TUNGSTEN CORPORATION PLC
("Tungsten", the "Company" or "Group")

INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

16 December 2015

Tungsten Corporation plc (LSE: TUNG), the global electronic invoicing, analytics and financing company, today announces its results for the six months ended 31 October 2015 ("H1-FY16").

Group Financial and Operational Summary

- Revenue up 28% at £13.1m (H1-FY15: £10.2m); revenue growth of 21% excluding revenue from new services of Tungsten Early Payment and Workflow
- EBITDA[1] loss improved by £3.7m to £9.5m (H1-FY15: £13.2m loss)
- Loss after tax of £17.6m (H1-FY15: £14.7m loss), including impairment in the carrying value of the investment in Tungsten Bank of £6.8m following exclusivity for proposed sale of the Bank
- Loss per share of 14.59p basic and diluted (H1-FY15: 14.52p basic and diluted loss per share)
- Group net cash and cash equivalents of £39.7m at 31 October 2015 (including cash in Tungsten Bank which is held for sale)

- Secured six new buyer customers with guaranteed revenues of over £0.5m in the first year
- Negotiated renewals with 14 buyer customers to deliver future price increases averaging 70% as customers recognise the increasing value they derive from Tungsten; a further five buyer customer contracts were automatically extended on existing terms
- Signed nearly 500 new integrated supplier customers worth c.£0.5m in first year revenues and a further 13,000 web form suppliers
- 10% increase in e-Invoice volumes to 7.5m (H1-FY15: 6.8m) with 14% increase in e-Invoice value to £55.9bn (H1-FY15: £48.9bn)
- 8% growth in total invoice volumes (including non-electronic) to 7.9m (H1-FY15: 7.3m)

[1] EBITDA is defined as operating loss before depreciation, amortisation, impairment and share-based payments charges

Business and Operational Update

- Incoming CEO Rick Hurwitz completed review; strategy realigned to pursue profitable growth in Tungsten Network and targeted development of Tungsten Network Finance
- Tungsten's vision evolved to aim to be the world's most trusted business transaction network using data intelligently to strengthen the global supply chain
- Operational initiatives to grow value as well as volume of business organised under four pillars:
  - Driving network benefits for our customers
  - Ensuring our people and processes deliver effectively
  - Delivering distinctive financing products
  - Providing adjacent products and services
- Strategic review concluded that operating a regulated bank is incompatible with pursuit of profitable growth from foreseeable invoice financing opportunity and Tungsten Bank is therefore non-core to strategy delivery
- Exclusivity agreement for the sale of Tungsten Bank, subject to regulatory approval
- Reshaped and strengthened Board and management team
- Strategic plan to be presented at capital markets day on 9 February 2016

Proposed Sale of Tungsten Bank

A key component of Tungsten's strategy remains the development of its invoice financing offering. Following an extensive business and operational review, the Board has concluded that operating a regulated deposit-taking bank is incompatible with the pursuit of profitable growth from the foreseeable invoice financing opportunity. The Board therefore resolved that Tungsten Bank was non-core to the Group's strategy delivery.

As a result, the Board has taken the decision to divest Tungsten Bank and today announces that it has entered into an exclusivity agreement for its sale, subject to regulatory approval.

Following the divestment of Tungsten Bank, Tungsten Early Payment will continue to be funded through Tungsten's existing arrangement with Insight Securities S.A. (Luxembourg securitisation vehicle known as IIFIG Securities S.A. since 17 July 2015 ("Insight")) that enables it to selectively acquire individual invoice contract and the Group plans to develop further options with a range of other third parties.

Richard M. Hurwitz, Chief Executive Officer, commented:

"We have undertaken a thorough self-assessment of all aspects of our business, which has given us great clarity on the strategic outcomes we desire and the paths we will take to achieve them. These outcomes will improve our financial and operating performance, sharpen our focus on profitable business and increase our confidence in forecasting the timing of break even and organic cash generation. The management team can now concentrate on Tungsten's core businesses as we look to create the world's most trusted business transaction network."

Nick Parker, Non-Executive Chairman, added:

"Tungsten is making progress, achieving strong revenue growth and concluding encouraging customer renewal agreements, even as it resets expectations about the trajectory of its opportunity. This is an exciting time for the Group with a strengthened management team. There is much to be done, but with a strong pipeline of new customers and prioritisation of activities that accelerate the realisation of profitable business, I believe Tungsten is well placed to deliver sustainable growth."

Analyst Presentation and Capital Markets Day

Rick Hurwitz, Chief Executive Officer, and David Williams, Chief Financial Officer, will host a conference call for analysts and investors at 9.00am GMT today. A live webcast will be available at https://engage.vevent.com/rt/tungsten~20151216.

For participants unable to join the webcast, the dial-in number for the conference call is 0800 376 6220/ +1 866 904 9624 with the passcode **1741810** and a presentation will be available on the Tungsten Corporation website at https://www.tungsten-network.com/uk/about-tungsten/investor-relations/financial-reports/financial-documents/.

A replay facility will be available until 8 January 2016. The dial-in number for the replay facility is 0800 953 1533/ +1 (866) 247 4222 with the passcode 92690926.

Tungsten will host a capital markets day in London on 9 February 2016 for analysts and institutional investors. Live webcasts and replay facilities of this event will also be made available with details posted to the website closer to the time.

Enquiries

Tungsten Corporation plc

Richard Hurwitz, Chief Executive Officer	+44 20 7280 7713
Juliana Wheeler, Head of Global Communications (Media)	+44 20 7280 7973
Panmure Gordon (Nominated Advisor)	+44 20 7886 2500
Fred Walsh/Dugald J. Carlean	
Canaccord Genuity Limited (Broker)	+44 20 7523 8000
Simon Bridges/Emma Gabriel/Cameron Duncan	
Neustria Partners (Investors and Analysts)	+44 20 3021 2580

Robert Bailhache/Nick Henderson/Charles Gorman

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 platform that brings businesses and their suppliers closer together with unique technology that revolutionises invoice processing, maximises efficiency and improves cash flow management. The network also provides users with real-time spend analysis through Tungsten Analytics, and offers access to Tungsten Early Payment, a form of alternative finance for businesses.

Tungsten serves 56% of the Fortune 500 and 67% of the FTSE 100. It enables suppliers to submit tax compliant e-invoices in 47 countries, and last year processed transactions worth over $187bn for organisations such as Alliance Data, Aviva, Cargill, Deutsche Lufthansa, General Motors, GlaxoSmithKline, Henkel, IBM, Kellogg's and the US Federal Government.

Chief Executive Officer's Review

What I found during my evaluation of Tungsten's business landscape was a company with a great deal of embedded value in our Network, which connects the global supply chain.

Some of this value has been tangibly demonstrated in the reporting period through a 28% increase in revenue, including a 21% increase in the core e-Invoicing business, and the growth in the number of buyers and suppliers joining our expanding network.

Further value from the actions taken in this period will materialise over time as we renew buyer contracts at enhanced pricing levels, which is a reflection of the value we deliver to our multinational customers.

My primary focus in the period was to lead the management team, and through them the wider business, to determine what was required in order to deliver value for our shareholders, customers, employees and other stakeholders.

The result is a realignment of our strategy to pursue profitable growth from the expansion of Tungsten Network and a broader approach to Tungsten Network Finance. We have evolved our vision such that Tungsten aims to be the world's most trusted business transaction network using data intelligently to strengthen the global supply chain. Our four strategic objectives that support this goal are:

- 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
- Increase the value we offer our customers by providing adjacent products and services

Underpinning each of these strategic objectives are plans and timelines, and we look forward to the opportunity to provide further information on these at our capital markets day on 9 February 2016. We intend to report against these objectives in the future, including the key performance indicators that will demonstrate our progress.

These results reflect a period of transition in the Board and management team, and an evolution and clarification of the business strategy. There are areas of the business working well, particularly within our core AP Automation (Accounts Payable Automation) activities. Progress is being made with our Tungsten Early Payment and Tungsten Analytics offerings. We have had success in securing new committed revenues and price increases to better reflect the increased value enjoyed by the members of Tungsten Network, and in completing an operational restructuring designed to reduce the time and cost it takes customers to onboard to our platforms and services.

As we begin the next phase of our business transformation, our efforts are now focused on further developing our relationships with customers, enhancing efficiency through the use of digital processes, expanding the breadth and depth of Tungsten Early Payment, and identifying and delivering adjacent products and services that are relevant to our customers.

Amid the initiatives centred on driving profitable revenue growth from current and new customers, Tungsten remained focused on its drive to simplify and rationalise the business during the period under review. This has included:

- The implementation of a new enterprise resource planning tool which, for the first time, will allow Tungsten to use the full range of its AP Automation tools
- The first phase of a re-engineering of the technology platform to deliver a simplified infrastructure that will deliver future capacity and efficiency benefits
- An internal reorganisation designed to move all buyer onboarding and supplier onboarding activities to separate, dedicated client teams
- A wide range of procurement and cost policies, processes and disciplines which allow more effective management of the Group's cost base

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.

Six new buyers contracted to join the Network, four for e-Invoicing and two for Workflow. Two buyers merged in the period, taking the total number of buyers to 178.

The e-Invoicing buyers each agreed three-year deals for total guaranteed fees over that period of £0.8m. This excludes revenues from their suppliers, which are expected from FY17. The two Workflow buyers each agreed initial total guaranteed fees of £0.2m.

Implementation for Siemens was completed during the period and we have now started to contact and onboard their suppliers. In addition, a number of new buyers were in the test phase at the period-end and consequently we expect to sign up their suppliers and begin processing invoices in H2-FY16.

Existing buyer contracts have been renewed at higher pricing levels. The 14 contract renewal negotiations that were concluded during the period were at an average price increase of 70%. This was a key part of our H1-FY16 objectives and demonstrates a recognition of the value delivered by Tungsten to our buyers. Due to the timing of the renewals there was minimal impact of the price increases on H1-FY16 revenue.

A further 48 buyers have contracts up for renewal in H2-FY16. We expect to be able to continue to secure price increases, although the potential size of increases is not known at this stage.

As part of the review of our business we have segmented our supplier customers into four categories, which influence the product(s) that they use and the associated sales channel. These are:

Corporate	Groups of companies, which typically send invoices to multiple buyers and which may have multiple Integrated or Web Form accounts on Tungsten Network.
Integrated	One company, which may be connected to one or multiple buyers and which is directly integrated to the Tungsten Network.
Web Form	One company, which may be connected to one or multiple buyers and which submits invoices over Tungsten Network by using our online portal.
Non Electronic	One company, which may be connected to one or multiple buyers and which submits invoices by paper to its buyer, which Tungsten converts into an e-Invoice.

Corporate customers generally are already transacting on Tungsten Network and their accounts are linked together so one relationship can be formed with Tungsten. Integrated suppliers require IT assimilation with Tungsten Network and once transacting represent c.80% of the transactions processed by Tungsten. Web Form suppliers are able to send invoices immediately on joining Tungsten Network and may generate revenue through their buyer paying transaction fees or through purchasing transactions once their annual 52 free invoices have been used.

A total of 500 new Integrated and 13,000 new Web Form suppliers were added during the period. This total volume of new suppliers was fewer than anticipated as buyers who had previously indicated their intention for us to onboard 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.

The volume of e-Invoices in the period was 7.5m, a 10% increase on the prior period (H1-FY15: 7.3m), while the nominal value of transacted e-Invoices amounted to £55.9bn (1H-FY15: £48.9bn). The total volume of invoices processed rose 8% to 7.9m (1H-FY15: 7.3m).

Tungsten Analytics has now been demonstrated to or trialled by more than 50% of our e-Invoicing buyer customers. In general, the feedback has been positive. However, at the initial pricing levels quoted none agreed to purchase the product. As a result we have varied our approach to Tungsten Analytics, making product alterations based on buyer feedback and changing the pricing structure. We remain confident in the long-term prospects of the product, and we are looking at additional ways to utilise and monetise the spend data that is generated from this service.

Tungsten Bank

Invoice financing remains an important component of Tungsten's customer offering. After completing a thorough review of the Group's business and operations, the Board has concluded that operating a regulated deposit-taking banking license is incompatible with the pursuit of profitable growth from the foreseeable invoice financing opportunity available to Tungsten.

The Board determined that the benefit of owning a regulated firm like Tungsten Bank was outweighed by the fixed costs of operating it, making the retail funding it might provide for Tungsten Early Payment relatively expensive compared with the Group's alternative funding arrangement with Insight. The proposed divestment of Tungsten Bank produces a net reduction in run-rate costs of £2m per annum.

We have entered into an exclusivity agreement to sell our 100% ownership of Tungsten Bank. The sale will be subject to the approval of the Prudential Regulation Authority and the Financial Conduct Authority. This is expected to take between six to 12 months, although approval may be received sooner.

While Tungsten's funding agreement with Insight Investment includes some restrictions on the currency, territory and credit quality of the invoices it is able to finance on Tungsten Network, this arrangement provides the Group with required financing capacity for Tungsten Early Payment.

Tungsten intends to use the sale proceeds to provide a cash cushion on its balance sheet, finance its business operations including the growth of Tungsten Early Payment and the development of additional financing products. Tungsten plans to work with Insight Investment and other third parties to address any longer term financing requirements.

Tungsten Early Payment

The number of suppliers registered for and using Tungsten Early Payment continued to grow over the period. As at 31 October 2015, 294 suppliers had signed a contract to use Tungsten Early Payment (30 April 2015: 188). Of these, 108 were live to use the service (30 April 2015: 38).

At present, the customers of Tungsten Early Payment are able to finance only those invoices which are paid through a Tungsten nominated bank account. A total of £64.5m of invoices were paid through this account (H1-FY15: Nil; H2-FY15: £40.5m), of which Tungsten financed £43.2m (H1-FY15: Nil; H2-FY15: £32.0m). This represents growth in absolute terms, but a fall in the proportion of invoices financed from 79% in H2-FY15 to 67% in H1-FY16.

The average duration of financed invoices was 40 days (H1-FY15: Nil; H2-FY15: 33 days) and the average gross yield achieved was 6.17% (H1-FY15: nil; H2-FY15: 5.27%).

Invoices totalling £17.4m were outstanding as at 31 October 2015 (30 April 2015: £10.4m). The average outstanding invoices financed over the period was £12.8m (H1-FY15: Nil; H2-FY15: £6.5m).

Revenue from Tungsten Early Payment was £84.000 (H1-FY15: nil). This represents the revenue of invoice receivables financed by Tungsten Bank. The terms of Tungsten's arrangements with Insight are confidential.

However, no revenue was recognised on invoice receivables financed by Insight as the invoices transacted featured introductory discount rates. We expect to meet the required hurdle rates in H2-FY16.

The Board is encouraged by the growth in suppliers' interest in the current Tungsten Early Payment offering, although the uptake remains slower than anticipated. A key focus of the Group business and operational review has been to identify the actions required to take advantage of additional opportunities that the ownership of Tungsten Network presents in receivables financing.

We have commenced the process to change the management team of Tungsten Network Finance. We expect to be able to provide more details on the new management team in H2-FY16. In addition, a number of initiatives have been identified to develop the product and deliver increased adoption. These include making improvements to accelerate the onboarding process and expanding the criteria of eligible suppliers who can finance their invoices with us. We also continue to extend Invoice Status Service to additional buyers, which allows their suppliers to access Tungsten Early Payment.

We are currently assessing other opportunities, including working more closely with our buyers, to increase Tungsten Early Payment adoption rates.

Board and Management

The Company has made a number of changes to strengthen its Board and management team over H1-FY15, which included:

- The appointment of Nick Parker, previously a Non-Executive Director, as Chairman
- The appointment of David Benello and Ian Wheeler as Non-Executive Directors of the Company, increasing independence and the breadth and depth of experiences on the Board. As part of our ongoing focus on cost efficiencies, our new and existing Non-Executive Directors have agreed remuneration at a lower level than in previous years and commensurate with our peer group
- Brian Proffitt joined Tungsten as Chief Technology Officer. Brian has held leadership technology roles in a variety of industries and has had positions in both the private and public sector, and joined Tungsten from the UK Cabinet Office's Crown Commercial Service, where he led the creation and implementation of a technology strategy to transform government procurement
- Guy Miller joined Tungsten in a new role as Head of Corporate Development. In this role, Guy will identify and evaluate opportunities for Tungsten to pursue investments, divestments, joint ventures or similar activities that can advance Tungsten's profitable growth
- Connie O'Brien will join in January 2016 as Chief Marketing Officer to enhance digital marketing capabilities and help us execute on our strategy.

Outlook

The new leadership team has moved decisively to realign the strategy to focus on improving the operational and financial performance of the business to achieve profitable growth. The steps it has taken, including the exclusivity agreement it has entered to divest Tungsten Bank, as well as ongoing targeted growth and efficiency initiatives, give the Board confidence Tungsten is on track to achieve break-even on an EBITDA basis by the end of FY17 and a positive EBITDA for the six-months ending 31 October 2017.

In FY16, the Board expects Tungsten to generate revenue of at least £27.5m and an EBITDA loss of no more than £19m. Excluding one-off items, an EBITDA loss of no more than £15m is expected.

With the proposed sale of Tungsten Bank and other initiatives underway, the Board is confident that Tungsten will have the cash resources required to meet the leadership team's break-even target. As at the end of FY16, the Group's cash position is expected to be at least £8m excluding the cash in Tungsten Bank, or no less than £33m including cash currently held in the Bank. The Board intends to access the liquidity in Tungsten Bank prior to completion of its sale, if required.

Further details regarding Tungsten's realigned performance objectives will be disclosed at the Group's capital markets day.

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 2015.

Richard M. Hurwitz
Chief Executive Officer
16 December 2015

Chief Financial Officer's Review

We are refining our KPIs to best reflect the business performance now that we have completed the operational review we began during the period. We were pleased with the results in this period as revenues rose and our EBITDA loss reduced.

Group Overview

Group revenue was £13.1m (H1-FY15: £10.2m), representing an increase of 28%. Excluding revenue from Workflow (purchased during H1-FY15) and Tungsten Early Payment (not operational during H1-FY15), revenue grew by 21%.

Group EBITDA loss was £9.5m (H1-FY15: £13.2m). The reduction is primarily driven by a reduction in one-off costs and in particular professional fees associated with the setup of Tungsten Early Payment, which totalled £3.0m in H1-FY15.

Group EBITDA loss included £2.4m of one-off costs which are not expected to reoccur (H1-FY15: £6.0m). This included £0.5m of costs incurred for operational restructuring, and £1.8m of costs for professional fees, primarily legal and regulatory fees associated with Tungsten Network Finance.

The Group loss before tax was £17.8m (H1-FY15: £14.8m). This includes depreciation and amortisation of £1.2m (H1-FY15: £1.2m), impairment in the carrying value of Tungsten Bank of £6.8m (H1-FY15: Nil), and £0.3m share based payment expense (H1-FY15: £0.1m).

Cash Flow

Cash and cash equivalents, including those in Tungsten Bank, were £39.7m at the end of H1-FY16 (FY15: £32.6m), a positive movement of £7.1m.

Cash outflow from operating activities was £9.3m (H1-FY15 £16.3m), of which £2.4m (H1-FY15: £6.0m) were one-off cash costs.

Trade and other receivables, including assets held for sale, grew £2.3m from 30 April 2015 to 31 October 2015. The increase was a result of a number of significant invoices raised with our customers shortly prior to the period-end and operational issues in credit control. These issues are being addressed and since the period-end £0.4m of the balance had been collected. Trade and other payables, including assets held for sale, decreased by £2.5m from 30 April 2015, primarily reflecting seasonality of cash flows.

Tungsten Early Payment invoice receivables held by the Group reduced from 30 April 2015 resulting in a cash inflow of £5m, as the proportion of invoices funded by Insight Investment increased.

There was a cash inflow from the equity fundraising in May 2015 of £16.7m, net of fees.

Excluding one-off items, operating cash outflow averaged c.£1.1m per month over the period.

Tungsten Network

Revenue from Tungsten Network was £13.0m (H1-FY15: £10.2m). Excluding revenue from Workflow (purchased during H1-FY15), revenue grew by 21%.

Tungsten Network revenue can be split as follows:

Buyers

- Revenue from 178 buyer customers of £5.1m (H1-FY15: £3.7m), including £3.9m from e-Invoicing buyers (H1-FY15: £3.2m) and £1.2m from Workflow buyers (H1-FY15: £0.5m)
- The impact on H1-FY16 revenue of new buyers that have joined the network and contractual price increases agreed with current buyers in the current period is not significant
- Revenue from Tungsten Analytics in the period was £33,000 (H1-FY16: nil)

Suppliers

- Revenue of £7.9m (H1-FY15: £6.3m), split 66% Integrated Suppliers and 34% Web Form (H1-FY15 split: 68%:32%)

The Tungsten Network EBITDA loss for the period was £2.7m (H1-FY15: £2.5m). EBITDA, excluding one-off costs, was £2.3m (H1-FY15: £1.5m).

Tungsten Network Finance

Tungsten Network Finance represents all activities associated with Tungsten Early Payment, including Tungsten Bank. Revenue from Tungsten Early Payment was £0.1m (H1-FY15: nil).

The Tungsten Network Finance EBITDA loss for the period was £3.6m (H1-FY15: £7.1m). EBITDA, excluding one-off costs, was £2.3m (H1-FY15: £3.0m).

One-off costs in H1-FY16 were £1.3m (H1-FY15 £4.0m). These primarily related to professional advisory fees.

Corporate

The Corporate EBITDA loss was £3.1m (H1-FY15: £3.7m). Corporate costs included £0.6m of one-off costs (H1-FY15: £1.0m). EBITDA excluding one-off costs was £2.4m (H1-FY15: £2.7m)

David Williams
Chief Financial Officer
16 December 2015

Condensed consolidated income statement

	Note	**Six months ended 31 October 2015 (unaudited) £'000**	Six months ended 31 October 2014 (unaudited) £'000
Revenue	2	**13,060**	10,227
Operating expenses		**(30,834)**	(24,683)
Operating loss		**(17,774)**	(14,456)
EBITDA		**(9,481)**	(13,196)
Depreciation and amortisation		**(1,216)**	(1,206)
Impairment		**(6,810)**	-
Share based payment expense	7	**(267)**	(54)
Operating loss		**(17,774)**	(14,456)
Finance income		**32**	127
Finance costs		**(44)**	(489)
Net finance costs		**(12)**	(362)
Loss before taxation		**(17,786)**	(14,818)
Taxation		**189**	153
Loss for the period		**(17,597)**	(14,665)
Loss per share (expressed in pence per share):			
Basic and diluted loss per share	8	**(14.59)**	14.52

Condensed consolidated statement of comprehensive income

	Six months ended 31 October 2015 (unaudited) £'000	Six months ended 31 October 2014 (unaudited) £'000
Loss for the period	**(17,597)**	(14,665)
Other comprehensive income:		
Currency translation differences	**(90)**	752
Total comprehensive loss for the period	**(17,687)**	(13,913)

Items in the statement above are disclosed net of tax.

Condensed consolidated statement of financial position

	Note	As at 31 October 2015 (unaudited) £'000	As at 30 April 2015 (unaudited) £'000
Assets			
Non-current assets			
Intangible assets	3	**117,552**	128,126
Property, plant and equipment	4	**2,065**	2,211
Trade and other receivables		**551**	624
Total non-current assets		**120,168**	130,961
Current assets			
Trade and other receivables		**10,317**	8,372
Invoice receivables		**-**	6,392
Cash and cash equivalents		**15,886**	32,603
		26,203	47,367
Assets held for sale	5	**28,929**	-
Total current assets		**55,132**	47,367
Total assets		**175,300**	178,328
Capital and reserves attributable to the equity shareholders of the parent			
Share capital		**550**	454
Share premium		**188,500**	171,875
Shares to be issued		**3,760**	3,760
Merger reserve		**28,035**	28,035
Share based payment reserve		**5,504**	5,237
Other reserve		**(4,429)**	(4,339)
Accumulated losses		**(65,558)**	(47,961)
Total equity		**156,362**	157,061
Non-current liabilities			
Deferred taxation		**3,486**	4,006
Total non-current liabilities		**3,486**	4,006
Current liabilities			
Trade and other payables		**6,528**	8,628
Deferred income		**7,831**	8,633
Total current liabilities		**14,359**	17,261
Liabilities directly associated with assets held for sale	5	**1,093**	-
Total liabilities		**18,938**	21,267
Total equity and liabilities		**175,300**	178,328

Condensed consolidated statement of changes in equity

(unaudited)	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
Balance as at 1 May 2015	**454**	**171,875**	**28,035**	**3,760**	**5,237**	**(4,339)**	**(47,961)**	**157,061**
Currency translation differences	-	-	-	-	-	(90)	-	(90)
Loss for the period	-	-	-	-	-	-	(17,597)	(17,597)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(90)**	**(17,597)**	**(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**	**(4,429)**	**(65,558)**	**156,362**

(unaudited)	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
Balance as at 1 May 2014	**438**	**160,127**	**28,035**	**3,760**	**5,040**	**(5,372)**	**(20,940)**	**171,088**
Currency translation differences	-	-	-	-	-	752	-	752
Loss for the period	-	-	-	-	-	-	(14,665)	(14,665)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**752**	**(14,665)**	**(13,913)**
Transactions with owners								
Shares issued during the period	16	11,747	-	-	-	-	-	11,763
Share based payment expense	-	-	-	-	54	-	-	54
Transactions with owners	**16**	**11,747**	**-**	**-**	**54**	**-**	**-**	**11,817**
Balance as at 31 October 2014	**454**	**171,874**	**28,035**	**3,760**	**5,094**	**(4,620)**	**(35,605)**	**168,992**

Condensed consolidated statement of cash flows

	Six months ended 31 October 2015 (unaudited) £'000	Six months ended 31 October 2014 (unaudited) £'000
Cash flows from operating activities		
Loss before taxation	**(17,786)**	(14,818)
Adjustments for:		
Depreciation and amortisation	**1,216**	1,206
Impairment	**6,810**	-
Finance costs	**44**	489
Finance income	**(32)**	(127)
Share based payment expense	**267**	54
	(9,481)	(13,196)
Changes in working capital:		
(Increase)/ decrease in trade and other receivables	**(2,289)**	84
(Decrease)/ increase in invoice receivables	**5,041**	(3,562)
Decrease/ (increase) in trade and other payables	**(2,482)**	318
Net interest (paid)/ received	**(80)**	67
Net cash outflows from operating activities	**(9,291)**	(16,289)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(87)**	(714)
Purchases of intangibles	**(489)**	(161)
Acquisition of subsidiaries, net of cash acquired	**-**	(29,577)
Net cash outflow from investing activities	**(576)**	(30,452)
Cash flows from financing activities		
Proceeds of share issue net of expenses	**16,721**	11,763
Net cash inflow from financing activities	**16,721**	**11,763**
Net Increase/ (decrease) in cash and cash equivalents	**6,854**	(34,978)
Cash and cash equivalents at start of the period	**32,603**	62,646
Exchange adjustments	**290**	**-**
Cash and cash equivalents at end of the period	**39,747**	**27,668**

Accounting Policies

1. Basis of preparation

These condensed consolidated interim financial statements of the Tungsten Corporation plc for the six months ended 31 October 2015 ("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 2015 were approved by the Board for issue on 15 December 2015.

The condensed consolidated interim financial statements for the six months ended 31 October 2015 do not constitute the Group's statutory accounts. Statutory accounts for the year ended 30 April 2015 were approved by the Board of Directors on 22 July 2015 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 2015 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 2015, 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 2015.

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.

These condensed consolidated financial statements for the period ended 31 October 2015 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. In addition, cost saving and cash generation opportunities have been identified that have not been included in the forecasts.

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 the foreseeable future and accordingly these financial statements are prepared on a going concern basis.

2. 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 three 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 and Tungsten Bank plc) and Corporate (which includes overheads and general corporate costs).

Six months ended 31 October 2015

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Total £'000
Revenue	12,976	84	-	13,060
Inter-segment revenue	-	-	-	-
Segment revenue	12,976	84	-	**13,060**
EBITDA - excluding non-cash share-based payments	(2,734)	(3,633)	(3,114)	**(9,481)**
EBITDA - including non-cash share-based payments	(2,734)	(3,633)	(3,381)	**(9,748)**
Depreciation, amortisation and impairment				**(8,026)**
Finance income				**32**
Finance cost				**(44)**
Loss before taxation				**(17,786)**
Income tax credit				**189**
Loss for the period				**(17,597)**
Capital expenditure	407	-	169	**576**
Total assets	130,423	29,371	15,506	**175,300**
Total liabilities	15,459	3,120	359	**18,938**

Six months ended 31 October 2014

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Intra Group eliminations £'000	Total £'000
Revenue	10,205	22	-	-	10,227
Inter-segment revenue	-	-	1,839	(1,839)	-
Segment revenue	10,205	22	1,839	(1,839)	10,227
EBITDA - excluding non-cash share-based payments	(2,475)	(7,117)	(3,658)	-	(13,250)
EBITDA - including non-cash share-based payments	(2,475)	(7,117)	(3,658)	-	(13,250)
Depreciation and amortisation					(1,206)
Finance income					127
Finance cost					(489)
Loss before taxation					(14,818)
Income tax					153
Loss for the period					(14,665)
Capital expenditure	5,683	10,271	468	-	16,422
Total assets	125,103	36,906	29,983	-	191,992
Total liabilities	16,420	3,649	2,931	-	23,000

3. Intangible assets

	Goodwill £'000	Customer Relationships £'000	IT Platform £'000	Software Licenses £'000	Software development £'000	Total £'000
Cost						
Balance at 1 May 2015	108,338	11,098	6,712	4,304	331	130,783
Additions	-	-	-	489	-	489
Exchange differences	2	-	8	-	-	10
Impairment	(6,810)	-	-	-	-	(6,810)
Assets held out for sale	-	-	-	(3,300)	-	(3,300)

Balance at 31 October 2015	**101,532**	**11,098**	**6,720**	**1,493**	**331**	**121,172**
Accumulated amortisation						
Balance at 1 May 2015	-	859	1,244	223	331	2,657
Amortisation	-	285	563	115	-	964
Exchange differences	-	-	(1)	-	-	(1)
Balance at 31 October 2015	**-**	**1,145**	**1,806**	**3388**	**331**	**3,465**
Net asset value as at 30 April 2015	**108,338**	**10,238**	**5,468**	**4,082**	**-**	**128,126**
Net asset value as at 31 October 2015	**101,532**	**9,952**	**4,914**	**1,156**	**-**	**117,552**

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 plans 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 13%
- Pre-tax discount rate of 11.2% (FY15: 11.6%), being based on the Group's weighted average cost of capital (WACC)
- Growth rate used in the annuity of 2.0% (FY15: 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 £22.3 million (FY15: £143.7 million).

The recoverable amount of the Tungsten Network CGU was particularly sensitive to changes in the increase in the number of suppliers and the pre-tax discount rate. The values assigned supplier assumptions in the model are an increase in the number of new suppliers on the Network by 106,000 over the period of the model. Whilst the Directors are confident in the assumptions used in the impairment models, reasonably possible changes in these assumptions could result in the carrying value of the CGU exceeding its recoverable amount. Assuming that there is a reduction in the number of new suppliers of 80% or an increase in the pre-tax discount rate to 12.5% the recoverable amount would equal the carrying value of the CGU.

Tungsten Bank

The Group has estimated the recoverable amount of the Tungsten Bank CGU using a fair value less costs to sell methodology. The recoverable amount of the Tungsten Bank CGU has been calculated based on management's best estimate of consideration receivable for the proposed sale of Tungsten Bank less directly attributable costs of sale. Accordingly, the Group has recognised an impairment of £6.8m in the value of Tungsten Bank.

4. Property, plant and equipment

	Leasehold improvements	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 May 2015	2,384	383	2,086	4,853
Additions	-	29	58	87
Disposals	(37)	-	-	(37)
Exchange differences	4	82	242	328
Balance at 31 October 2015	2,351	494	2,386	5,231

Accumulated Depreciation				
Balance at 1 May 2015	568	312	1,762	2,642
Charge for the period	94	8	150	252
Exchange differences	1	67	204	272
Balance at 31 October 2015	663	387	2,116	3,166
Net Book Value				
At 31 October 2015	1,688	107	270	2,065
At 30 April 2015	1,816	71	324	2,211

5. Assets held for sale

Assets held for sale relate to Tungsten Bank. The assets held for sale and liabilities directly associated with assets held for sale are:

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

6. 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 2014	100,000,000	£0.004384	438	160,127
Shares issued during the year	3,529,412	£0.004384	16	11,748
Balance as at 30 April 2015	**103,529,412**		**454**	**171,875**
Shares issued during the period	21,875,985	0.00438	96	16,625
Balance as at 31 October 2015	**125,405,397**		**550**	**188,500**

On 28 May 2015, the Company issued 21,875,985 shares for total proceeds of £17,500,000. Transaction costs of £779,000 associated with the raising of the share capital have been recognised against the share premium account.

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 2015.

7. Share-based payments

Share-based payment expenses of £267,000 have been recognised in the consolidated income statement for the six months ended 31 October 2015 (31 October 2014: £54,000). 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	Total
As at 30 April 2015	**3,760,000**	**420,958**	**257,344**	**450,515**	**4,888,817**
Granted during the year	–	–	–	1,064,000	1,064,000
Lapsed during the year	–	(151,150)	(111,520)	(23,875)	(286,545)
As at 31 October 2015	**–**	**269,808**	**145,824**	**1,490,640**	**5,666,272**

8. 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.

	Six months ended 31 October 2015			Six months ended 31 October 2014		
	Loss £'000	Shares	EPS p	Loss £'000	Shares	EPS p
Basic and diluted	**(17,597)**	**120,599**	**(14.59)**	**(25,557)**	**102,582**	**(24.91)**

9. 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 2015 £'000	31 October 2014 £'000
Purchase of services	**867**	474

Canaccord was broker to the Group and acted as the sole book runner on the placing that took place during the period. Peter Kiernan held the position of Chairman of European Investment Banking at Canaccord during the year 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 for the share placing. The Group received services from Canaccord totalling £655,000 (H1-FY15: £400,000).

Ice Floe Limited (Ice Floe) is a financial advisory company controlled by Edmund Truell. During the period Ice Floe provided advisory services to the Group totalling £177,000 (H1-FY15: Nil).

Disruptive Capital Finance LLP (Disruptive) is an investment partnership controlled by Edmund Truell. During the period, Disruptive provided consultancy services to the Group totalling £35,000 (H1-FY15: Nil) for the purposes of furthering the management and strategic development of the Group.

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

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 2015. 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 2015;
- 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 1 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
15 December 2015

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.