

Blue Star Capital plc

(“Blue Star” or “the Company”)

Interim Results for the six months ended 31 March 2017

Blue Star Capital plc (AIM: BLU), the investing 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 2017.

Highlights during the period

- Net assets increased 31% to £2,302,330 (30 September 2016: £1,757,165).
- Loss for the period of £114,585 (2016: loss of £67,586).
- £554,274 investment in SatoshiPay to achieve a 10.68% shareholding following a fundraising by Blue Star to raise £0.7 million.

Post period highlights:

- Further investment in SatoshiPay to take Blue Star’s shareholding to 19%. 268,213,880 new Blue Star ordinary shares issued as consideration for the investment
- Significant uplift in value of Stahler from £108,700 at 31 March 2017 to £227,000 based on Stahler’s recent fundraising.
- Fundraise for general working capital to raise £0.20 million.

Tony Fabrizi, CEO of Blue Star Capital plc, commented:

“We are pleased with the development of our current portfolio with recent increases in the value of our holding in Sthaler and positive progress at VNU (an investee company of DTL) together with the exciting addition of our investments in SatoshiPay. The Board is confident that the current portfolio has the potential for a significant improvement in net asset value and will continue to monitor corporate opportunities to enhance shareholder value.”

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR").

Blue Star Capital plc

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CEO Statement

I am pleased to report Blue Star's interim results for the period ended 31 March 2017.

Financials

Blue Star reported a loss for the period of £114,585 compared with a loss of £67,586 for the six months ended 31 March 2016.

Net assets increased to £2,302,330 (30 September 2016: £1,757,165).

Blue Star's cash position at 31 March 2017 was £22,018 compared to a balance of £51,184 at 30 September 2016.

Portfolio Review

I would like to highlight the following updates for our portfolio companies during the six months ended 31 March 2017 since the publication of our last Annual Report and Accounts.

SatoshiPay

Company description

SatoshiPay is developing a two-way payment platform, which enables online content providers to monetise their digital content through the acceptance of nanopayments. Using the SatoshiPay platform, online media companies are able to process nanopayments of EUR0.05 (5c) or less with minimal transaction fees. SatoshiPay technology can also process payments greater than 5c, but the company believes the real technical innovation is in relation to nanopayments, in some cases being less than 1c. SatoshiPay is based on blockchain technology.

SatoshiPay believes its technology will provide a direct alternative to paywalls and subscriptions, currently adopted by some media companies, and should instead enable users to pay for consumption on a per article, per song or per download basis; or for content to be consumed and paid for on an incremental basis (payment per paragraph or minute of audio or video content). SatoshiPay works without software download or sign-up for the user (save for creation/top up of an online wallet). Payments are instant and the user's wallet balance is available on each website that integrates the SatoshiPay software.

Blue Star's holding in SatoshiPay

Blue Star's £554,274 investment in SatoshiPay was made in January 2017 and resulted in the Company owning approximately 10.68 per cent. of SatoshiPay's share capital as at 31 March 2017.

Disruptive Tech Limited ("DTL")

Company description

DTL is a Gibraltar based investing company. DTL has five current investments. The most important of which are its stake in Nektan plc, a leading international B2B mobile gaming company, a significant stake in VNU Group LLC, a speciality online direct retailer of premium goods paid for through an instant credit facility, a 100% shareholding in Interest Labs, which builds consumer and commercial applications around user behaviour and a shareholding in Freeformers which helps companies fulfil the employee aspects of their digital strategies.

VNU commenced trading in the second half of 2016 and its performance to date has been very encouraging. The Board believes the potential for VNU to be significant and looks forward to hearing further developments in the coming months.

As previously announced, DTL informed intends to exit all the shareholdings in the five portfolio companies during the course of the next 2 years and would disperse the proceeds back to DTL's shareholders. Disbursement of proceeds is expected to be either through the distribution of shares if a company is listed on a public market (post any lock in period and stability in the share price) or cash from the sale of DTL's positions.

Blue Star's holding in DTL

Blue Star's £300,000 investment in DTL was made in 2007. Since its original investment, DTL has raised money at significantly higher valuations and whilst the Company's percentage shareholding has fallen to 2.1% the value of its investment has risen significantly and at 31 March 2017 stood at £1.6 million, which is unchanged from 30 September 2016.

Sthaler Limited ("Sthaler")

Company Description

In June 2015 the Company invested £50,000 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.

Sthaler jointly developed Fingopay in conjunction with Hitachi. Fingopay uses a unique finger vein ID process which is considered to be more secure than finger print readers and faster than chip and pin operations. The technology is widely adopted in Japan and it is Sthaler's aim to commercialise the technology in the area of payments globally.

Blue Star's Shareholding in Sthaler

The Company's shareholding in Sthaler is 1.24% at 31 March 2017 and valued on the basis of their last fund raise prior to 31 March 2017 at £108,700.

Share issues during the period ended 31 March 2017

On 19 January 2017, the Company raised £700,000 (before expenses) through the issue of 466,666,667 Ordinary Shares at 0.15p per share. These funds were used for investment in SatoshiPay and for general working capital purposes.

Post Balance Sheet Events

On 3 April 2017, the Company issued of 268,213,880 new ordinary shares as consideration for a further investment in SatoshiPay (valued at approximately £425,119) resulting in the Company increasing its holding to approximately 19% cent of SatoshiPay's issued share capital.

On 9 May 2017, the Company announced that Sthaler had successfully raised GBP3 million at a pre-new money valuation of GBP20 million. This represents a significant uplift to the post-new money value of Sthaler of approximately GBP9.4 million in January 2017 when Sthaler last raised capital. This latest round of investment in Sthaler values the Company's stake of 1 per cent. at GBP227,000.

On 31 May 2017, the Company announced that it had placed 142,857,143 new ordinary shares at a price of 0.14 pence per share raising gross proceeds of £0.20 million. These proceeds will be used for general working capital purposes.

Outlook

The Board remains committed to driving value in the current portfolio whilst appraising further investments as appropriate. The recent investment in SatoshiPay represents an exciting addition to the Company's portfolio and we are pleased with the recent increase in value in Sthaler and the positive progress at VNU. The Board is confident that the current portfolio has the potential for a significant improvement in net asset value and will continue to monitor corporate opportunities to enhance shareholder value.

Chief Executive Officer

13 June 2017

**Statement of Comprehensive Income
for the six months ended 31 March 2017**

	Note	Unaudited		Audited
		Six months ended 31 March		Year ended
		2017	2016	30 September
		£	£	2016
				£
Revenue		-	-	-
Gain arising from investments held at fair value through profit or loss:		-	-	8,700
Loss on disposal of investments		-	-	(20,445)
		<hr/>	<hr/>	<hr/>
		-	-	(11,745)
Administrative expenses		<hr/> (114,590)	<hr/> (67,586)	<hr/> (154,760)
Operating loss		<hr/> (114,590)	<hr/> (67,586)	<hr/> (166,505)
Finance income		5	-	1,500
		<hr/>	<hr/>	<hr/>
Loss before and after taxation and total comprehensive income for the period		<hr/> (114,585)	<hr/> (67,586)	<hr/> (165,005)
Loss per ordinary share:				
Basic and diluted loss per share	3	<hr/> (0.02p)	<hr/> (0.01p)	<hr/> (0.03p)

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

**Statement of Financial Position
as at 31 March 2017**

		Unaudited		Audited
		Six months ended 31 March		Year ended 30 September
	Note	2017 £	2016 £	2016 £
Non-current assets				
Investments		2,260,511	1,917,982	1,706,237
		<u>2,260,511</u>	<u>1,917,982</u>	<u>1,706,237</u>
Current assets				
Trade and other receivables		32,100	765	30,925
Cash and cash equivalents		22,018	17,701	51,184
		<u>54,118</u>	<u>18,466</u>	<u>82,109</u>
Total assets		<u>2,314,629</u>	<u>1,936,448</u>	<u>1,788,346</u>
Current liabilities				
Trade and other payables		12,299	81,864	31,181
Total current liabilities		<u>12,299</u>	<u>81,864</u>	<u>31,181</u>
Net assets		<u>2,302,330</u>	<u>1,854,584</u>	<u>1,757,165</u>
Shareholders' equity				
Share capital	4	966,830	500,163	500,163
Share premium account	4	7,897,848	7,704,765	7,704,765
Other reserves		36,327	36,327	36,327
Retained earnings		(6,598,675)	(6,386,671)	(6,484,090)
		<u>2,302,330</u>	<u>1,854,584</u>	<u>1,757,165</u>

**Statement of changes in equity
as at 31 March 2017**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Six months ended 31 March 2016					
At 1 October 2015	471,663	7,688,265	36,327	(6,319,085)	1,877,170
Loss for the period and total comprehensive income	-	-	-	(67,586)	(67,586)
Shares issued in period	28,500	16,500	-	-	45,000
Share issue costs	-	-	-	-	-
At 31 March 2016	<u>500,163</u>	<u>7,704,765</u>	<u>36,327</u>	<u>(6,386,671)</u>	<u>1,854,584</u>
Six months ended 31 March 2017					
At 1 October 2016	500,163	7,704,765	36,327	(6,484,090)	1,757,165
Loss for the period and total comprehensive income	-	-	-	(114,585)	(114,585)
Shares issued in period	466,667	233,333	-	-	700,000
Share issue costs	-	(40,250)	-	-	(40,250)
At 31 March 2017	<u>966,830</u>	<u>7,897,848</u>	<u>36,327</u>	<u>(6,598,675)</u>	<u>2,302,330</u>
Year ended 30 September 2016					
At 1 October 2015	471,663	7,688,265	36,327	(6,319,085)	1,877,170
Loss for the year and total comprehensive income	-	-	-	(165,005)	-
Shares issued in year	28,500	16,500	-	-	45,000
Share issue costs	-	-	-	-	-
At 30 September 2016	<u>500,163</u>	<u>7,704,765</u>	<u>36,327</u>	<u>(6,484,090)</u>	<u>1,757,165</u>

**Statement of cash flows
for the six months ended 31 March 2017**

	Unaudited		Audited
	Six months ended 31 March		Year ended 30 September
	2017	2016	2016
	£	£	£
Operating activities			
Loss for the period	(114,585)	(67,586)	(165,005)
<i>Adjustments for:</i>			
Finance income	(5)	-	(1,500)
Fair value gains	-	-	(8,700)
Loss on disposal	-	-	20,445
<i>Working capital adjustments</i>			
(Increase)/decrease in trade and other receivables	(1,175)	5,736	576
(Decrease)/increase in trade and other payables	(18,882)	7,078	(43,605)
Net cash used in operating activities	<u>(134,647)</u>	<u>(54,772)</u>	<u>(197,789)</u>
Investing activities			
Purchase of investments	(554,274)	-	-
Proceeds from sale of investments	-	-	200,000
Loan issued	-	-	(25,000)
Interest received	5	-	1,500
Net cash used in investing activities	<u>(554,269)</u>	<u>-</u>	<u>176,500</u>
Financing activities			
Proceeds from issue of equity shares	700,000	45,000	45,000
Share issue costs	(40,250)	-	-
Net cash generated by financing activities	<u>659,750</u>	<u>45,000</u>	<u>45,000</u>
Net decrease in cash and cash equivalents	<u>(29,166)</u>	<u>(9,772)</u>	<u>23,711</u>
Cash and cash equivalents at beginning of the period	<u>51,184</u>	<u>27,473</u>	<u>27,473</u>
Cash and cash equivalents at end of the period	<u>22,018</u>	<u>17,701</u>	<u>51,184</u>

Notes to the Interim Financial Statements for the six months ended 31 March 2017

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 2017 and are unchanged from those disclosed in the Company's Report and Financial Statements for the year ending 30 September 2016.

The financial information for the six months ended 31 March 2017 and for the six months ended 31 March 2016 have neither been audited nor reviewed by the Company's auditors. The financial statements for the year ended 30 September 2016 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 the price of the most recent transaction and discounted cash flow analysis. It is important to recognise that 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. Loss per ordinary share

The calculation of a basic loss per share is based on the loss 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

On 19 January 2017, the Company raised £700,000 (before expenses) through the issue of 466,666,667 Ordinary Shares at 0.15p per share. These funds were used for investment in SatoshiPay and for general working capital purposes.

5. Post Balance Sheet Events

On 3 April 2017, the Company issued of 268,213,880 new ordinary shares as consideration for a further investment in SatoshiPay.

On 9 May 2017, the Company announced an increase in the value of its shareholding in Sthaler to £227,000 from £108,700.

On 2 June 2017, the Company placed 142,857,143 new ordinary shares at a price of 0.14 pence per share raising gross proceeds of £0.20 million.