TUNGSTEN CORPORATION PLC

("Tungsten", the "Company" or "Group")

23 July 2018

RESULTS FOR FINANCIAL YEAR ENDED 30 APRIL 2018

Financial Highlights

- Revenue increased 8% to £33.7 million (FY17: £31.3 million); up 9% at constant exchange rates
- EBITDA[1] loss decreased to £4.6 million, a £7.2 million improvement from prior year (FY17: £11.8 million loss)
- Gross margin of 93.1%, a 30 basis point improvement from 92.8% in FY17
- Statutory loss reduced by £0.6 million to £11.9 million (FY17: £12.5 million)
- Adequate working capital, with net cash of £6.4 million at 30 April 2018 (30 April 2017: £17.5 million)
- Post FY18 year-end, £4 million revolving credit facility signed with HSBC

Key Performance Metrics

- 0.6 million transactions added to increase total volume to 17.7 million (FY17: 17.1 million)
- Average revenue per invoice increased from £1.82 to £1.90
- Adjusted operating expenses[2] reduced by 12% to £36.0 million (FY17: £40.8 million)
- In April 2018, Tungsten Network Finance average outstandings of £43.4 million (April 2017: £14.0 million)

Operational Highlights

- Achieved monthly EBITDA breakeven on a Group basis during Jan-Apr 2018 period
- 8 new AP customers, 35 contracts renewed at mean 38% rate rise; launch of e-billing to target AR customers
- Transitioned to new technology platform; capex savings of £3.5 million, annual cost savings of £0.9 million

FY19 Outlook

- Constant currency revenue of at least £37.5 million, weighted to the second half of the financial year
- Stable gross margin and adjusted operating expenses resulting in EBITDA profit for the full financial year, with phasing reflecting the evolution of revenue growth
- Existing capital sufficient to deliver FY19 plan, unless significantly higher rate of growth targeted

Richard Hurwitz, Chief Executive Officer

"Tungsten stands at an inflection point, poised to benefit from increased revenue opportunities and lower operating costs, allowing it to pursue accelerated growth profitably. This is due to the careful execution of our strategy by our dedicated people, the remediation we have completed in transitioning to a new technology platform, the operating efficiencies created and the launch of relevant new customer solutions, more than doubling our addressable market.

"By evolving Tungsten from a pure play e-invoicing company into a multi-product trade services provider, our outlook is bright. We aim to take advantage of the operating leverage we now have to generate profitable growth and drive returns for our shareholders. Our enhanced organisational capabilities and product offering, together with the new business pipeline we see, give me confidence to declare we are well positioned to deliver on these goals."

[1] EBITDA excludes other income, interest, tax, depreciation, amortisation, foreign exchange gain or loss, discontinued operations, share-based payments charges and exceptional items.

[2] Adjusted operating expenses excludes cost of sales, other income, interest, tax, depreciation, amortisation, foreign exchange gain or loss, discontinued operations, share-based payments charges and exceptional items.

Analyst Presentation

Richard Hurwitz, Chief Executive Officer, and David Williams, Chief Financial Officer, will today host a conference call and webcast at 9.00am UK time. To access the live slide webcast please click here.

To access the webcast audio, or for participants unable to join the webcast, the dial-in number for the conference call is +44 (0)20 3003 2666 / +1 212 999 6659 with the password 'Tungsten'. A presentation will be available on the Tungsten website at http://www.tungsten-network.com/uk/about/investor-relations/downloads-reports/.

A replay facility will be available until 31 August 2018. The dial-in number for the replay facility is +44 (0)20 8196 1998 / +1 866 583 1035 with passcode 5462231#.

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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 and purchase order services platform that brings businesses and their supply chain closer together with unique technology that revolutionises invoice processing, maximises efficiency and improves cash flow management. Delivering trusted connections and streamlined transactions, the network also provides users with real-time spend analysis and offers customers access to financing through Tungsten Network Finance.

Tungsten Network processes invoices for 74% of the FTSE 100 and 71% of the Fortune 500. It enables tax compliant e-invoicing in 48 countries, and last year processed transactions worth over £164 billion for organisations such as Alliance Data, Cargill, Deutsche Lufthansa, General Motors, GlaxoSmithKline, Henkel, IBM, Kellogg's and the US Federal Government.

Trusted, passionate and proven, Tungsten is making the digitisation of global commerce faster, easier and smarter.

Forward looking statements

This document contains forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tungsten as of the date of this statement. All written or oral forward-looking statements attributable to Tungsten are qualified by this caution. Tungsten does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tungsten's expectations.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

On behalf of the Board we are pleased to report on the progress made in the delivery of our strategic plan and the next phase in the development of Tungsten Network. FY18 was an important year of operational execution, with significant progress made on completing transformational changes to our infrastructure and our operating model, resulting in a business that can now grow revenues more rapidly and profitably.

New Board Appointments

The Board of Tungsten is pleased to invite Anthony Bromovsky and Duncan Goldie-Morrison to join the Board as Non-Executive Directors. Their formal appointments will be confirmed as soon as possible, subject to satisfactory completion of regulatory checks. A further announcement, including relevant details for Tony and Duncan, will be made at that time.

The existing Board of Tungsten looks forward to welcoming Tony and Duncan as colleagues and to working with them to capitalise on the exciting opportunities Tungsten enjoys for profitable growth.

Strategy

The four strategic objectives that were set out in early 2016 remain the focus of the business. These are to:

- Focus on the core automation business to provide efficiencies and further benefits for customers;
- Improve operational performance by deploying end-to-end ownership and digital tools to ensure people and processes provide products and services to customers effectively;
- Further leverage the Network and its data to deliver distinctive financial products for customers to support their working capital needs; and
- Enhance the value of Tungsten Network by providing value-added adjacent products and services that help customers achieve their income thresholds as they participate in the global supply chain.

We continue to demonstrate progress in the execution of each strategic objective. Increasing numbers of customers are joining and doing more business with each other over Tungsten Network. Our transaction processing and internal infrastructure have been rebuilt so that we now process our customers' transactions faster and at lower cost. We have moved from a single product line e-invoicing business to a multi-product platform, including e-billing, purchase order services, invoice financing and off-network solutions such as invoice data capture and workflow. Finally, but not least, we have grown our trade finance customers, products and revenues. Tungsten Network is now a company positioned for accelerated growth.

Investment

The Board remains active in identifying inorganic opportunities to expand. Ensuring that any such opportunities will both accelerate our growth and add to shareholder value is central to our strategic framework for assessing any opportunity.

Our people

Tungsten Network is dependent on its dedicated and skilled people who work tirelessly on behalf of our customers. The Board and I offer all of our colleagues continued sincere and heartfelt thanks for their ongoing efforts and commitment through a period of intense change.

I would also like to thank my fellow Board members for their sustained and significant contributions during the last year.

Annual General Meeting

The Company's Annual General Meeting will be held at 2pm on 21 September 2018 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA. We look forward to welcoming our shareholders to the event.

Dividend

The Company has no distributable reserves to declare a dividend.

The year ahead

Tungsten Network must continue to grow revenues and manage its costs in order to transition into accelerated profitability and cash generation. The Board believes that it and its management team has positioned the Company to achieve this and have the skills to deliver. Tungsten Network is positioned for success.

Nick Parker
Non-Executive Chairman

In early 2016, after conducting a detailed evaluation of the Group, I set out Tungsten Network's strategic objectives and introduced its new management team. We had identified four areas of strategic emphasis: focus on amplifying our core network effect, improve operational performance, offer distinctive trade finance and expand to adjacent services both on and off-Network. I outlined a profile of the development of the Tungsten Network's turnaround citing three distinct phases to be delivered over the course of a five-year plan.

We saw the stages of our development consisting of: first, stabilising the business; second, achieve profitability by remediating our customer proposition, operating model and legacy infrastructure; and, third, accelerating profitable growth. With the reporting of EBITDA profitability at the end of FY18, the Company enters its growth phase. Half way through the five-year programme, we are now at the inflection point where developing business and doing great things for our customers has become our primary focus.

When I was appointed Chief Executive Officer I assumed responsibility for turning a distressed business around. The business was in a downward spiral operationally and without a clear strategy. It was losing key customers and the staff turnover rate was high. Vital systems were defective and management disciplines and processes were weak or non-existent in many areas.

What has followed has been a fundamental rebuilding of Tungsten Network. The Board now represents an experienced, engaged, independent governing body. A committed management team of high-calibre executive talent is in place. They in turn have filled skill gaps and reorganised the company for effective delivery of our strategy.

Over FY18 we made significant progress in repairing core systems and transitioning from an expensive, legacy operational environment. These changes allow the Company to process invoices at 25% less cost per invoice and 9x faster throughput, including 40x faster at peak production periods.

We have restored Tungsten Network's fundamental value and innovative spirit. We have moved from being a pure play e-invoicing company to a multi-product one and as a result have been able to change the way we think about our 300,000 customers, which offers us multiple ways of initiating business development. Today we have more to offer our customers than ever before and our people are focused and motivated.

With our expanded range of products Tungsten Network can now consider our customers not as 'Buyers and Suppliers' but 'Network members', each of which faces friction in both their accounts payable and accounts receivable processes. Therefore, this year we put in place the systems needed to offer a comprehensive service for handling outbound transactions to serve accounts receivable departments, significantly expanding Tungsten Network's addressable market.

We have also improved our off-Network services with intelligent data capture and workflow software that lets Tungsten Network support its customers earlier in their digital journey. These two services enhance what we can do for our customers, have had the result of increasing average contract values and revenue per transaction and are further complemented with our trade finance and foreign exchange products.

This has been a breakout year for our trade finance activities, which were relaunched in January 2017. Since then Tungsten Network Finance has in aggregate supported the extension of more than £300 million of funding to the global supply chain. We did so with a capital-light funding model, with low operating costs and from a broader range of finance solutions. Daily average invoice outstandings in April 2018 grew 94% compared with October 2017, while that month was up 60% on the level of outstandings six months previously. The sequential six-month increase in outstandings in April 2017 was 17%.

The Board of Tungsten wish to take this opportunity to acknowledge the vision set by Edi Truell when he founded the Company. We are pleased that the Company is now well placed to deliver upon that vision. While this has required a fundamental rebuild of the operational systems and processes, we are now leveraging the proprietary trade flows of the Network. I should like to thank the current Tungsten Network Finance team for their successful execution of our plans.

Over the past two years we have instituted tight financial control across the business and moved to a more effective, lower cost, shared service centre approach. Additionally, we have renegotiated vendor and customer contracts, which has helped us to decouple our cost growth from rising revenues. We have successfully filled many needed skill gaps at the Company, whilst continuing to reduce our operating expenditure base each year.

We will continue to add greater functionality to Tungsten Network, including the digital automation of more documents. Of focus in the coming years are the opportunities in Italy arising from a legal requirement effective January 2019 for all invoices to be digitally stamped. Tungsten Network intends to become an approved intermediary, allowing us to do more for our over 5,000 current Italian customers and to take advantage of opportunities to grow this number.

We will pursue further opportunities to expand our services, through product development, partnerships and, at a future date, corporate activity, while maintaining our focus on cost discipline and profitable growth.

Over the first three years of my tenure we have grown revenue by 50%, at a CAGR of 14.5%. Though FY18 was a record revenue year for Tungsten Network, growth was behind the Company's previous guidance at 9% on a constant currency basis, due primarily to longer sales cycles than expected in H2-FY18. In part, these were a function of a delay to significant new customer contracts and the later than expected availability of a new product. Resolution of these factors is expected to improve sales performance in FY19 and the order book and sales pipeline remain strong.

FY19 Priorities

Our focus in FY19 is to take advantage of the opportunities that we have created to accelerate revenue growth and generate sustainable profits. We will give these initiatives the same execution attention that allowed us to successfully remediate the internal operations of this business and decouple its cost base from revenue growth.

We will do this by retaining a focus on understanding what our customers want and delivering it to them. This will lead to an acceleration of new business sales and an increase in customer retention. We will work with our customers to connect them to more of their trading partners and help automate more of their processes with our wider range of products, with a particular focus on e-billing and the emerging opportunity in Italy.

To support the effective management of our working capital we have secured a £4 million revolving credit facility with HSBC.

Outlook

With the operational transformation largely complete and a distinct set of growth initiatives in place, the Board is optimistic about the prospects for Tungsten Network. The disciplined delivery of the strategic plan the executive team is implementing provides for greater certainty of business outcome, building confidence among stakeholders and keeping Tungsten Network on a sustainable path toward increasing returns for shareholders.

In FY19 the Board expects:

- Revenue of at least £37.5 million on a constant currency basis, weighted to the second half of the year. The Board believes that this accelerated growth can be achieved through Tungsten Network's core e-invoicing products, new products and continued expansion of Tungsten Network Finance; and,

- Stable gross margin and adjusted operating expenses resulting in EBITDA profit for the full year, with phasing reflecting the evolution of revenue growth.

Richard Hurwitz
Chief Executive Officer

Group Overview

Tungsten has continued to produce simultaneous revenue growth and cost reduction reflecting the transformation of our infrastructure and operating models. In FY18 Tungsten added more customers, processed more transactions and provided more services. This was achieved while implementing significant infrastructure change and demonstrating cost control, reflected in a reduction of 12% in adjusted operating expenses.

Revenues:

	Tungsten Network	Tungsten Network Finance	Group
Revenue FY18	£33.4m	£0.3m	£33.7m
Revenue FY17	£31.1m	£0.2m	£31.3m
Change at constant exchange rate	9%	50%	9%
Change at actual exchange rate	8%	50%	8%

Group revenue was £33.7 million (FY17: £31.3 million), representing an increase of 8% at actual exchange rates. At constant exchange rates revenue grew by 9%. The growth in revenues reflected the benefits of new customer sales, additional product sales to current customers, and existing customer price increases.

Accounts payable automation revenue represented 44% of total Tungsten Network revenues in the 2018 financial year (FY17: 44%). Tungsten Network added eight new accounts payable automation customers in FY18 to customers that have purchased our range of on-Network and off-Network products, including six that purchased the core e-invoicing services. These new customers contributed £0.9 million to FY18 revenue.

The contracts of 58 of Tungsten Network's accounts payable automation customers were scheduled to renew in FY18. These customers contributed £3.4 million of revenue in aggregate in FY17. Pricing was renegotiated for 35 of these customers at an average increase of 38%, contributing additional revenue of £0.7 million. A further 11 customers had contracts that allowed for renewal at the same price and nine customers that contributed total revenue of £0.2 million have chosen not to renew their contracts. There are three contracts that remain outstanding and are expected to be renewed in FY19.

Accounts receivable automation revenue represented 56% of total Tungsten Network revenue in the 2018 financial year (FY17: 56%) and grew 8% to £18.8 million. This was split £15.9 million from our Integrated Solution product (FY17: £14.3 million) and £2.9 million from our Web Form product (FY17: £3.1 million). Revenue from renewing Integrated Solution customers grew by 9% to £8.5 million (FY17: £7.8 million) as higher levels of customers were retained on the Network.

Tungsten Network Finance generated fees of £342,000 in FY18 (FY17: £152,000), with a run rate of £1.6 million.

Tungsten Corporation's management uses gross profit and gross margin as a KPI to monitor business performance. Gross profit is calculated as revenue less direct cost of sales. Gross margin is calculated as gross profit as a percentage of revenue. In FY18 gross profit increased by £2.4 million to £31.4 million (FY17: £29.0 million). Gross margin in FY18 was 93.1%, a 30 bps improvement from FY17 at 92.8%

Group EBITDA loss was £4.6 million (FY17: £11.8 million), a reduction of 61%. The improvement of £7.2 million reflects a £2.4 million increase in revenue and a reduction of £4.8 million in operating expenses.

EBITDA:

	Tungsten Network	Tungsten Network Finance	Corporate	Group
Revenue FY18	£33.4m	£0.3m	–	£33.7m
Revenue FY17	£31.1m	£0.2m	–	£31.3m
Change at constant exchange rate	9%	50%	n/a	9%
Change at actual exchange rate	8%	50%	n/a	8%
Cost of sales FY18	£(2.3)m	–	–	£(2.3)m
Cost of sales FY17	£(2.3)m	–	–	£(2.3)m
Change at constant exchange rate	4%	n/a	n/a	4%
Change at actual exchange rate	-	n/a	n/a	-
Adjusted operating expenses[1] FY18	£(28.7)m	£(1.6)m	£(5.7)m	£(36.0)m
Adjusted operating expenses[1] FY17	£(33.1)m	£(1.8)m	£(5.9)m	£(40.8)m
Change at constant exchange rate	(12%)	(11%)	(3%)	(6%)
Change at actual exchange rate	(13%)	(11%)	(3%)	(12%)
EBITDA[2] FY18	£2.4m	£(1.3)m	£(5.7)m	£(4.6)m
EBITDA[2] FY17	£(4.2)m	£(1.7)m	£(5.9)m	£(11.8)m
Change at constant exchange rate	157%	24%	3%	61%
Change at actual exchange rate	157%	24%	3%	61%

[1] Adjusted operating expenses excludes cost of sales, other income, interest, tax, depreciation, amortisation, foreign exchange gain or loss, discontinued operations, share-based payments charges and exceptional items.

[2] EBITDA excludes other income, interest, tax, depreciation, amortisation, foreign exchange gain or loss, discontinued operations, share-based payments charges and exceptional items.

The Group continued its operational transformation programme in FY18, with a focus on moving Tungsten Network's technology infrastructure into a cloud environment and rebuilding the core transaction processing system. The combination of these initiatives reduce technology costs by £1.8 million from FY18 onwards, with additional savings expected from lower expenditure on changing or enhancing systems. The result is a reduction in the cost to process each transaction by 25% and a significant improvement in processing times.

Staff and contractor costs were reduced by £2.2 million to £24.6 million (FY17: £26.8 million). Staff costs have been managed across the business through the transfer of functions to lower cost locations and a reduction in permanent headcount in the technology team. Other costs were also reduced, including travel and expenses and the use of professional advisers.

As a result of some of the changes made to the business, the Group incurred exceptional items of £2.4 million. They include onerous contracts in respect of replaced legacy technology of £1.1 million and a lease provision of £0.5 million, which represents the future amounts owed in respect of a former property in the United States, net of amounts due under a sub-lease signed in H2-FY18. The Group incurred restructuring costs due to contract termination and other redundancy costs of £0.6 million. Also included within exceptional items is the settlement of disputes between the Company, Disruptive Capital Advisory Limited and the Company's former Chief Executive Officer Edmund Truell, through the issuance of convertible loan notes worth £0.25 million.

Loss before tax:

The Group loss before tax from continuing operations was £12.7 million (FY17: loss of £12.7 million). This reflects:

- Depreciation and amortisation of £2.8 million (FY17: £2.8 million);
- Net foreign exchange loss on operating items of £1.5 million (FY17: gain £2.3 million). The comparative has been reclassified from finance income and finance costs to operating expenses as this loss relates to exchange differences generated on operating transactions;
- Share-based payment expense of £0.6 million (FY17: £0.4 million); and,
- Net finance costs of £0.6 million (FY17: £0.1 million).

The total net finance costs represented £0.2 million of net losses on the revaluation of intercompany loans to overseas subsidiaries (FY17: net gain of £0.6 million) plus £0.4 million of interest expenses and bank charges (FY17: £0.6 million).

Loss for the year:

The statutory Group loss for the year was £11.9 million (FY17: £12.5 million). A tax credit of £0.8 million (FY17: £0.4 million) includes a reduction of £0.5 million in the deferred tax liability relating to the acquisition of Tungsten Network.

The Group has an unrecognised deferred tax asset of approximately £14.8 million that is available for offset against future tax expenses in the companies in which losses arise.

Cash flow:

Cash and cash equivalents at the end of FY18 were £6.4 million (FY17: £17.5 million).

Continuing and discontinued operation cash flow:

FY18 Cash Flow	Group
Net cash outflow from operating activities	£(8.0)m
Net cash outflow from investing activities	£(7.6)m
Net cash inflow from financing activities	£4.3m
Net decrease in cash & cash equivalents	£(11.3)m
Exchange adjustments	£0.2m
Cash and cash equivalents at the start of the year	£17.5m
Cash and cash equivalents at the end of the year	£6.4m

The cash outflow from operating activities was £8.0 million (FY17: £10.9 million). This included:

- An outflow generated from operations of £5.8 million (FY17: £12.3 million);
- An outflow from trade and other receivables of £1.8 million (FY17: £0.2 million inflow);
- An inflow from trade and other payables of £0.03 million (FY17: £2.0 million outflow);
- Net interest paid of £0.4 million (FY17: £0.4 million); and
- An inflow from discontinued operation £nil million (FY17: £3.6 million).

The outflow from trade and other receivables was primarily due to an increase in trade receivables of £1.5 million, reflecting the increase in revenue and, in particular, the timing of two new accounts payable automation sales at the end of the period.

The inflow from trade and other payables of £0.03 million reflects an increase in trade payables, primarily resulting from capital projects undertaken over FY18.

The cash outflow from investing activities was £7.6 million (FY17: inflow of £25.4 million). The comparative includes an inflow from the sale of Tungsten Bank of £29.7 million, with the remaining variance primarily due to an increase in expenditure on capitalised software development costs to £7.2 million (FY17: £3.6 million). In FY18 Tungsten increased its investment in its core transaction network with rollout of Salesforce as a core tenet of internal systems and in its customer interfaces. The significant majority of this expenditure was on contractors engaged specifically for these projects on contracts that have now ended.

Tungsten stopped using its own cash resources to finance Tungsten Network Early Payment invoices in FY18, resulting in an inflow of £4.3 million.

Loss per share:

The basic and diluted loss per share was 9.45p (FY17: 9.91p).

Net assets:

Net assets decreased by £9.9 million to £121.4 million during the year (FY17: £131.3 million) due to the Group's statutory loss of £11.9 million and currency translation differences of £1.4 million, offset by a movement in the share-based payment reserve of £0.6 million.

David Williams
Chief Financial Officer

Financial Statements
Consolidated income statement

	Note	Year ended 30 April 2018	Year ended 30 April 2017
		£'000	£'000
Revenue	2	33,663	31,269
Operating expenses		(45,746)	(43,917)
Operating loss		**(12,083)**	**(12,648)**
EBITDA[1]		**(4,647)**	**(11,784)**
Depreciation and amortisation		(2,813)	(2,801)
Foreign exchange (loss)/gain		(1,547)	2,342
Share based payment expense		(647)	(405)
Exceptional items	3	(2,429)	-
Operating loss		**(12,083)**	**(12,648)**
Finance income		1,864	3,022
Finance costs		(2,468)	(3,068)
Net finance costs		**(604)**	**(46)**
Loss before taxation		**(12,687)**	**(12,694)**
Taxation		768	433
Loss for the year from continuing operations		**(11,919)**	**(12,261)**
Loss for the year from discontinued operation		-	(230)
Loss for the year		**(11,919)**	**(12,491)**

Loss per share from continuing and discontinued operations attributable to the equity holders of the parent during the year (expressed in pence per share):

	Note	Year ended 30 April 2018	Year ended 30 April 2017
Basic and diluted			
From continuing operations	4	(9.45)	(9.73)
From discontinued operation	4	-	(0.18)
		(9.45)	(9.91)

1 EBITDA is calculated as earnings before other income, interest, tax, depreciation and amortisation, foreign exchange gain or loss, share based payment expense and exceptional items.

Consolidated statement of comprehensive income

	Year ended 30 April 2018	Year ended 30 April 2017
	£'000	£'000
Loss for the year	(11,919)	(12,491)
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	1,423	(2,709)
Total comprehensive loss for the year	**(10,496)**	**(15,200)**

Items in the statement above are disclosed net of tax.

Consolidated statement of financial position

	Note	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Assets			
Non-current assets			
Intangible assets	5	123,397	118,452
Property, plant and equipment	6	2,646	1,856
Trade and other receivables		464	469
Total non-current assets		**126,507**	**120,777**
Current assets			
Trade and other receivables		10,320	8,790
Invoice receivables		2	4,304
Cash and cash equivalents		6,418	17,498
Total current assets		**16,740**	**30,592**
Total assets		**143,247**	**151,369**
Capital and reserves attributable to the equity shareholders of the parent			
Share capital	7	553	553
Share premium	7	188,794	188,794
Merger reserve		28,035	28,035
Shares to be issued		3,760	3,760
Share-based payment reserve		6,442	5,815
Other reserve		(7,541)	(8,964)
Accumulated losses		(98,582)	(86,663)
Total equity		**121,461**	**131,330**
Non-current liabilities			
Deferred taxation		2,110	2,630
Provisions		1,459	-
Total non-current liabilities		**3,569**	**2,630**
Current liabilities			
Trade and other payables		8,857	9,529
Provisions		759	-
Deferred income		8,601	7,880
Total current liabilities		**18,217**	**17,409**
Total liabilities		**21,786**	**20,039**
Total equity and liabilities		**143,247**	**151,369**

Consolidated statement of changes in equity

Year ended 30 April 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2017	**553**	**188,794**	**28,035**	**3,760**	**5,815**	**(8,964)**	**(86,663)**	**131,330**
Currency translation differences	-	-	-	-	-	1,423	-	1,423
Loss for the year	-	-	-	-	-	-	(11,919)	(11,919)
Balance as at 30 April 2018 excluding transactions with owners	**553**	**188,794**	**28,035**	**3,760**	**5,815**	**(7,541)**	**(98,582)**	**120,834**
Transaction with owners								
Share based payment expense	-	-	-	-	627	-	-	627
Transactions with owners	**-**	**-**	**-**	**-**	**627**	**-**	**-**	**627**
Balance as at 30 April 2018	**553**	**188,794**	**28,035**	**3,760**	**6,442**	**(7,541)**	**(98,582)**	**121,461**

Year ended 30 April 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share-based payment reserve £'000	Other reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 May 2016	**553**	**188,794**	**28,035**	**3,760**	**5,419**	**(6,255)**	**(74,172)**	**146,134**
Currency translation differences	-	-	-	-	-	(2,709)	-	(2,709)
Loss for the year	-	-	-	-	-	-	(12,491)	(12,491)
Balance as at 30 April 2017 excluding transactions with owners	**553**	**188,794**	**28,035**	**3,760**	**5,419**	**(8,964)**	**(86,663)**	**130,934**
Transaction with owners								
Share based payment expense	-	-	-	-	396	-	-	396
Transactions with owners	**-**	**-**	**-**	**-**	**396**	**-**	**-**	**396**
Balance as at 30 April 2017	**553**	**188,794**	**28,035**	**3,760**	**5,815**	**(8,964)**	**(86,663)**	**131,330**

Consolidated statement of cash flows

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Cash flows from operating activities			
Loss before taxation from continuing operations		(12,687)	(12,694)
Loss before taxation from discontinued operation		-	(230)
Adjustments for:			
Depreciation and amortisation		2,813	2,801
Decrease/(increase) in provision of trade receivables		271	(262)
Finance costs		2,468	3,068
Finance income		(1,864)	(3,022)
Foreign exchange loss/(gain)		1,547	(2,342)
Share based payment expense		647	405
Provision for onerous contracts and legal fees		1,014	-
Cash used in operations		**(5,791)**	**(12,276)**
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(1,796)	268
Increase/(decrease) in trade and other payables		30	(2,039)
Net interest paid		(394)	(428)
Discontinued operation		-	3,615
Net cash outflow from operating activities		**(7,951)**	**(10,860)**
Cash flows from investing activities			
Capitalisation of software development costs	5	(7,223)	(3,570)
Purchases of other intangibles	5	(70)	(503)
Purchases of property, plant and equipment	6	(330)	(266)
Discontinued operations		-	29,713
Net cash (outflow)/inflow from investing activities		**(7,623)**	**25,374**
Cash flows from financing activity			
Decrease/(increase) in invoice receivables		4,302	(4,304)
Net cash inflow/(outflow) from financing activity		**4,302**	**(4,304)**
Net (decrease)/increase in cash and cash equivalents		(11,272)	10,210
Cash and cash equivalents at start of the year		17,498	27,023
Exchange adjustments		192	865
Cash and cash equivalents including cash held in disposal group at the end of the year		**6,418**	**38,098**
Cash held in the disposal group		-	(20,600)
Cash and cash equivalents at the end of the year		**6,418**	**17,498**

Accounting Policies

1. Basis of preparation

The consolidated financial statements of Tungsten Corporation plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements have been prepared on a going concern basis. Further detail is included within the Report of the Directors.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Comparatives

Comparative figures have been reclassified to conform with the current year's presentation so that they appropriately reflect the nature of the balances and transactions.

In particular foreign exchange gains of £3.4 million and foreign exchange losses of £1.1 million have been reclassified respectively from finance income and finance expenses to operating expenses as they relate to exchange differences generated on operating transactions.

2. Segment report

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 Corporate (which includes overheads and general corporate costs). Intersegment revenue from management fees and other intersegment charges are eliminated below.

Year ended 30 April 2018

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Total £'000
Segment revenue	33,321	342	-	33,663
EBITDA[1] - excluding non-cash share based payment expense	2,340	(1,300)	(5,687)	(4,647)
EBITDA[1] - including non-cash share based payment expense	2,340	(1,300)	(6,334)	(5,294)
Depreciation and amortisation	(2,304)	(57)	(452)	(2,813)
Foreign exchange gain/(loss)	(1,319)	(169)	(59)	(1,547)
Share based payment expense	-	-	(647)	(647)
Exceptional items	(1,946)	(118)	(365)	(2,429)
Finance income	1,379	74	411	1,864
Finance costs	(1,457)	(276)	(735)	(2,468)
Loss before taxation	**(3,307)**	**(1,846)**	**(7,534)**	**(12,687)**
Income tax credit				768
Loss for the year				**(11,919)**
Capital expenditure	7,492	-	122	7,614
Total assets	138,039	852	4,356	143,247
Total liabilities	16,339	223	5,224	21,786

1 EBITDA is calculated as earnings before other income, interest, tax, depreciation and amortisation, foreign exchange gain or loss, share based payment expense and exceptional items.

Year ended 30 April 2017

	Tungsten Network £'000	Tungsten Network Finance £'000	Corporate £'000	Total £'000
(Excluding discontinued operation)				
Segment revenue	31,117	152	-	31,269
EBITDA - excluding non-cash share based payment expense	(4,251)	(1,682)	(5,851)	(11,784)
EBITDA - including non-cash share based payment expense	(4,251)	(1,682)	(6,256)	(12,189)
Depreciation, amortisation and impairment	(1,409)	(93)	(1,299)	(2,801)
Foreign exchange gain/(loss)	2,559	39	(256)	2,342
Share based payment expense	-	-	(405)	(405)
Finance income	1,869	43	1,110	3,022
Finance costs	(2,239)	(284)	(545)	(3,068)
Loss before taxation	**(3,471)**	**(1,977)**	**(7,246)**	**(12,694)**
Income tax credit				433
Loss for the year from continuing operations				**(12,261)**
Loss for the year from discontinued operation				(230)
Loss for the year				**(12,491)**
Capital expenditure	3,737	-	602	4,339
Total assets	133,849	5,064	12,456	151,369
Total liabilities	14,960	460	4,619	20,039

3. Exceptional items

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Provision for onerous contracts	1,587	-
Restructuring costs	592	-
Loan notes	250	-
Total exceptional items	**2,429**	**-**

The Group incurred a number of exceptional items during the year as a result of the restructuring of the Group.

They are mainly technology contract termination costs of £1.1 million, onerous lease provision of £0.5 million which reflects future amounts owed on a property in the US, restructuring costs due to contract termination and other redundancy costs.

A three-year loan note of £0.25 million was issued in March 2018 as a settlement of disputes between the Company, Disruptive Capital Advisory Limited ("DCAL") and the Company's former Chief Executive Officer Edmund Truell. DCAL has the option to convert the loan note to 373,134 shares in Tungsten, calculated using the share price of £0.67 per share on 16 March 2018, the date of agreement. Although the option should be fair valued to determine the best estimate of the liability, given the share price of £0.59 as at 30 April 2018 and that DCAL did not exercise the option at the reporting date, a liability of £0.25 million has been recognised.

4. Loss per share

Basic and diluted 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 year.

Loss per share from continuing and discontinued operations attributable to the equity holders of the parent during the year:

	Year ended 30 April 2018			Year ended 30 April 2017		
	Loss £'000	Shares '000	Loss per share P	Loss £'000	Shares '000	Loss per share P
Basic and diluted						
Continuing operations	(11,919)	126,069	(9.45)	(12,261)	126,069	(9.73)
Discontinued operation	-	-	-	(230)	126,069	(0.18)
Loss per share			**(9.45)**			**(9.91)**

5. Intangible assets

As at 30 April 2018

	Goodwill £'000	Customer relationships £'000	IT platform £'000	Software £'000	Software development under construction £'000	**Total £'000**
Cost						
Balance at 1 May 2017	102,049	11,116	7,188	660	3,570	**124,583**
Additions	-	-	-	70	7,223	**7,293**
Reclassification	-	-	-	2,236	(2,236)	**-**
Exchange differences	(201)	(7)	(174)	(6)	(1)	**(389)**
Balance at 30 April 2018	**101,848**	**11,109**	**7,014**	**2,960**	**8,556**	**131,487**
Accumulated amortisation						
Balance at 1 May 2017	-	2,007	3,694	430	-	**6,131**
Charge for the year	-	572	1,172	331	-	**2,075**
Exchange differences	-	(4)	(106)	(6)	-	**(116)**
Balance at 30 April 2018	**-**	**2,575**	**4,760**	**755**	**-**	**8,090**
Net book value						
As at 30 April 2017	102,049	9,109	3,494	230	3,570	118,452
As at 30 April 2018	101,848	8,534	2,254	2,205	8,556	123,397

As at 30 April 2017

	Goodwill £'000	Customer relationships £'000	IT platform £'000	Software £'000	Software development under construction £'000	**Total £'000**
Cost						
Balance at 1 May 2016	101,668	11,103	6,956	1,908	-	**121,635**
Additions	-	-	-	503	3,570	**4,073**
Disposals	-	-	(109)	(1,760)	-	**(1,869)**
Exchange differences	381	13	341	9	-	**744**
Balance at 30 April 2017	**102,049**	**11,116**	**7,188**	**660**	**3,570**	**124,583**

Accumulated amortisation						
Balance at 1 May 2016	-	1,431	2,414	1,020	-	**4,865**
Charge for the year	-	573	896	982	-	**2,451**
Disposals	-	-	-	(1,599)	-	**(1,599)**
Exchange differences	-	3	384	27	-	**414**
Balance at 30 April 2017	**-**	**2,007**	**3,694**	**430**	**-**	**6,131**
Net book value						
As at 30 April 2016	101,668	9,672	4,542	888	-	116,770
As at 30 April 2017	102,049	9,109	3,494	230	3,570	118,452

Impairment testing is carried out at cash generating unit (CGU) level on an annual basis. The following is a summary of the goodwill allocation for each reporting segment:

	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Tungsten Network	101,848	102,049
Total goodwill	**101,848**	**102,049**

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 plan used in the impairment models is 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 customers using the Tungsten Network, including Tungsten Workflow and Tungsten Analytics at a compound annual growth rate of at least 12%
- Pre-tax discount rate of 11.75% (2017: 11.75%), being based on the Group's weighted average cost of capital (WACC)
- Growth rate used in perpetuity of 2.00% (2017: 2.00%)
- Corporate overhead of £3.5 million
- Cost growth of 2.50%

Based on the above assumptions, the recoverable amount of the Tungsten Network CGU exceeded its carrying value by £12.2 million (2017: £69.7 million).

The recoverable amount of the Tungsten Network CGU derived from this analysis was sensitive to the compound annual revenue growth rate, discount rate and cost growth rate. In the event that the compound annual revenue growth rate assumption is reduced to 11.4%, or the discount rate assumption is increased to 12.6% or the cost growth rate assumption is increased to 3.7%, the recoverable amount would equal the carrying value of the CGU.

6. Property, plant and equipment

As at 30 April 2018

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	**Total £'000**
Cost				
Balance at 1 May 2017	1,823	220	324	**2,367**
Additions	1,367	37	130	**1,534**
Disposals	-	-	(2)	**(2)**
Exchange differences	4	7	147	**158**
Balance at 30 April 2018	**3,194**	**264**	**599**	**4,057**

Accumulated depreciation				
Balance at 1 May 2017	373	70	68	**511**
Charge for the year	537	46	155	**738**
Disposals	-	-	(1)	**(1)**
Exchange differences	4	10	149	**163**
Balance at 30 April 2018	**914**	**126**	**371**	**1,411**
Net Book Value				
At 30 April 2017	1,450	150	256	1,856
At 30 April 2018	2,280	138	228	2,646

As at 30 April 2017

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	**Total £'000**
Cost				
Balance at 1 May 2016	2,366	563	2,532	**5,461**
Additions	8	46	212	**266**
Disposals	(552)	(398)	(2,444)	**(3,394)**
Exchange differences	1	9	24	**34**
Balance at 30 April 2017	**1,823**	**220**	**324**	**2,367**
Accumulated depreciation				
Balance at 1 May 2016	768	429	2,340	**3,537**
Charge for the year	156	35	159	**350**
Disposals	(552)	(396)	(2,442)	**(3,390)**
Exchange differences	1	2	11	**14**
Balance at 30 April 2017	**373**	**70**	**68**	**511**
Net Book Value				
At 30 April 2016	1,598	134	192	1,924
At 30 April 2017	1,450	150	256	1,856

7. 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 2016	126,069,397	£0.004386	553	188,794
Shares issued during the year	-	-	-	-
Balance as at 30 April 2017	126,069,397	£0.004386	553	188,794
Shares issued during the year	-	-	-	-
Balance as at 30 April 2018	**126,069,397**	**£0.004386**	**553**	**188,794**

8. Related-party transactions

The Group entered into the following transactions with related parties in the ordinary course of business:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Purchase of services	34	95

The Witz Company is controlled by Richard Hurwitz. Richard Hurwitz has elected not in participate in the Group's pension scheme and in accordance with his executive service agreement is entitled to a cash allowance of the equivalent of 10% of his salary, part of which is paid to The Witz Company. During the year ended 30 April 2018, the Group paid a total costs of £34,000 (2017: £31,000).

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

Key management personnel

Key management includes Directors – Executive and Non-Executive – who are responsible for controlling and directing the activities of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Short-term employee benefits	1,905	1,579
Share-based payment expense	219	174
Total	2,124	1,753

9. Subsequent event

On 20 July 2018 Tungsten Network Limited, an indirect wholly owned subsidiary of Tungsten Corporation plc, signed a revolving credit facility with HSBC UK Bank plc. Details are as follows:

Currency:	British Pounds
Limit:	£4.0 million
Rate:	LIBOR plus 3.5%
Term:	3 years