TUNGSTEN CORPORATION PLC

("Tungsten" or collectively the "Tungsten Group")

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN NOR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

For Immediate Release

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 OCTOBER 2013

Tungsten Corporation plc (Tungsten), whose strategy is to create a leading cloud based global trading network through monetising its leading global e-invoicing network, today announced its results for the six months ended 31 October 2013.

Chairman's statement

Tungsten was admitted to the Alternative Investment Market (AIM) of the London Stock Exchange on 16 October 2013, raising £160 million of new money with a valuation of £225 million on admission. We brought to the market the combination of OB10 Limited, the leading global e-invoicing network, a rolling five-year licence agreement to deploy spend analytics software and the intention to provide invoice discounting through a range of financing methods.

We should like to welcome all our new shareholders and are grateful for their support. We look forward to a successful performance on the public markets in the years to come.

Basis of the presentation of results

Tungsten completed its acquisition of OB10 Limited (OB10) on 16 October 2013. In accordance with International Financial Reporting Standards, the consolidated financial results of the Tungsten Group include the results of Tungsten and Tungsten Corporation Guernsey Limited for the whole of the six month period but only include the results of OB10 and its subsidiaries for the period from 16 to 31 October 2013. On this basis, our loss before tax for the period was £5.5 million (six months to 31 October 2012: £9.0 million).

OB10 e-Invoicing network

Trading since the IPO and acquisition of OB10 has been in line with management's expectations and the Board is pleased with the progress being made against the strategy we set out at the time of our IPO.

We are particularly happy to report an increase in both the value and volume of invoices processed through the OB10 network. The value of invoices processed in the last 12 months ended 31 December 2013 (the most recently available data) totalled over £109.2 billion, compared with £97.5 billion in the 12 months to 31 December 2012, an increase of 12%. The volume of invoices processed increased to 13.3 million in the 12 months to 31 December 2013, up 14% from 11.6 million in the 12 months to 31 December 2012.

The OB10 network now hosts 127 large corporate and governmental buyers.

OB10 received a clean report under International Standards for Assurance Engagements (ISAE) 3402 Assurance Reports on Controls at a Service Organisation, a global assurance standard. OB10 was also awarded ISO 27001 certification, the international standard describing best practice for an Information Security Management System.

Spend analytics

The project to develop our spend analytics proposition, enhancing the software licenced from @UK plc, is progressing as planned. We intend to test our software front-end early in 2014 and follow this up with a buyer pilot project.

Supply chain financing

Since the IPO, Tungsten has made good progress in exploring sources of capital to provide a range of financing solutions across the geographies and jurisdictions in which Tungsten operates in order to take account of differing regulatory, legal and operating requirements.

This progress includes advancing the discussions with the PRA and FCA to agree the change of control of FIBI Bank (UK) Plc (the Bank). The Directors see no reason to change their view that Tungsten will complete the regulatory approval processes and acquisition of the Bank by 30 April 2014 and accordingly Tungsten has agreed with the vendors of the Bank to extend the completion of the acquisition beyond the original 18 December 2013 date.

As previously announced, in order to provide financing to US suppliers, a top-10 US-based bank has signed an agreement to integrate Tungsten's e-Invoicing network services with its own accounts payable platform for distribution to its customers.

Heads of terms have been signed with Blackstone Tactical Opportunities (BTO), whereby BTO will provide up to $200 million of equity to underpin a financing vehicle, run by Tungsten, to provide supply chain finance to customers on Tungsten's e-invoicing network.

Principal risks and uncertainties

Tungsten Group's principal risks and uncertainties remain the same as those disclosed on pages 28 to 39 of the admission document in relation to the placing and admission to trading of shares in Tungsten Corporation plc published on 12 October 2013. Those risks are summarised below.

1. Risks relating to the OB10 acquisition and successful integration with the supply chain financing entities.
2. Risks relating to the trading performance of the Tungsten Group and its business. Specifically this could be impacted by loss of key customers / suppliers, macro economic conditions, technological obsolescence and performance under contract below required standards.
3. Risks relating to future strategy. Specifically, Tungsten may fail to obtain or experience a delay in obtaining the required regulatory approval to acquire the Bank and the ability of the Bank to deliver its planned invoice discounting offering may be adversely impacted if it does not adequately manage its funding, capital and liquidity ratios. Similarly, the negotiations with the US bank and / or BTO may not be concluded satisfactorily. In addition, Tungsten's spend analytics licence agreement may fail to deliver the expected costs savings to the buyer network.
4. Risks relating to the management team and key personnel. Specifically, Tungsten Group depends on the experience and talent of key personnel, and its ability to recruit and retain qualified employees for the success of its business.
5. Regulatory environment. Tungsten is required to comply with a large number of regulatory requirements including the requirements of being a public company with shares traded on AIM and of maintaining a banking licence.

Edmund Truell, CEO of Tungsten Corporation plc, commented:

"I am pleased to report our first interim results as a public company, which incorporate the acquisition and two weeks' trading of our leading global e-invoicing platform, OB10.

There has been good progress made since the acquisition of OB10 in preparing the business to be integrated with a financing platform and our spend analytics offering; and there are positive signs of the continued growth in the volume and value of invoices processed through the network.

Our first weeks of ownership of OB10 have confirmed to us the exciting opportunity we identified at the outset.

We also continue our efforts on securing multiple sources for our global supply chain finance offering".

Enquiries

Tungsten Corporation plc Edmund Truell, CEO Jeff Belkin, CFO	+44 20 3435 5680
Charles Stanley Securities **(NOMAD and Joint Broker to Tungsten)** Marc Milmo Dugald Carlean	+44 20 7149 6000
Canaccord Genuity (Joint Broker to Tungsten) Simon Bridges Peter Stewart Cameron Duncan	+44 20 7523 8000
Equus Group (Communications) Piers Hooper Sam Barton	+44 20 7223 1100

Tungsten Corporation PLC

CONDENSED INTERIM INCOME STATEMENT

	Note	Six months to 31 October 2013	Six months to 31 October 2012
		UNAUDITED £'000	UNAUDITED £'000
Revenue	3	829	-
Administrative expenses		(6,374)	(3,926)
Share based compensation		-	(5,040)
Group operating loss		**(5,545)**	**(8,966)**
Finance costs		(8)	-
Finance income		15	12
Net finance costs		7	12
Loss before taxation		(5,538)	(8,954)
Taxation	6	130	-
Loss for the period		**(5,408)**	**(8,954)**
Loss per share (expressed in pence per share):			
Basic and diluted loss per share	9	(28.97)	(78.51)

The notes on pages 9 to 20 are an integral part of these condensed interim financial statements.

Tungsten Corporation PLC

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months to 31 October 2013	Six months to 31 October 2012
		UNAUDITED £'000	UNAUDITED £'000
Loss for the period		(5,408)	(8,954)
Total comprehensive loss for the period, net of tax		(5,408)	(8,954)

Items in the statement above are disclosed net of tax.

The notes on pages 9 to 20 are an integral part of these condensed interim financial statements.

Tungsten Corporation PLC

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Merger reserve	Shares to be issued	Share based payment reserve	Other reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
					UNAUDITED				
Balance at 1 May 2013		**9,610**	**-**	**-**	**-**	**5,040**	**-**	**(9,925)**	**4,725**
Reclassification		(9,560)	-	-	9,560	-	-	-	-
Loss for the period		-	-	-	-	-	-	(5,408)	(5,408)
Total comprehensive loss		-	-	-	-	-	-	(5,408)	(5,408)
Transactions with owners									
Proceeds from shares issued	8	312	159,688	-	-	-	-	-	160,000
TCGL ordinary B shares exchanged into Tungsten ordinary A shares		22	11,228	-	(5,800)	-	(5,450)	-	-
Shares issued on acquisition of subsidiary		54	-	28,035	-	-	-	-	28,089
Issue costs		-	(10,789)	-	-	-	-	-	(10,789)
Transactions with owners		388	160,127	28,035	(5,800)	-	(5,450)	-	177,300
Balance at 31 October 2013		**438**	**160,127**	**28,035**	**3,760**	**5,040**	**(5,450)**	**(15,333)**	**176,617**

The notes on pages 9 to 20 are an integral part of these condensed interim financial statements.

Tungsten Corporation PLC

CONDENSED INTERIM BALANCE SHEET

	Note	as at 31 October 2013	as at 30 April 2013
		UNAUDITED £'000	AUDITED £'000
Assets			
Non-current assets			
Intangible assets	7	113,983	-
Property, plant and equipment		369	-
Trade and other receivables		-	220
Total non-current assets		114,352	220
Current assets			
Trade and other receivables		4,382	85
Deposit paid for acquisition		1,562	1,200
Cash and cash equivalents		75,371	3,397
Total current assets		81,315	4,681
Total assets		195,667	4,902
Capital and reserves attributable to the equity shareholders of the parent			
Share capital	8	438	9,610
Share premium	8	160,127	-
Shares to be issued		3,760	-
Merger reserve		28,035	-
Share based payment reserve		5,040	5,040
Other reserve		(5,450)	-
Accumulated losses		(15,333)	(9,925)
Equity shareholder funds		176,617	4,725
Total equity		176,617	4,725
Non-current liabilities			
Deferred taxation		2,929	-
Total non-current liabilities		2,929	-
Current liabilities			
Trade and other payables		8,388	177
Deferred income		7,733	-
Total current liabilities		16,121	177
Total liabilities		19,050	177
Total equity and liabilities		195,667	4,902

The notes on pages 9 to 20 are an integral part of these condensed interim financial statements.

Tungsten Corporation PLC

CONDENSED INTERIM CASH FLOW STATEMENT

	Note	Six months to 31 October 2013	Six months to 31 October 2012
		UNAUDITED	UNAUDITED
Cash flows from operating activities		£'000	£'000
Loss before taxation		(5,538)	(8,954)
Adjustments for:			
Depreciation and amortisation		58	-
Share based payment expense		-	5,040
Finance costs		8	-
Finance income		(15)	-
		(5,487)	(3,914)
Changes in working capital:			
Decrease / (increase) in trade and other receivables		24	(7)
Increase in trade and other payables		1,238	134
Interest paid		(23)	-
Tax received		(1)	-
Net cash outflow from operating activities		**(4,249)**	**(3,787)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2)	-
Deposit paid for acquisition		(360)	-
Acquisition of subsidiary, net of cash acquired	4	(71,942)	-
Net cash outflow from investing activities		**(72,304)**	**-**
Cash flows from financing activities			
Proceeds from issue of share capital	8	153,365	9,560
Repayment of debt		(4,838)	-
Net cash inflow from financing activities		**148,527**	**9,560**
Net increase in cash and cash equivalents		71,974	5,773
Cash and cash equivalents at start of period		3,397	50
Cash and cash equivalents at end of period		**75,371**	**5,823**

The notes on pages 9 to 20 are an integral part of these condensed interim financial statements.

1. GENERAL INFORMATION

The purpose of Tungsten Corporation plc (the Company) and its subsidiaries (together, the Group) is to monetise its leading global e-invoicing network by offering supply chain financing.

The Company is a public limited company, which is incorporated and domiciled in the UK. The address of its registered office is Vestry House, Laurence Pountney Hill, London, EC4R 0EH.

On 19 March 2013 Tungsten entered into a conditional share purchase agreement to acquire the share capital of FIBI Bank (UK) PLC (FIBI Bank) and paid a non-refundable deposit of £1,200,000 to the First International Bank of Israel Limited (FIBIL). Further non-refundable deposit amounts totalling £360,000 were made to FIBIL in the six months to 31 October 2013. On 13 December 2013, Tungsten entered into a deed of amendment with FIBIL to extend the completion of the acquisition of FIBI Bank to the later of 30 April 2014 or a later date agreed by both Tungsten and FIBIL.

The Directors are currently seeking the consent of the Prudential Regulation Authority and Financial Conduct Authority to the change in control of FIBI Bank, which remains a condition to completion of the acquisition.

On 29 August 2013 Tungsten signed a five year rolling licence agreement with @UK plc to deploy its analytical software technology to enable Tungsten Analytics to be delivered across Tungsten's global e-invoicing network following the acquisition of OB10 Limited.

On 16 October 2013 Tungsten completed the acquisition of the entire share capital of OB10 Limited and subsidiaries (the OB10 Group), a leading global business-to-business e-invoicing network, and simultaneously was admitted to the London Stock Exchange's Alternative Investment Market.

These condensed interim financial statements do not comprise statutory accounts within the meaning of Section 235 of the Companies Act 2006. Statutory accounts for the period ended 30 April 2013 were approved by the Board of Directors on 20 September 2013 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The condensed interim financial statements are unaudited but have been reviewed by the Group's auditors, whose report is on page 21. The condensed interim financial statements were approved by the Board of Directors on 7 January 2014.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim financial statements of Tungsten Corporation plc have been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The results have been prepared applying the accounting policies and presentation that were used in the preparation of the financial statements for the year ended 30 April 2013 except where described below. The principal accounting policies have been applied consistently throughout the period. The condensed interim financial statements have been prepared under the historical cost convention. The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year 30 April 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

(b) Going concern

This historical financial information relating to the Group has been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

(c) New standards, amendments and interpretations

The Group applied all applicable IFRS standards and all applicable interpretations published by the IASB and as endorsed by European Union for the period beginning 1 May 2013.

The adoption of the applicable standards have not had any impact on the financial reporting of the Group.

The Group did not early adopt any standard or interpretation published by the IASB and as endorsed by European Union for the period beginning 1 May 2014.

Standards, amendments and interpretations which are not effective or early adopted by the Group:

- **IAS 27 (revised 2011), 'Separate financial statements'** (endorsed for annual periods beginning on or after 1 January 2014). This clarifies that the consequential amendments from IAS 27 to IAS 21 'The effect of changes in foreign exchanges rates', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009.
- **IAS 28 (revised 2011), 'Investments in associates and joint ventures'** (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- **IAS 32 (amendment), 'Financial instruments – Presentation' on asset and liability offsetting** (endorsed for annual periods beginning on or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- **IFRS 10 'Consolidated financial statements'** (endorsed for annual periods beginning on or after 1 January 2014). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard is not expected to have a material impact on the consolidation of subsidiaries.
- **IFRS 11 'Joint arrangements'** (endorsed for annual periods beginning on or after 1 January 2014). This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- **IFRS 12 'Disclosure of interests in other entities'** (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- **Amendments to IFRS 10, IFRS 11 and IFRS 12** (endorsed for annual periods beginning on or after 1 January 2014). These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- **IFRS 9 'Financial instruments', on 'Classification and measurement'** (effective for annual periods beginning on or after 1 January 2015 and not yet endorsed by EU). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.
- **IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets'** (effective for annual periods beginning on or after 1 January 2014 and not yet endorsed by EU) These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- **Amendments to IAS 39: Novation of derivatives and Continuation of Hedge Accounting** (effective for annual periods beginning on or after 1 January 2014 and not yet endorsed by EU). These amendments aims to provide an

exception to the requirement for the discontinuation of hedge accounting in IAS 30 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

(d) Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(e) Foreign currency translation

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Group's presentation currency is pounds sterling.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

The following exchange rates were applied for £1:

	as at 31 October 2013	as at 30 April 2013
United States dollar	1.6066	1.5564
Euro	1.1818	1.1806
Mexican peso	20.8846	18.9205
Bulgarian lev	2.3114	2.3090
Malaysian ringgit	5.0697	4.7354

(f) Property, plant and equipment

Owned assets
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets
Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases are recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation
Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The estimated useful lives are as follows:

- Leasehold improvements: depreciated over term of lease
- Fixture and fittings: 25% on cost
- Computer equipment: 20 to 50% on cost

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(g) Intangible assets

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is stated at historic purchase cost less accumulated amortisation.

Computer software costs are amortised as a charge to the Statement of Comprehensive Income within amortisation on a straight-line basis over five years.

Non-financial assets purchased or acquired on a business combination
Contractual customer relationships and the IT platform purchased or acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships and IT platform have finite useful lives and are carried at cost less accumulated amortisation.

Amortisation on the assets is calculated using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives (years)
Customer contracts	20
IT platform	7

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Revenue

Services rendered
Revenue is the total amount receivable by the Group for services provided less VAT and trade discounts.

Revenue is recognised as follows:

- Transaction fees. Recognised in revenue in the period in which the customer transacts via the OB10 service.
- Initial fees, annual subscriptions and other e-invoicing delivery related services. Recognised in revenue over the period over which the services are delivered. Where transactions are paid for but not processed, such revenue is deferred according to contractual terms.

(j) Leases

The costs associated with operating leases are taken to the income statement on a straight-line basis over the period of the lease. Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'.

(k) Net finance costs

Finance costs comprise interest payable on borrowings, direct issue costs and foreign exchange losses. Finance income comprises interest receivable on funds invested, and foreign exchange gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

(l) Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(m) Employee benefits: pension obligations

OB10 Limited operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. OB10 Limited has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

OB10 Limited has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SEGMENTAL REPORTING

Management has 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) in accordance with the requirements of IFRS 8 'Operating segments'.

At 1 May 2013, the Group had one segment due to the sole business activity being the identification and acquisition of companies. The acquisition of OB10 Limited caused a reassessment of the Group's segments during the six months ended 31 October 2013. The proposed acquisition of the Bank will cause a reassessment of the Group's segments in the second half of the financial year.

The Board of Directors considers the business from an operating segment perspective and identified two segments: Networks (which includes the e-invoicing business of OB10 and will include spend analytics) and Other (which includes overheads and general corporate costs). There is no intersegment trading, with the exception of management fees.

3. SEGMENTAL REPORTING *(cont)*

Six months ended 31 October 2013

	Networks	Other	Total
		UNAUDITED	
	£'000	£'000	£'000
Revenue	829	-	829
EBITDA	(76)	(5,411)	(5,487)
Depreciation and amortisation	(58)	-	(58)
Finance income	-	15	15
Finance cost	(7)	(1)	(8)
Loss before taxation	(141)	(5,397)	(5,538)
Total assets	119,531	76,136	195,667
Total liabilities	13,790	5,260	19,050

Six months ended 31 October 2012

	Networks	Other	Total
		UNAUDITED	
	£'000	£'000	£'000
Revenue	-	-	-
EBITDA	-	(8,966)	(8,966)
Depreciation and amortisation	-	-	-
Finance income	-	12	12
Finance cost	-	-	-
Loss before taxation	-	(8,954)	(8,954)
Total assets	-	4,902	4,902
Total liabilities	-	177	177

4. BUSINESS COMBINATIONS

On 16 October 2013 the Company completed its acquisition of 100 per cent of the issued ordinary share capital of OB10 Limited in consideration of the payment of £73.0 million in cash consideration and the issue to the vendors of 12,484,142 ordinary shares of the Company.

In the period from 16 October 2013 to 31 October 2013 the business of OB10 Limited has contributed £0.83 million of revenues and a £0.1 million EBITDA loss.

If the acquisition had occurred on the first day of this reporting period, being 1 May 2013, the contributions would have been £9.51 million of revenues and a £1.1 million EBITDA loss.

The methodologies for arriving at the fair values of assets acquired, intangible asset values and residual goodwill are described in section d of Note 1 to these interim financial statements. The amounts are considered to be provisional as at 31 October 2013. The provisional aggregate goodwill of £99.1 million principally relates to skills and know how present within the assembled workforce, customer service capability and the future opportunities available once the Group completes its acquisition of a Bank to provide a financing platform.

The fair value adjustments consist of the harmonisation with the Group's IFRS compliant accounting policies and the recognition of intangible assets (customer relationships and IT platform).

Transaction costs of £2.1 million have been expensed and are included in administrative expenses.

£'000	Provisional fair value
Non-current assets	
Goodwill arising on acquisition	98,695
Customer relationships	11,000
IT platform	4,300
Software development costs	36
Property, plant and equipment	377
Total non-current assets	114,408
Current assets	
Trade and other receivables	3,648
Other current asset	754
Cash and cash equivalents	1,098
Total current assets	5,500
Total assets	119,908
Current liabilities	
Trade and other payables	(7,645)
Deferred revenue	(7,700)
Current taxation payable	(373)
Total current liabilities	(15,718)
Non-current liabilities	
Deferred tax liabilities	(3,060)
Total non-current liabilities	(3,060)
Total liabilities	(18,778)
Net attributable assets including goodwill	101,130
Consideration satisfied by	
Cash paid	73,041
Fair value of shares issued	28,089
Total consideration	101,130

The fair values disclosed above are provisional because the Directors have not yet reached a final determination on all aspects of the fair value exercise.

5. OTHER OPERATING COSTS

	Six months to 31 October 2013	Six months to 31 October 2012
	UNAUDITED	UNAUDITED
	£'000	£'000
Staff costs	841	294
Office costs	1,456	168
Professional support	3,395	3,266
Other	682	198
	6,374	3,926

6. TAXATION

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 April 2014 is 2% (the estimated tax rate for the six months ended 31 October 2012 was 0%).

7. INTANGIBLE ASSETS

	Six Months to 31 October 2013				
	Goodwill	Customer relationships	IT platform	Capitalised software	Total
			UNAUDITED		
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 2013	-	-	-	-	-
On acquisitions of subsidiaries	98,695	11,000	4,300	248	114,243
At 31 October 2013	98,695	11,000	4,300	248	114,243
Accumulated amortisation					
At 1 May 2013	-	-	-	-	-
On acquisitions of subsidiaries	-	-	-	212	212
Charge for the period	-	23	25	-	48
At 31 October 2013	-	23	25	212	260
Net book amount					
At 31 October 2013	98,695	10,977	4,275	36	113,983

8. SHARE CAPITAL & SHARE PREMIUM

Issued and fully paid	Ordinary shares	Nominal value	Share capital £'000	Share premium £'000
	NUMBER OF SHARES (UNAUDITED)		AMOUNT (UNAUDITED)	
Balance as at 1 May 2013	500,010		50	-
Reorganisation of share structure prior to initial placement offering ("IPO")	(500,010)	£0.10	(50)	-
	11,404,746	£0.00438	50	-
Ordinary shares issued on IPO	71,111,111	£0.00438	312	159,688
TCGL Ordinary B shares exchanged into Ordinary A shares	5,000,000	£0.00438	22	11,228
Shares issued as consideration given	12,484,143	£0.00438	55	-
Share issue costs	-		-	(10,789)
Balance as at 31 October 2013	**100,000,000**		**438**	**160,127**

The disclosure of capital and reserves has been reclassified to separate out the ordinary B and C shares in TCGL to show these as shares to be issued in Tungsten Corporation plc.

On 10 October 2013 the Company's 500,010 ordinary shares were consolidated into one ordinary share and immediately divided into 11,404,746 ordinary shares of 50,001 / 11,404,746 pence (approximately £0.00438) each.

On 16 October 2013 the Company issued 71,111,111 shares of £0.00438 for total proceeds of £160 million and a further 12,484,123 shares of £0.00438 to the vendors of OB10 Limited. On the same date the holders of all of the Class B ordinary shares of TCGL exchanged these shares into 5,000,000 shares of the Company.

Of the total costs of £11.1 million associated with the raising of the £160 million of share proceeds, £10.8 million have been debited to the share premium account.

9. EARNINGS PER SHARE

Basic EPS for the six months ended 31 October 2013 is calculated by dividing the comprehensive loss attributable to the owners of the parent of £5.4 million by the weighted average number of ordinary shares in issue during the period of 18.67 million. Basic earnings per ordinary share for the six months ended 31 October 2012 is calculated by dividing the loss attributable to the owners of the parent of £8.95 million by the weighted average number of ordinary shares during the period of 11.40 million.

	31 October 2013			31 October 2012		
	Loss £'000	Shares million	EPS P	Loss £'000	Shares million	EPS P
Basic and diluted	(5,408)	18.67	(28.97)	(8,954)	11.4	(78.51)

10. INVESTMENTS

Principal subsidiary undertakings of the Group

The Company substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings. Principal subsidiary undertakings of the Group at 31 October 2013 are presented below:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by the Group
			%
Tungsten Corporation Guernsey Limited ("TCGL")	Intermediate holding company	Guernsey	100
OB10 Limited	Electronic invoice delivery	UK	100
OB10 Inc	Electronic invoice delivery	USA	100
OB10 Sdn Bhd	Electronic invoice delivery Shared services office	Malaysia	100
OB10 GmbH	Electronic invoice delivery	Germany	100
OB10 (Schweiz) GmbH	Shared services office	Switzerland	100
OB10 S.A.P.I.	Electronic invoice delivery	Mexico	100
OB10 EOOD	Shared services office	Bulgaria	100

11. RELATED PARTY TRANSACTIONS

Related party relationship	Transaction type	Transaction amount (£'000)	Balance owed / owing at 31 October 2013 (£'000)
Disruptive Capital Finance LLP (DCF)	Office accommodation and other administrative expenses	£149	-
Disruptive Capital Finance LLP (DCF)	Corporate finance fees	£2,469	-
Disruptive Capital Finance LLP (DCF)	Loan	£223	£223
Canaccord Genuity Limited (Canaccord)	Sole Bookrunner, Financial Adviser and Joint Broker	£5,430	£1,440
OB10 Limited	Loan	£4,838	£4,838

Until 16 October 2013 DCF provided services to the Group for the purposes of identifying, recommending and executing investment opportunities and also provided office and administrative services. The agreement between Tungsten and DCF has now ended and no further services have been provided by DCF since 16 October 2013.

The loan balance owed by DCF to Tungsten of £223,000 was repaid in full in November 2013. No further amounts are payable between Tungsten and DCF.

Canaccord acted as Sole Bookrunner, Financial Adviser and Joint Broker to the Company on the IPO and continue to be retained as Joint Broker to Tungsten. The balance of £1,440,000 owed to Canaccord was paid in November 2013. Peter Kiernan is the Chairman of European Investment Banking at Canaccord, and as a consequence of this role, Canaccord is considered a related party of the Tungsten Group. Mr Kiernan took no part in the negotiation of the terms of the Canaccord engagement letter or the terms of the Placing Agreement.

Tungsten loaned to and made payments on behalf of OB10 Limited totalling £4,838,000 prior to the acquisition of OB10 Limited by Tungsten on 16 October 2013. These amounts remain outstanding between OB10 Limited and Tungsten and have been removed from the consolidated financial position of the Tungsten Group.

Prior to 16 October 2013, 100 per cent of the ordinary B shares of TCGL were jointly owned by Rockhopper Investments Limited (RIL) and Tungsten Corporation Investment Limited Partnership (TCILP). RIL is the wholly owned subsidiary of the Rockhopper Cell of Barclays Wealth PCC (No 1) Limited, the investment vehicle of Edmund Truell, his wider family, including Daniel Truell. TCILP holds the investment on behalf of certain partners, employees and advisers of DCF and Directors of Tungsten.

On 16 October 2013 all of the ordinary B shares of TCGL were exchanged for 5,000,000 ordinary A shares of Tungsten. These shares continue to be held by RIL and TCGL.

12. POST BALANCE SHEET EVENTS

On 19 March 2013 Tungsten entered into a commitment to acquire the share capital of the Bank, contingent on approval by the FCA / PRA.

On 13 December 2013 Tungsten entered into a deed of amendment with FIBIL to extend the completion of the acquisition of FIBI Bank to the later of:

i. 31 March 2014; or

ii. such other date after 31 March 2014 but on or before 30 April 2014 as may be notified by the FCA and / or PRA (as applicable) having indicated that approval will be granted to Tungsten to become a controller of FIBI Bank (UK) plc on or before 1 February 2014; or

iii. such other date after 30 April 2014 as may be agreed by the parties in writing in their discretion (and without making any other amendment to this agreement).

Independent review report to Tungsten Corporation plc

Introduction

We have been engaged by the company to review the condensed interim financial statements in the interim financial report for the six months ended 31 October 2013, which comprises the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim balance sheet, condensed interim cash flow statement and related notes. 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 condensed interim financial statements.

Directors' responsibilities

The interim financial report 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.

As disclosed in note 2 the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed interim financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed 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 the AIM Rules for Companies and for no other purpose. We do not, in producing this report, 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.

Scope of review

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements in the interim financial report for the six months ended 31 October 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

Other matter

The comparative amounts presented in these condensed interim financial statements have not been subject to review.

PricewaterhouseCoopers LLP
Chartered Accountants
7 January 2014
London

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 financial statements since they were initially presented on the website.

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