liabilities		**22,448**	19,830	21,267
Total equity and liabilities		**160,264**	165,964	177,739

The notes on pages 14 to 22 are an integral part of these condensed interim financial statements.

Condensed consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve	Shares to be issued	Share based payment reserve	Other reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(unaudited) (restated)								
Balance as at 1 May 2016	**553**	**188,794**	**28,035**	**3,760**	**5,419**	**(5,221)**	**(75,206)**	**146,134**
Currency translation differences	-	-	-	-	-	(4,032)	-	(4,032)
Loss for the period	-	-	-	-	-	-	(4,457)	(4,457)
Total comprehensive loss	-	-	-	-	-	**(4,032)**	**(4,457)**	**(8,489)**
Transactions with owners								
Share based payment expense	-	-	-	-	171	-	-	171
Transactions with owners	**-**	**-**	**-**	**-**	**171**	**-**	**-**	**171**
Balance as at 31 October 2016	**553**	**188,794**	**28,035**	**3,760**	**5,590**	**(9,253)**	**(79,663)**	**137,816**

	Share capital	Share premium	Merger reserve	Shares to be issued	Share based payment reserve	Other reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(unaudited) (restated)								
Balance as at 1 May 2015	**454**	**171,875**	**28,035**	**3,760**	**5,237**	**(5,955)**	**(46,934)**	**156,472**
Currency translation differences	-	-	-	-	-	2,232	-	2,232
Loss for the period	-	-	-	-	-	-	(19,919)	(19,919)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**2,232**	**(19,919)**	**(17,687)**
Transactions with owners								
Shares issued during the period	96	16,625	-	-	-	-	-	16,721
Share based payment expense	-	-	-	-	267	-	-	267
Transactions with owners	**96**	**16,625**	-	-	**267**	-	-	**16,988**
Balance as at 31 October 2015	**550**	**188,500**	**28,035**	**3,760**	**5,504**	**(3,723)**	**(66,853)**	**155,773**

The notes on pages 14 to 22 are an integral part of these condensed interim financial statements.

Condensed consolidated statement of cash flows

	Note	Six months ended 31 October 2016 (unaudited) £'000	Six months ended 31 October 2015 (restated) (Note 2) (unaudited) £'000
Cash flows from operating activities			
Continuing operations			
Loss before taxation		**(3,080)**	(20,108)
Adjustments for:			
Depreciation and amortisation		**1,396**	1,216
Impairment		**-**	6,810
Finance costs		**2,125**	2,366
Finance income		**(6,907)**	(32)
Share based payment expense		**171**	267
Cash generated from operations		**(6,295)**	(9,481)
Changes in working capital:			
Increase in trade and other receivables		**(2,021)**	(2,289)
Increase in invoice receivables		**-**	5,041
Increase/(decrease) in trade and other payables		**2,505**	(2,482)
Net interest (paid)/received		**(394)**	(80)
Discontinued operations		**800**	-
Net cash outflows from operating activities		**(5,405)**	(9,291)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(63)**	(87)
Purchases of intangibles		**(269)**	(489)
Discontinued operations		**(429)**	-
Net cash outflow from investing activities		**(761)**	(576)
Cash flows from financing activities			
Proceeds of share issue		**-**	16,721
Discontinued operations		**1,150**	-
Net cash inflow from financing activities		**1,150**	16,721
Net Increase/(decrease) in cash and cash equivalents		**(5,016)**	6,854
Cash and cash equivalents at start of the period		**27,023**	32,603
Exchange (losses)/gains		**(183)**	290
Cash and cash equivalents including cash held in disposal groups at the end of the period		**21,824**	39,747
Cash held in disposal groups		**(19,247)**	(23,861)
Cash and cash equivalents at the end of the period		**2,577**	15,886

The notes on pages 14 to 22 are an integral part of these condensed interim financial statements.

Accounting Policies

1. General Information

Tungsten Corporation plc (the Company) and its subsidiaries (together, the Group) is a global e-invoicing network that offers supply chain financing and spend analytics.

The Company is a public limited company, which is incorporated and domiciled in the U.K. The address of its registered office is Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL, U.K.

2. Basis of Preparation

These condensed consolidated interim financial statements of the Tungsten Corporation plc for the six months ended 31 October 2016 ("the interim financial statements") comprise the company and its subsidiaries (together referred to as the "Group").

The condensed consolidated interim financial statements for the six months ended 31 October 2016 were approved by the Board for issue on 13 December 2016.

The condensed consolidated interim financial statements for the six months ended 31 October 2016 do not constitute the Group's statutory accounts. Statutory accounts for the year ended 30 April 2016 were approved by the Board of Directors on 25 July 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements for the six months ended 31 October 2016 have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the European Union ('EU'). These interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 April 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee (IFRS IC).

The condensed consolidated financial statements have been prepared applying the accounting policies, methods of computation and presentation consistent with those described in the Annual report and accounts for the year ended 30 April 2016.

Adjusted Measure of Performance

The Group considers EBITDA, which is defined as operating profit or loss before depreciation, amortisation, impairments and share based payment charge as the most appropriate measure of the Group's underlying performance.

Going Concern

These condensed consolidated financial statements for the period ended 31 October 2016 have been prepared under the assumption that the Group will continue as a going concern. The Directors' going concern assessment is based on cash flow forecasts and projections which include anticipated trading performance and the sale of Tungsten Bank. The Directors apply judgement in estimating the probability, timing and value of underlying cash flows. The Directors have identified alternative strategies of accessing the liquidity from Tungsten Bank should the sale of Tungsten Bank not be completed in calendar year 2016 and have a revolving credit facility from HSBC to meet any short-term liquidity requirements.

On the basis of these forecasts and analysis the Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Re-presentation
Final completion of the sale of Tungsten Bank is for 21 December 2016. Its results and comparatives are presented in this interim financial information as a discontinued operation.

Restatement
In accordance with IAS 21, exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements should be recognised in profit or loss in the period in which they arise. Prior year financial information presented such exchanged differences in the other comprehensive income and other reserves. Accordingly prior year financial information has been restated for an amount of £2.3 million net exchange losses to be reclassified from other comprehensive income to finance income and expenses. Opening equity has also been corrected to reflect a reclassification of accumulated net income from ‘other reserves’ to accumulated losses for an amount of £1.6 million.

New Standards, Amendments and Interpretations Issued But Not Yet Effective In 2016 and Not Early Adopted
The interim financial statements have been prepared with the same accounting policies and methods of computation followed in the most recent annual financial statements. This includes consideration of the new accounting standards issued but not yet effective. The impact on the group’s financial statements of the future adoption of these and other new standards and interpretation is still under review. The group does not expect, with the exception of IFRS 15 ‘Revenue from contracts with customers’, that any of these changes will have a material effect on the results or net assets of the group. There were no other new IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the group.

3. Estimates

The preparation of interim financial statements requires management to make 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.

In preparing these condensed interim financial statements, 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 for the year ended 30 April 2016.

Going Concern
The Group going concern assessment is based on forecasts and projections of anticipated trading performance. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows.

4. Financial Risk Management

The Group’s activities expose it to a variety of financial risks, predominantly credit, liquidity and foreign currency risk. Risk management is carried out by the Board of Directors. The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group’s annual financial statements as at 30 April 2016. There have been no changes in the risk management department or in any risk management policies since the year end.

5. Segment Information

Management have determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker (CODM).

The Board of Directors reviews financial information for four segments: Tungsten Network (which includes the e-Invoicing and spend analytics business of Tungsten Network), Tungsten Network Finance (which includes the supply chain finance business), Tungsten Bank (which is presented as discontinued in these interim financial statements) and Corporate (which includes overheads and general corporate costs). Intersegment revenue from management fees and other intersegment charges are eliminated below.

Six months ended 31 October 2016

(Including discontinued operations)	**Tungsten Network** £'000	**Tungsten Network Finance** £'000	**Bank (discontinued)** £'000	**Corporate** £'000	**Total** £'000
Revenue	15,528	10	241	-	**15,779**
Segment revenue	15,528	10	241	-	**15,779**
EBITDA - excluding non-cash share-based payments	(2,246)	(791)	(1,338)	(3,258)	**(7,633)**
EBITDA - including non-cash share-based payments	(2,246)	(791)	(1,338)	(3,429)	**(7,804)**
Share based payment					**(171)**
Depreciation, amortisation and impairment					**(1,466)**
Finance income					**6,907**
Finance cost					**(2,221)**
Loss before taxation					**(4,584)**
Income tax credit					**127**
Loss for the period					**(4,457)**
Capital expenditure	62	-	-	1	**63**
Total assets	129,557	226	28,535	1,946	**160,264**
Total liabilities	58,014	18,874	1,215	(55,655)	**22,448**

Six months ended 31 October 2015

(Including discontinued operations) (restated)	Tungsten Network	Tungsten Network Finance	Bank (discontinued)	Corporate	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	12,976	-	84	-	13,060
Segment revenue	12,976	-	84	-	13,060
EBITDA - excluding non-cash share-based payments	(2,734)	(2,356)	(1,277)	(3,114)	(9,481)
EBITDA - including non-cash share-based payments	(2,734)	(2,356)	(1,277)	(3,381)	(9,748)
Share based payment					(267)
Depreciation, amortisation and impairment					(8,026)
Finance income					32
Finance cost					(2,366)
Loss before taxation					(20,108)
Income tax credit					189
Loss for the period					(19,919)
Capital expenditure	407	-	-	169	576
Total assets	130,423	442	28,929	15,506	175,300
Total liabilities	15,459	2,028	1,092	359	18,938

6. Intangible Assets

	Goodwill	Customer Relationships	IT Platform	Software Licenses	Software development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 May 2016	98,198	11,103	6,955	4,716	663	121,635
Additions	-	-	5	21	618	644
Disposals	-	-	-	(29)	(332)	(361)
Exchange differences	588	20	526	19	1	1,154
Balance at 31 October 2016	**98,786**	**11,123**	**7,486**	**4,727**	**950**	**123,072**
Accumulated amortisation						
Balance at 1 May 2016	-	1,431	2,414	429	591	4,865
Amortisation	-	285	546	182	239	1,252
Amortisation – reclassified as held for sale	-	-	-	(70)	-	(70)
Disposals	-	-	-	-	(350)	(350)
Exchange differences	-	3	86	10	57	156
Balance at 31 October 2016	**-**	**1,719**	**3,046**	**551**	**537**	**5,853**
Net asset value as at 31 October 2016	**98,786**	**9,404**	**4,440**	**4,176**	**413**	**117,219**
Net asset value as at 30 April 2016	98,198	9,672	4,541	4,287	72	116,770

Tungsten Network

The Group has estimated the recoverable amount of the Tungsten Network CGU using a value-in-use model by projecting cash flows for the next five years together with a terminal value using a growth rate. The five-year plan used in the impairment models are based on Board approved budgets and management's past experience and future expectations of performance. The cash flow projections are based on the following key assumptions:

- Revenue growth from Buyers and Suppliers using the Tungsten Network, including Tungsten Workflow and Tungsten Analytics at a compound annual growth rate of 15%
- Pre-tax discount rate of 14.4% (FY16: 14.4%), being based on the Group's weighted average cost of capital (WACC)
- Growth rate used in the annuity of 2.0% (FY16: 2.0%). This does not exceed the long-term economic average growth of the territories that the Group operates in.

Based on the above assumptions, Tungsten Network exceeded the carrying value of the CGU by £28.4 million (FY16: £20.7 million). The recoverable amount of the Tungsten Network CGU was particularly sensitive to changes in the compound annual revenue growth rate. Assuming that there is a reduction in the compound annual growth rate to 11.7% the recoverable amount would equal the carrying value of the CGU.

Tungsten Bank

All goodwill associated with the CGU of Tungsten Bank was impaired as at 31 October 2015. Consequently, the carrying value of intangible assets associated with Tungsten Bank totalled £3.5 million, representing the value of the Tungsten Bank banking licence. Given the progress of the sale of Tungsten Bank, which is expected to be concluded by 21 December 2016 and realise in excess of the carrying value, we consider the carrying value to be appropriate.

7. Property, Plant and Equipment

	Leasehold improvements	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 May 2016	2,366	563	2,532	5,461
Additions	-	28	35	63
Disposals	-	(2)	(27)	(29)
Exchange differences	15	46	302	363
Balance at 31 October 2016	**2,381**	**635**	**2,842**	**5,858**
Accumulated Depreciation				
Balance at 1 May 2016	768	429	2,340	3,537
Charge for the period	94	24	96	214
Disposals	-	(1)	(27)	(28)
Exchange differences	15	35	287	337
Balance at 31 October 2016	**877**	**487**	**2,696**	**4,060**
Net Book Value				
At 31 October 2016	**1,504**	**148**	**146**	**1,798**
At 30 April 2016	1,598	134	192	1,924

8. Discontinued Operations and Assets Classified For Sale

On 16 November 2016, Tungsten announced that the sale of Tungsten Bank had received regulatory approval with a final completion date of 21 December 2016. In accordance with IFRS 5 'Non-current Assets Held for sale and Discontinued Operations', the assets and liabilities related to Tungsten Bank have been classified as a disposal group held for sale within the period.

The tables below show the results of the discontinued operations which are included in the Group income statement, Group balance sheet and Group cash flow respectively.

	As at 31 October 2016 (unaudited) £'000	As at 31 October 2015 (unaudited) £'000
Assets classified as held for sale		
Intangible assets	**3,569**	3,300
Trade and other receivables	**1,501**	417
Invoice receivables	**4,218**	1,351
Cash and cash equivalents	**19,247**	23,861
Total assets of the disposal group	**28,535**	28,929
Liabilities directly associated with assets held for sale		
Trade and other payables	**1,215**	433
Deferred taxation	**-**	660
Total liabilities of the disposal group	**1,215**	1,093
Total net assets of the disposal group	**27,320**	27,836

Income Statement

	Note	**Six months ended 31 October 2016 (unaudited) £'000**	Six months ended 31 October 2015 (unaudited) £'000
Revenue	2	**241**	84
Operating expenses		**(1,649)**	(8,153)
Operating loss		**(1,408)**	(8,069)
EBITDA		**(1,338)**	(1,259)
Depreciation and amortisation		**(70)**	-
Impairment		**-**	(6,810)
Operating loss		**(1,408)**	(8,069)
Finance costs		**(96)**	-
Net finance costs		**(96)**	(-)
Loss before taxation		**(1,504)**	(8,069)
Taxation		**-**	-
Loss for the period from discontinued operations		**(1,504)**	(8,069)

9. Share Capital and Share Premium

Issued and Fully paid	Ordinary Shares Number	Nominal Value	Share Capital £'000	Share Premium £'000
Balance as at 1 May 2016	103,529,412	0.00438	454	171,875
Shares issued during the year	22,539,985	0.00438	99	16,919
Balance as at 30 April 2016	**126,069,397**		**553**	**188,794**
Shares issued during the period	-	0.00438	-	-
Balance as at 31 October 2016	**126,069,397**		**553**	**188,794**

For further details on the presentation of share capital and share premium, refer to the Annual Report and accounts for the year ended 30 April 2016.

10. Share-based Payments

Share-based payment expenses of £171,000 have been recognised in the consolidated income statement for the six months ended 31 October 2016 (31 October 2015: £267,000). The table below sets out the movement in shares granted under the Company share schemes:

Number	Founder Securities	Employee Matched Shares	Save as you earn shares	Share options	Share Based Payments	Total
As at 30 April 2016	**3,760,000**	**251,487**	**65,920**	**910,625**	540,000	**5,528,032**
Granted during the year	-	-	-	1,186,063	2,800,000	3,986,063
Lapsed during the year	-	(35,117)	(27,200)	(23,213)	-	(85,530)
As at 31 October 2016	**3,760,000**	**216,370**	**38,720**	**2,073,475**	3,340,000	**9,428,565**

11. Finance Income and Costs

	Six months ended 31 October 2016 (unaudited) £'000	Six months ended 31 October 2015 (re-presented) (restated) (unaudited) £'000
Finance income		
Continuing operations		
Interest income on short-term deposits	**3**	32
Foreign exchange gains	**6,904**	-
Total finance income	**6,907**	32
Finance costs		
Continuing operations		
Interest expense and bank charges	**(404)**	(44)
Foreign exchange losses	**(1,721)**	(2,322)
Total finance costs from continuing operations	**(2,125)**	(2,366)
Net finance income / (costs) from continuing operations	**4,782**	(2,334)
Discontinued operations:		
Interest expense and bank charges	**(96)**	-
Net finance income / (costs)	**4,686**	(2,334)

12. Loss per Share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share amounts are calculated by dividing the loss attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

Loss per share from continuing and discontinued operations attributable to the equity holders of the parent during the period:

	Six months ended 31 October 2016			Six months ended 31 October 2015		
	Loss £'000	Shares '000	EPS p	Loss £'000	Shares '000	EPS p
Basic and diluted earnings per share						
Continuing operations	**(2,953)**	**126,069**	**(2.34)**	(11,850)	120,599	(9.83)
Discontinued operations	**(1,504)**	**126,069**	**(1.19)**	(8,069)	120,599	(6.69)
			(3.53)			(16.52)

13. Related-party Transactions

The Group entered into the following transactions with related parties in the ordinary course of business:

	For the six months ended	
	31 October 2016 **£'000**	31 October 2015 £'000
Purchase of services	-	867

The following companies, which were related parties for Tungsten for the six months ended 31 October 2015, are no longer so: Canaccord, due to the position held by Peter Kiernan as Chairman of European Investment Banking and both Ice Floe Limited and Disruptive Capital Finance LLP as they are companies controlled by Edmund Truell.

Transactions between Group entities principally relate to intercompany financing arrangements which are eliminated on consolidation.

14. Responsibility Statement

WE CONFIRM THAT TO THE BEST OF OUR KNOWLEDGE

(a) The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
(b) The interim financial statements include a fair review of the information required by DTR 4.2.7R (identification of important events during the first six months and their impact on the condensed set of financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
(c) The interim financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

By order of the Board
Richard Hurwitz, Chief Executive Officer
David Williams, Chief Finance Officer

Independent review report to Tungsten Corporation plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Tungsten Corporation plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim financial report of Tungsten Corporation plc for the 6 month period ended 31 October 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 31 October 2016;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 (UK and Ireland) 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.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
December 2016

a) The maintenance and integrity of the Tungsten Corporation plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.