

**Blue Star Capital plc**

**(“Blue Star Capital” or “the Company”)**

**Half-yearly results for the six months ended 31 March 2015**

Blue Star Capital plc (AIM: BLU), the investment company with a focus on technology and its applications within media and gaming, is pleased to announce its interim results for the six months ended 31 March 2015.

**Highlights:**

- Net assets increased by 3.5% to GBP1,834,436 (30 September 2014: GBP1,771,140).
- Loss for the period of GBP149,104 (2013: profit of GBP378,867)
- Company raised GBP225,000 by way of a subscription of 40,909,091 Ordinary Shares at 0.55p

**Post period highlights:**

- Invested GBP50,000 in Sthaler Limited, an early stage identity and payments technology business which enables a consumer to identify themselves and pay using just their finger at retail points of sale.

Graham Parr, Chairman of Blue Star Capital plc, commented:

"The Board is continuing with its strategy of supporting the existing investee companies whilst seeking to identify new opportunities to enhance shareholder value. While we are therefore disappointed that OAK has yet to deliver the growth anticipated the overall portfolio is performing well and we are excited by the new investment in Sthaler.

We continue to run the Company on a low cost base and remain optimistic that the current strategy will achieve an enhancement in value for shareholders over the medium term."

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**Chairman's Statement**

I am pleased to report Blue Star Capital's ("Blue Star") interim results for the period ended 31 March 2015.

**Financials**

Blue Star Capital reported a loss for the period of £149,104 compared with a profit of £378,867 for the six months ended 31 March 2014.

Net assets increased to £1,834,436 (30 September 2014: £1,771,140).

Blue Star Capital's cash position at 31 March 2015 was £67,564 compared to a balance of £4,448 at 31 March 2014.

## **Portfolio Review**

I would like to highlight the following companies' progress since the publication of our last Annual Report and Accounts.

### ***Oak Media Limited (“Oak”)***

#### *Company description*

Oak was formed in order to take advantage of the global growth in the gaming for entertainment industry amid a rapidly-evolving regulatory environment. The gaming market is a lucrative and fast-moving one where Oak's management believed rapid returns could be achieved with only modest investment. Despite Oak signing a number of deals in its first year of operations the revenues have not reached management expectations. The two current casinos are both cash generative and profitable, but Oak's inability to control the marketing within the deal structure has limited growth. Oak now plans to look at other mobile based opportunities and expects to see improved performance in the second half of the year. Given these developments, the Board are of the opinion that the fair value of this investment should be reduced by £64,634 to a carrying value of £50,000.

#### *Blue Star's holding in Oak*

The Company's shareholding in Oak is currently 65%.

### ***Disruptive Tech Limited (“DTL”)***

#### *Company description*

DTL is a Gibraltar based investing company. Nektan plc, one of DTL's largest investments, commenced trading on AIM in November 2014. The Board is optimistic about the prospects of Nektan and was delighted to see Nektan successfully raise a total of £8 million in April and May 2015. Blue Star has also invested £34,122 directly in Nektan. The Board understands that DTL's other investments are performing well overall and the carrying value of DTL has been maintained at £1.6m.

#### *Blue Star's holding in DTL*

The Company's shareholding in DTL is currently 2.1%.

### ***Vigilant Applications Limited***

#### *Company description*

VAL is a software development company specialising in security solutions for monitoring and shaping user behaviour at a PC or 'end point'. Its VigilancePro agent software is deployed in the enterprise space in both the public and private sector for monitoring professional standards, securing data and compliance. VigilancePro Retail applies the products capabilities to the monitoring of all activity at an Electronic Point of Sale - EPOS. Through its patented technology it is able to integrate with existing security infrastructure (CCTV) to provide irrefutable real-time remote reporting of all transaction activity within a retail environment.

The Company's investment in VAL has remained unchanged at £88,000. Although the Board has decided it prudent to leave the valuation of VAL unchanged, the Board is confident that VAL has significant potential and anticipates one or more events occurring during the second half of 2015 which should more clearly demonstrate the value of this holding. The announcement made by VA in December 2014 regarding it securing a major new contract to supply its software to NHS Wales is a significant client win in its own right but it is also expected to open up potentially lucrative opportunities in the wider healthcare sector. In addition, VAL is continuing to develop its software solution for the retail market and expects to announce a number of positive developments during the second half of 2015.

#### *Blue Star Capital's holding in VAL*

The Company's shareholding in VAL is currently 5%.

## **Share issues during the period ended 31 March 2015**

On 22 October 2014, the Company raised £225,000 (pre expenses) through the issue of 40,909,091 Ordinary Shares at 0.55p per share. These funds were used to make the final payment of £25,000 to Oak which formed part of the Company's original £100,000 investment and to provide further funds for existing and new investments as well as working capital moving forward.

## Post Balance Sheet Events

On 29 June 2015, the Company announced that it had invested £50,000 in Sthaler Limited (“Sthaler”). Sthaler is an early stage identity and payments technology business which enables a consumer to identify themselves and pay using just their finger at retail points of sale. Under the terms of the Company's investment, Blue Star Capital has the ability to invest up to an additional £300,000 in Sthaler.

## Outlook

The Board remains committed to driving value in the current portfolio whilst appraising further investments as appropriate. The Oak investment has been disappointing and has not delivered the benefits originally anticipated, however, we continue to work with Oak's management and remain hopeful that the investment will still deliver value to the Company's shareholders. The recent investment in Sthaler is a new exciting opportunity for the Company and the Company's two remaining investments are progressing well. Finally, the Board continues to monitor corporate opportunities to enhance shareholder value.

Graham Parr  
Chairman  
29 June 2015

## Statement of Comprehensive Income for the six months ended 31 March 2015

	Unaudited Six months ended 31 March		Audited Year ended 30 September
Note	2015 £	2014 £	2014 £
Revenue	10,000	-	22,500
(Loss)/ gain arising from investments held at fair value through profit or loss:	(64,634)	479,485	477,021
Impairment of deferred consideration receivable	-	(7,282)	(26,984)
	<u>(54,634)</u>	<u>472,203</u>	<u>472,537</u>
Other income	-	5,023	
Administrative expenses	<u>(94,496)</u>	<u>(80,452)</u>	<u>(193,384)</u>
<b>Operating (loss)/profit</b>	<b>(149,130)</b>	<b>396,774</b>	<b>279,153</b>
Finance income	26	-	1,842
Finance costs	<u>-</u>	<u>(17,907)</u>	<u>(4,662)</u>
<b>(Loss)/profit before and after taxation and total comprehensive income for the period</b>	<b><u>(149,104)</u></b>	<b><u>378,867</u></b>	<b><u>276,333</u></b>
<b>(Loss)/earnings per ordinary share:</b>			
Basic and diluted (loss)/earnings per share	3 <u>(0.0003)p</u>	<u>0.001p</u>	<u>0.07p</u>

The loss for the period was derived from continuing operations and is attributable to equity shareholders.

## Statement of Financial Position as at 31 March 2015

	Note	Unaudited		Audited
		Six months ended 31 March		Year ended 30 September
		2015	2014	2014
		£	£	£
<b>Non-current assets</b>				
Investments		1,769,837	1,788,182	1,800,349
		<u>1,769,837</u>	<u>1,788,182</u>	<u>1,800,349</u>
<b>Current assets</b>				
Trade and other receivables		32,455	35,974	26,688
Cash and cash equivalents		67,564	4,448	4,868
		<u>100,019</u>	<u>40,422</u>	<u>31,556</u>
<b>Total assets</b>		<u>1,869,856</u>	<u>1,828,604</u>	<u>1,831,905</u>
<b>Current liabilities</b>				
Trade and other payables		35,420	96,757	60,765
Borrowings		-	85,292	-
		<u>35,420</u>	<u>182,049</u>	<u>60,765</u>
<b>Total current liabilities</b>		<u>35,420</u>	<u>182,049</u>	<u>60,765</u>
<b>Net assets</b>		<u>1,834,436</u>	<u>1,646,555</u>	<u>1,771,140</u>
<b>Shareholders' equity</b>				
Share capital	4	471,663	390,700	430,754
Share premium account	4	7,688,265	7,366,036	7,516,774
Other reserves		36,327	-	36,327
Retained earnings		(6,361,819)	(6,110,181)	(6,212,715)
		<u>1,834,436</u>	<u>1,646,555</u>	<u>1,771,140</u>

**Statement of changes in equity  
as at 31 March 2015**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
<b>Six months ended 31 March 2014</b>					
At 1 October 2013	192,942	6,815,347	-	(6,489,048)	519,241
Profit for the period and total comprehensive income	-	-	-	378,867	378,867
Shares issued in period	197,758	550,689	-	-	748,447
<b>At 31 March 2014</b>	<u>390,700</u>	<u>7,366,036</u>	<u>-</u>	<u>(6,110,181)</u>	<u>1,646,555</u>
<b>Six months ended 31 March 2015</b>					
At 1 October 2014	430,754	7,516,774	36,327	(6,212,715)	1,771,140
Loss for the period and total comprehensive income	-	-	-	(149,104)	(149,104)
Shares issued in period	40,909	184,091	-	-	225,000
Share issue costs	-	(12,600)	-	-	(12,600)
Share based payment	-	-	-	-	-
<b>At 31 March 2015</b>	<u>471,663</u>	<u>7,688,265</u>	<u>36,327</u>	<u>(6,361,819)</u>	<u>1,834,436</u>

**Year ended 30 September 2014**

At 1 October 2013	192,942	6,815,347	-	(6,489,048)	519,241
Profit for the year and total comprehensive income and expense				276,333	276,333
Shares issued in year	117,273	382,727	-	-	500,000
Loans converted in year	120,539	348,199	-	-	468,738
Share based payments	-	-	36,327		36,327
Share issue costs	-	(29,499)	-		(29,499)
<b>At 30 September 2014</b>	<b>430,754</b>	<b>7,516,774</b>	<b>36,327</b>	<b>(6,212,715)</b>	<b>1,771,140</b>

**Statement of cash flows  
for the six months ended 31 March 2015**

	Unaudited		Audited
	Six months ended 31 March		Year ended 30 September
	2015	2014	2014
	£	£	£
<b>Operating activities</b>			
(Loss)/profit for the period	(149,104)	378,867	276,333
<i>Adjustments for:</i>			
Finance income	(26)	-	(1,842)
Finance costs	-	17,907	4,662
Fair value losses/(gains)	64,634	(479,485)	(477,021)
Impairment of deferred consideration receivable	-	-	26,984
Share based payments	-	-	21,693
Operating cash flows before movement in working capital	(84,496)	(82,711)	(149,191)
(Increase)/decrease in trade and other receivables	(5,767)	1,376	(14,502)
(Decrease)/increase in trade and other payables	(25,345)	(112,222)	(98,211)
<b>Net cash used in operating activities</b>	<b>(115,608)</b>	<b>(193,557)</b>	<b>(261,904)</b>
<b>Financing activities</b>			
Repayment of loans	-	(136,000)	(137,756)
Proceeds from issue of equity shares	225,000	350,000	500,000
Share issue costs	(12,600)	-	(29,499)
<b>Net cash generated by financing activities</b>	<b>212,400</b>	<b>214,000</b>	<b>332,745</b>
<b>Investing activities</b>			
Purchase of investments	(34,122)	(50,000)	(100,000)
Proceeds from sale of investments	-	-	-
Interest received	26	-	22
<b>Net cash used in investing activities</b>	<b>(34,096)</b>	<b>(50,000)</b>	<b>(99,978)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>62,696</b>	<b>(29,557)</b>	<b>(29,137)</b>
Cash and cash equivalents at beginning of the period	4,868	34,005	34,005
<b>Cash and cash equivalents at end of the period</b>	<b>67,564</b>	<b>4,448</b>	<b>4,868</b>

## **Notes to the Interim Financial Statements for the six months ended 31 March 2015**

### **1. Basis of preparation**

The principal accounting policies used for preparing the Interim Accounts are those the Company expects to apply in its financial statements for the year ending 30 September 2015 and are unchanged from those disclosed in the Company's Report and Financial Statements for the year ending 30 September 2014.

The financial information for the six months ended 31 March 2015 and for the six months ended 31 March 2014 has neither been audited nor reviewed by the Company's auditors. The financial statements for the year ended 30 September 2014 included an emphasis of matter in the Audit Report in relation to the adoption of the going concern basis for the preparation of the accounts.

### **2. Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Fair value of financial instruments:*

The Company holds investments that have been designated at fair value through profit or loss on initial recognition. The Company determines the fair value of these financial instruments that are not quoted, using valuation techniques such as Black Scholes option pricing. These techniques are significantly affected by certain key assumptions, such as discount rates. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

### **3. Earnings per ordinary share**

The calculation of a basic earnings per share is based on the profit for the period attributable to equity holders of the Company and on the weighted average number of shares in issue during the period.

### **4. Share capital**

During the period the Company allotted 40,909,091 ordinary shares at a price of 0.55 pence per share raising £225,000 of cash.

### **5. Post Balance Sheet Events**

On 29 June 2015, the Company announced that it had invested £50,000 in Sthaler. Sthaler is an early stage identity and payments technology business which enables a consumer to identify themselves and pay using just their finger at retail points of sale. Under the terms of the Company's investment, Blue Star has the ability to invest up to an additional £300,000 in Sthaler.