28 September 2016

Touchstar plc

(formerly Belgravium Technologies plc)

Interim results for the Six months ended 30 June 2016

The Board of Touchstar plc ((AIM:TST) 'Touchstar', the 'Company' or 'the Group'), suppliers of mobile data computing solutions and managed services to a variety of industrial sectors, is pleased to announce its interim results for the six months ended 30 June 2016.

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those obligations.

Key Financials:

	30 June 2016	**30 June 2015**
• Revenues	£4,146,000	£4,431,000
• Trading profit before exceptional costs	£219,000	£46,000
• Trading profit before exceptional costs (after tax)	£296,000	£90,000
• Operating profit/(loss)	£219,000	£ (49,000)
• Profit/(loss) (after tax)	£296,000	£ (5,000)
• Basic EPS post-capital reorganisation *	4.69p	0.08p
• Basic EPS pre-capital reorganisation *	0.29p	0.00p
• Cash and cash equivalents	£ (201,000)	£414,000

(* See notes 6 and 7 for details on the Share Capital Reorganisation)

Commenting on the results, Ian Martin, Chairman of Touchstar, said:

"Encouragingly these results highlight the positive effect of last year's successful restructuring. We are now a more effective and efficient business.

"There is much that gives me confidence that we are well on our way. It will not be a straight line progression, there will be bumps in the road, but we believe the direction of travel is correct. There is real opportunity although there is plenty of hard work still to be done."

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Information on Touchstar plc can be seen at: www.touchstarplc.com

CHAIRMAN'S INTERIM STATEMENT 2016

This is my first report to you under our new name Touchstar plc, and I am pleased to state we have delivered a solid and very encouraging set of financial results for the six months ended 30 June 2016. There has been considerable change over the last twelve months. Contained in these results are the first tangible signs of the business we are working hard to create emerging. We have a long way to go and much to achieve, however the all-important first steps forward have been taken.

Results

Whilst trading profits have increased significantly for the six months ended 30 June 2016 revenues have decreased slightly to £4,146,000 (six months ended 30 June 2015: £4,431,000). This reduction in revenue is due to the competitive nature of our markets at the moment, however gross margins continue to be maintained. As we extend our solutions offering, our older products are being phased out. Touchstar is about to enter an upgrade cycle with some of its clients, with the launch of substantially enhanced new products.

Encouragingly these results highlight the positive effect of last year's restructuring. We are now a more effective and efficient business. This has enabled a dramatically improved financial performance for the six months ended 30 June 2016. Operating profits rose 480% to £219,000 (six months ended 30 June 2015 operating profit prior to exceptional items: £46,000). With the restructuring largely completed the Group took no exceptional costs in the period (six months ended 30 June 2015: £95,000) so the comparable reported numbers look even more favorable, when this period's profit of £216,000 is compared to the prior period loss of (£50,000).

Taxation continues to be a positive due to the Group's enhanced Research and Development (R&D) programme. As a result of the continued investment in product development in 2016 the Group is anticipating a tax credit in the region of £200,000 of which £80,000 has been recognised for the six months ended 30 June 2016 (year ended 31 December 2015: £175,000).

Profit after tax was £296,000 for the six-month period ended 30 June 2016, again showing very favorable comparison to the prior period (six months ended 30 June 2015 loss: (£5,000)). Basic EPS post Capital Reorganisation has increased significantly to 4.69p when compared to the six months ended 30 June 2015 of (0.08)p (the Pre Capital Reorganisation EPS for the six months to 30 June 2016 was 0.29p compared to 30 June 2015 of 0.00p).

Over the last twelve months we have invested considerably in the future of Touchstar - this will be an ongoing feature of the business. However, the costs associated with the successful restructuring of the business have been largely met and are not expected to reoccur. Consequently, the net cash balance has declined from both the year end position and the comparable period last year. At the 30 June 2016 the Company had net borrowings of £200,600 (30 June 2015: £414,000 cash in bank). The underlying business is cash generative but with our continued investment in development we would expect to show a broadly similar level of borrowings by the end of the calendar year.

Over the last twelve months' considerable progress has been made. The whole Group has been re- energised and are re-establishing ourselves as leaders in the industry. We are investing in the business at all levels. The infrastructure has been put in place that will enable the business to grow. The additional spend and re-focusing of the business has been both heard and well received by our customers. We have a number of interesting products that will be launched over the next eighteen months, enhancing our solutions offering as well as replacing older products; in the Mobile Retail sales arena, for example, we have recently launched and supplied our first integrated back office 'cloud based' software solution providing the customer full visibility and management of their on-board sales activities. The system fully integrates to our new and existing on-board mobile applications providing a more encompassing solution to new and existing users and allowing us to compete more effectively.

We have already enhanced and continue to develop much of our existing mobile applications in mobile retail and transport sectors to operate on both the windows and android operating systems (and in some instance Apple iOS). This provides us with more opportunity and greater flexibility in the market place.

The rugged hardware in which we specialise continues to be well received and these to need to be supplied with either Windows or Android operating systems. Over the coming six to twelve months these products will be available in both formats, whilst maintaining the 'rugged by design' ethos of our range.

There is much that gives me confidence that we are well on our way. It will not be a straight line progression, there will be bumps in the road, but we believe the direction of travel is correct. There is real opportunity although there is plenty of hard work still to be done because we live in a highly competitive world and our competitors are not going to just stand by and let us re-establish ourselves.

Capital Reorganisation

I am pleased to report that on the 8 July 2016 the Scottish Courts approved the last part of the Groups Capital Reorganisation. I would like to thank shareholders for their support through this process.

Current Outlook and Trading

We have made a solid start to the year. I expect trading in the second half of the year to be slightly stronger than the first and that earnings, for the year as a whole, will be ahead of market expectations due to anticipated tax credits. I do not expect any change in the market environment, which is competitive – but that has been the case for many years now, and it is unlikely to alter. We are focused upon doing the right thing, giving us the best chance of long term success. I remain positive that we will deliver on both the short and long term expectations we have set ourselves.

As ever the Board would like to thank shareholders for their continued support and patience.

Lastly, I would like to thank the contribution and attitude of all the people I work alongside at Touchstar, without their commitment this turnaround in performance would not have happened.

I Martin
Executive Chairman
27 September 2016

Unaudited consolidated income statement
for the six months ended 30 June 2016

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	£'000	£'000	£'000
Revenue	**4,146**	4,431	8,676
Operating profit before exceptional items and goodwill impairment	**219**	46	107
Goodwill impairment	**-**	-	(6,000)
Exceptional costs	**-**	(95)	(637)
Operating profit/(loss)	**219**	(49)	(6,530)
Finance costs	**(3)**	(1)	(1)
Profit/(loss) before income tax	**216**	(50)	(6,531)
Income tax credit	**80**	45	192
Profit/(loss) for the year attributable to the owners of the parent	**296**	(5)	(6,339)

Earnings/(losses) per ordinary share (pence) attributable to owners of the parent during the period:

	Pence per share	Pence per share	Pence per share
Basic post Share Capital Reorganisation	4.69p	(0.08)p	(100.48)p
Basic pre Share Capital Reorganisation	0.29p	0.00p	(6.28)p

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Unaudited consolidated statement of changes in equity for the six months ended 30 June 2016

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
For the six months ended 30 June 2016					
Balance at 1 January 2016	5,047	2,932	2,100	(4,761)	5,318
Profit for the period	-	-	-	296	296
Balance at 30 June 2016	**5,047**	**2,932**	**2,100**	**(4,465)**	**5,614**
For the six months ended 30 June 2015					
Balance at 1 January 2015	5,047	2,932	2,100	1,578	11,657
Loss for the period	-	-	-	(5)	(5)
Balance at 30 June 2015	5,047	2,932	2,100	1,573	11,652
For the year ended 31 December 2015					
Balance at 1 January 2015	5,047	2,932	2,100	1,578	11,657
Loss for the year	-	-	-	(6,339)	(6,339)
Balance at 31 December 2015	5,047	2,932	2,100	(4,761)	5,318

Unaudited consolidated balance sheet
at 30 June 2016

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Non-current assets			
Goodwill	**3,824**	9,824	3,824
Development expenditure	**872**	776	820
Total intangible assets	**4,696**	10,600	4,644
Property, plant and equipment	**192**	189	182
Deferred tax assets	**67**	67	67
	4,955	10,856	4,893
Current assets			
Inventories	**1,211**	1,500	1,490
Trade and other receivables	**2,192**	2,807	2,367
Current tax recoverable	**257**	124	175
Cash and cash equivalents	**-**	414	242
	3,660	4,845	4,274
Total assets	**8,615**	15,701	9,167
Current liabilities			
Trade and other payables	**2,649**	3,656	3,514
Borrowings	**201**	15	8
	2,850	3,671	3,522
Non-current liabilities			
Deferred tax liabilities	**75**	87	75
Deferred income	**76**	291	252
Total liabilities	**3,001**	4,049	3,849

Unaudited consolidated balance sheet
at 30 June 2016 **(continued)**

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Capital and reserves attributable to owners of the parent			
Share capital	**5,047**	5,047	5,047
Share premium account	**2,932**	2,932	2,932
Capital redemption reserve	**2,100**	2,100	2,100
Profit and loss account	**(4,465)**	1,573	(4,761)
Total equity	**5,614**	11,652	5,318
Total equity and liabilities	**8,615**	15,701	9,167

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Consolidated cash flow statement
for the six months ended 30 June 2016

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Cash flows used in operations			
Operating profit/ (loss)	**219**	(49)	(6,530)
Depreciation	**44**	57	117
Amortisation	**181**	163	320
Goodwill impairment	**-**	-	6,000
Movement in:			
Inventories	**278**	(65)	(55)
Trade and other receivables	**174**	370	810
Trade and other payables	**(1,041)**	(560)	(741)
Cash used in operations	**(145)**	(84)	(79)
Interest paid	**(3)**	(1)	(1)
Corporation tax received	**-**	36	120
Net cash (used in)/generated from operating activities	**(148)**	(49)	40
Cash flows from investing activities			
Purchase of intangible assets	**(233)**	(223)	(424)
Purchase of property, plant and equipment	**(54)**	(29)	(82)
Net cash used in investing activities	**(287)**	(252)	(506)
Cash flows from financing activities			
Repayments of finance lease contracts	**(8)**	(16)	(23)
Net cash used in financing activities	**(8)**	(16)	(23)
Net decrease in cash and cash equivalents	**(443)**	(317)	(489)
Cash and cash equivalents at start of the year	**242**	731	731
Cash and cash equivalents at end of the year	**(201)**	414	242

Notes to the interim report and accounts
for the six months ended 30 June 2016

1. General information

Touchstar plc is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company has its listing on AIM. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2. Status of interim report and accounts

The financial information comprises the condensed consolidated interim balance sheet as at 30 June 2016, 30 June 2015 and 31 December 2015 along with related consolidated interim statements of income and cash flows for the six months to 30 June 2016 and 30 June 2015 and year ended 31 December 2015 of Touchstar plc (hereinafter referred to as 'financial information').

This financial information for the half year ended 30 June 2016 has neither been audited nor reviewed and does not comprise statutory accounts within the meaning of the section 434 of the Companies Act 2006. This financial information was approved by the Board on 27 September 2016.

The figures for the year ended 31 December 2015 have been extracted from the audited annual report and accounts that have been delivered to the Registrar of Companies. The auditors, PricewaterhouseCoopers LLP, reported on those accounts under section 495 of the Companies Act 2006. Their report was unqualified and did not contain a statement under section 498 of that Act.

3. Basis of preparation

The interim report and accounts have been prepared using accounting policies to be applied in the annual report and accounts for the year ended 31 December 2016. These are consistent with those included in the previously published annual report and accounts for the year ended 31 December 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

The directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future, and for this reason they have adopted the going concern basis of preparation in the consolidated interim financial statements. The financial statements may be obtained from Touchstar plc (formerly Belgravium Technologies plc), 7 Commerce Way, Trafford Park, Manchester, M17 1HW or online at www.touchstarplc.com.

Non – GAAP financial measures
For the purposes of this preliminary announcement and annual report and accounts, the Group uses alternative non-Generally Accepted Accounting Practice ('non-GAAP') financial measures which are not defined within IFRS. The Directors use the measures in order to assess the underlying operational performance of the Group and as such, these measures are important and should be considered alongside the IFRS measures.

The following non-GAAP measure referred to in the preliminary announcement relates to Trading profit.

'Trading profit' is separately disclosed, being defined as operating (loss)/profit adjusted to exclude goodwill impairment, restructuring costs and compensation for loss of office along with other non-recurring costs. These exceptional costs related to items which the management believe did not accurately reflect the underlying trading performance of the business in the period. The Directors believe that the trading profit is an important measure of the underlying performance of the Group.

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows.

It was the opinion of the Directors, whilst taking a more conservative view of future growth rates, an impairment of goodwill has taken place in 2015 amounting to £6,000,000.

(b) Development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfy the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on the development project. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

5. Income tax credit

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	£'000	£'000	£'000
Corporation Tax			
Current tax	(80)	(45)	(175)
Adjustments in respect of prior years	-	-	(17)
Total current tax	(80)	(45)	(192)

6. Earnings/(losses) per share

Earnings/(losses) per ordinary share (pence) attributable to owners of the parent during the period:

	Six months ended 30 June		Year ended 31 December
Post capital reorganisation	**2016**	2015	2015
Basic	**4.69p**	(0.08)p	(100.48)p
Adjusted	**4.69p**	1.42p	4.72 p

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The 30 June 2015 and 31 December 2015 have been restated to show comparatives based on the new share capital in issue post the Company's Share Capital Reorganisation which has taken place on 24 May 2016 (note 7).

The calculation of adjusted earnings per share excludes exceptional costs as detailed below.

	Six months ended 30 June		Year ended 31 December
Pre capital reorganisation	**2016**	2015	2015
Basic	**0.29p**	0.00p	(6.28)p
Adjusted	**0.29p**	0.09p	0.30 p

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

For six-month period	**30 June 2016**		30 June 2015	
	Earnings £'000	**Weighted average number of shares (in thousands)**	Earnings £'000	Weighted average number of shares (in thousands) Restated
Basic EPS				
Earnings/(loss) attributable to owners of the parent	**296**	**6,309**	(5)	100,937
Exceptional items comprising of the following:				
Restructuring costs	**-**		95	
	-		95	

For year ended	**31 December 2015**	
	Earnings £'000	**Weighted average number of shares (in thousands)**
Basic EPS		
Earnings/(loss) attributable to owners of the parent	**(6,339)**	**100,937**
Exceptional items comprising of the following:		
Restructuring costs	**637**	
Goodwill impairment	**6,000**	
	6,637	

The above exceptional items consist of goodwill impairment, restructuring costs and compensation for loss of office along with other non-recurring costs.

Basic earnings per share have been calculated by dividing profit/loss for the period by the weighted average of ordinary shares in issue during the period.

As a result of the capital reorganisation the EPS has increased. The results for all three periods presented have been calculated under both the pre and post capital reorganisation for comparison.

7. Share capital

	Number of shares (thousands)	Ordinary shares £'000	Deferred shares £'000	Total £'000
At 1 July 2015	100,937	5,047	-	5,047
Movement for six months	-	-	-	-
At 31 December 2015	100,937	5,047	-	5,047
Share reorganisation	(100,937)	(5,047)	-	(5,047)
New Ordinary Share issue	6,309	315	-	315
Deferred Share issue	94,631	-	4,732	4,732
At 30 June 2016	100,937	315	4,732	5,047

On 24 May 2016 the Company issued 3,460 Ordinary Shares at 5p each bringing the total Existing Share Capital in issue to 100,940,000 (30 June 2015: 100,936,540). Subsequently on the same day a Capital Reorganisation was carried out whereby the Existing Ordinary Shares were consolidated into New Consolidated Ordinary Shares on the basis of one New Consolidated Ordinary Share for each 4,000 Existing Ordinary Shares.

Each New Consolidated Ordinary Share was then sub-divided into 250 New Ordinary Shares and 3,750 Deferred Shares. The result being 6,308,750 New Ordinary Shares and 94,631,250 Deferred Shares. Both classes of share held a nominal value of 5p each.

The rights attached to the New Ordinary Shares are identical in all respects to those of the Existing Ordinary Shares.
The Deferred Shares were cancelled as part of the Capital Reduction approved by the Scottish Courts on 8 July 2016.