

Blue Star Capital plc

(“Blue Star” or “the Company”)

Interim Results for the six months ended 31 March 2016

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 2016.

Highlights:

- Loss for the period of £67,586 (2015: loss of £149,104).
- Net assets reduced by 1.2% to £1,854,584 (30 September 2015: £1,877,170).

Post period highlights:

- Disposed of its 4.9% holding in Vigilant Applications Limited (“VAL”) to AA Management for a total consideration of £220,000.

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

“The Board remains committed to driving value in the current portfolio whilst appraising further investments as appropriate and continuing to run the Company on a low cost base. The recent disposal of VAL combined with the recent increase in value in Sthaler will generate an improvement in net asset value and has provided some additional cash as the Board continues to monitor corporate opportunities to enhance shareholder value.”

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Chairman's Statement

I am pleased to report Blue Star's interim results for the period ended 31 March 2016.

Financials

Blue Star reported a loss for the period of £67,586 compared with a loss of £149,104 for the six months ended 31 March 2015.

Net assets decreased slightly to £1,854,584 (30 September 2015: £1,877,170).

Blue Star's cash position at 31 March 2016 was £17,701 compared to a balance of £27,473 at 30 September 2015.

Portfolio Review

I would like to highlight the following updates for our portfolio companies during the six months ended 31 March 2016 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.

As previously reported Oak has not performed as expected and has been considering other mobile based opportunities. Oak are hopeful of announcing a transaction in the near future although this cannot be guaranteed. Blue Star's interest in Oak has been maintained at £50,000 which is unchanged from 30 September 2015.

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. DTL has five current investments, the most important of which are its 15% stake in Nektan plc, a leading international B2B mobile gaming company, a 38% 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 12% holding in Freeformers which helps companies fulfil the employee aspects of their digital strategies.

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 2016 stood at £1.6 million, which is unchanged from 30 September 2015.

Vigilant Applications Limited ("VAL")

Company description

VAL is a software development company specialising in security solutions for monitoring and shaping user behaviour on fixed and mobile 'end point' devices, including PC's, tablets and smartphones. 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. Its LiveStore retail product uses the core VigilancePro capabilities to monitor 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.

Blue Star's holding in VAL

The Company's shareholding in VAL was 4.9% at 31 March 2016 and valued at £220,445.

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 was 1.45% at 31 March 2016 and valued at £50,000.

Share issues during the period ended 31 March 2016

On 6 October 2015, the Company raised £25,000 (before expenses) through the issue of 12,500,000 Ordinary Shares at 0.2p per share. These funds were used for working capital purposes.

On 26 February 2016, the Company raised £20,000 (before expenses) through the issue of 16,000,000 Ordinary Shares at 0.125p per share. These funds were used for working capital purposes.

Post Balance Sheet Events

On 26 May 2016, the Company announced that it has disposed of its 4.9% holding in VAL to AA Management for a total consideration of £220,000 (the "Disposal").

Blue Star's investment in VAL arose in 2012 following the acquisition by VAL of the business and assets of Overtis Group Limited ("Overtis"), a company to which Blue Star had originally made a secured loan of £150,000.

The consideration received for the Disposal is in line with the carrying value of VAL as at 31 March 2016 of £220,445. The net consideration of £200,000 has been received in full.

On 7 June 2016, the Company announced that Sthaler had successfully raised £1m on a pre money valuation of £7.5million.

Blue Star invested £50,000 in Sthaler in June 2015, in return for 1.45 per cent. of the issued share capital of Sthaler, as part of a £450,000 round of investment by Sthaler. Following this latest round of investment the Company's stake of 1.28 per cent. is valued at £108,700.

Outlook

The Board remains committed to driving value in the current portfolio whilst appraising further investments as appropriate. The recent disposal of VAL combined with the recent increase in value in Sthaler will generate an improvement in net asset value and has provided some additional cash as the Board continues to monitor corporate opportunities to enhance shareholder value.

Graham Parr
Chairman
21 June 2016

**Statement of Comprehensive Income
for the six months ended 31 March 2016**

	Note	Unaudited		Audited
		Six months ended 31 March		Year ended
		2016	2015	2015
		£	£	£
Revenue		-	10,000	-
(Loss)/ gain arising from investments held at fair value through profit or loss:		-	(64,634)	67,633
Loss on disposal of investments		-	-	(8,529)
		-	(54,634)	59,104
Administrative expenses		(67,586)	(94,496)	(165,499)
Operating loss		(67,586)	(149,130)	(106,395)
Finance income		-	26	25
Finance costs		-	-	-
Loss before and after taxation and total comprehensive income for the period		(67,586)	(149,104)	(106,370)
Loss per ordinary share:				
Basic and diluted loss per share	3	(0.01)p	(0.03)p	(0.02)p

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

**Statement of Financial Position
as at 31 March 2016**

		Unaudited		Audited
		Six months ended 31 March		Year ended 30 September
	Note	2016 £	2015 £	2015 £
Non-current assets				
Investments		1,917,982	1,769,837	1,917,982
		<u>1,917,982</u>	<u>1,769,837</u>	<u>1,917,982</u>
Current assets				
Trade and other receivables		765	32,455	6,501
Cash and cash equivalents		17,701	67,564	27,473
		<u>18,466</u>	<u>100,019</u>	<u>33,974</u>
Total assets		<u>1,936,448</u>	<u>1,869,856</u>	<u>1,951,956</u>
Current liabilities				
Trade and other payables		81,864	35,420	74,786
		<u>81,864</u>	<u>35,420</u>	<u>74,786</u>
Total current liabilities		<u>81,864</u>	<u>35,420</u>	<u>74,786</u>
Net assets		<u>1,854,584</u>	<u>1,834,436</u>	<u>1,877,170</u>
Shareholders' equity				
Share capital	4	500,163	471,663	471,663
Share premium account	4	7,704,765	7,688,265	7,688,265
Other reserves		36,327	36,327	36,327
Retained earnings		(6,386,671)	(6,361,819)	(6,319,085)
		<u>1,854,584</u>	<u>1,834,436</u>	<u>1,877,170</u>

**Statement of changes in equity
as at 31 March 2016**

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Six months ended 31 March 2015					
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)
At 31 March 2015	<u>471,663</u>	<u>7,688,265</u>	<u>36,327</u>	<u>(6,361,819)</u>	<u>1,834,436</u>
Six months ended 31 March 2016					
At 1 October 2014	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 2015	<u>500,163</u>	<u>7,704,765</u>	<u>36,327</u>	<u>(6,386,671)</u>	<u>1,854,584</u>
Year ended 30 September 2015					
At 1 October 2014	430,754	7,516,774	36,327	(6,212,715)	1,771,140
Loss for the year and total comprehensive income	-	-	-	(106,370)	(106,370)
Shares issued in year	40,909	184,091	-	-	225,000
Share issue costs	-	(12,600)	-	-	(12,600)
At 30 September 2015	<u>471,663</u>	<u>7,688,265</u>	<u>36,327</u>	<u>(6,319,085)</u>	<u>1,877,170</u>

**Statement of cash flows
for the six months ended 31 March 2016**

	Unaudited		Audited
	Six months ended 31 March		Year ended 30 September
	2016	2015	2015
	£	£	£
Operating activities			
Loss for the period	(67,586)	(149,104)	(106,370)
<i>Adjustments for:</i>			
Finance income	-	(26)	(25)
Finance costs	-	-	-
Fair value losses/(gains)	-	64,634	(67,633)
Loss on disposal	-	-	8,529
	<hr/>	<hr/>	<hr/>
Operating cash flows before movement in working capital	(67,586)	(84,496)	(165,499)
(Increase)/decrease in trade and other receivables	5,736	(5,767)	20,187
(Decrease)/increase in trade and other payables	7,078	(25,345)	14,021
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(54,772)	(115,608)	(131,291)
	<hr/>	<hr/>	<hr/>
Financing activities			
Proceeds from issue of equity shares	45,000	225,000	225,000
Share issue costs	-	(12,600)	(12,600)
	<hr/>	<hr/>	<hr/>
Net cash generated by financing activities	45,000	212,400	212,400
	<hr/>	<hr/>	<hr/>
Investing activities			
Purchase of investments	-	(34,122)	(84,121)
Proceeds from sale of investments	-	-	25,592
Interest received	-	26	25
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	-	(34,096)	(58,504)
	<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(9,772)	62,696	22,605
Cash and cash equivalents at beginning of the period	27,473	4,868	4,868
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of the period	17,701	67,564	27,473
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Notes to the Interim Financial Statements for the six months ended 31 March 2016

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 2016 and are unchanged from those disclosed in the Company's Report and Financial Statements for the year ending 30 September 2015.

The financial information for the six months ended 31 March 2016 and for the six months ended 31 March 2015 has neither been audited nor reviewed by the Company's auditors. The financial statements for the year ended 30 September 2015 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. 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

On 6 October 2015, the Company raised £25,000 (before expenses) through the issue of 12,500,000 Ordinary Shares at 0.2p per share. These funds were used for working capital purposes.

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5. Post Balance Sheet Events

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