



Capital for Colleagues

31 May 2017

CAPITAL FOR COLLEAGUES PLC
(‘Capital for Colleagues’ or the ‘Company’)

Unaudited Interim Results for the six months ended 28 February 2017

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce its unaudited interim results for the six months ended 28 February 2017.

Highlights

- Additional GBP 661,491 invested in the period – GBP 464,491 in new investments and GBP 197,000 in follow-on funding
- Revenues of GBP 198,352 (2016: GBP 370,000), comprising interest receivable and other fees
- Net assets of GBP 4.2 million as at 28 February 2017 (2016: GBP 4.2 million)
- A loss of GBP 1.06 million for the six-month period (reflecting the exceptional write off of GBP 1.3 million in connection with the FJ Holdings Group investments)
- Investment portfolio at the period end comprised 15 unquoted EOBs
- GBP 2.42 million raised after the period end for further investment in EOBs
- Pipeline of opportunities remains strong; Directors confident of continuing growth from existing and new investments

Chief Executive’s Statement

In the six months ended 29 February 2017, the Company invested a further GBP 661,491 in new and existing investee companies. As we never tire of saying, employee ownership is a proven, successful business model, which is recognised to improve productivity and create wealth, whilst providing a stable employment environment and the possibility of attractive commercial returns for investors. This message seems to be getting through, as the breadth of opportunities available to us continues to expand. We now have investments across a range of business areas, most recently adding IT services to our stable of EOBs.

The main development in the period ended 28 February 2017 was the placing into administration of the FJ Holdings Group (‘FJH’), where the Company’s loans to and investment in FJH were valued at approximately GBP 1.3 million. Following confirmation from the Administrators, these legacy

investments have been written down to zero and the impact of this caused the Company's net asset value to fall to 43.54p per share as at 28 February 2017.

Investment in smaller, unquoted companies always carries with it a risk that some investments will fail. The Board is committed to minimising this risk and the Company will continue to invest in a diversified range of EOBs with the intention that the majority will become successful and sustainable, delivering meaningful returns to the Company and its shareholders.

In accordance with our business plan, we are continuing to align our interests with those of employee stakeholders at our investee companies as they become more established co-owned businesses. In this context, many of our portfolio companies have accepted our offer to convert our existing debt instruments into equity, a progression we are delighted with. One of the by-products of this change is the short-term effect on the Company's income, whereby interest previously receivable is exchanged for long-term capital value and dividend income. There is inevitably a short-term gap between these two investment models and the Board is continually reviewing the carrying value of all investments to ensure that they are fairly reflected.

After the end of the interim period, Capital for Colleagues successfully raised GBP 2.42 million through an open offer to shareholders and a subscription for ordinary shares at a price of 42p per share. The fundraising received strong support from the Directors, existing shareholders and from new investors, including Bill Ainscough. The proceeds of the subscription are being used by the Company for investment in EOBs in accordance with the Company's investment strategy.

Financial Results

In the period ended 29 February 2017, the Company generated income of GBP 198,352 (2016: GBP 370,000), principally from interest receivable and other fees associated with our investments. As at 28 February 2017, the Company had net assets of GBP 4.2 million (2016: GBP 4.2 million).

Outlook

Capital for Colleagues' ability to advise existing and potential EOBs as well as to provide them with funding, means that the Company is exceptionally well placed to create growth in the EOB sector and to benefit from that growth.

We continue to work closely with the Employee Ownership Association and other supporters of employee ownership to promote the commercial and financial benefits of EOBs and we believe that the UK's relative political and economic stability will continue to foster an environment where EOBs are perceived as important generators of equitable and dynamic growth.

John Eckersley
Chief Executive

For further information, please visit www.capitalforcolleagues.com or contact:

CAPITAL FOR COLLEAGUES PLC

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PROFIT AND LOSS ACCOUNT

	Unaudited 6 months to 28 February 2017 GBP 000's	Unaudited 6 months to 29 February 2016 GBP 000's	Audited 12 months to 31 August 2016 GBP 000's
Revenue	198	364	560
Unrealised Gains	208	6	228
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	406	370	788
Administrative expenses	(247)	(330)	(630)
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PROFIT FROM ONGOING OPERATIONS	159	40	158
Exceptional Item	(1,321)	-	-
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PROFIT/(LOSS) BEFORE TAXATION	(1,162)	40	158
Tax	102	-	(130)
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PROFIT/(LOSS) FOR THE PERIOD	(1,060)	40	28
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BALANCE SHEET

	As at 28 February 2017 GBP 000's	As at 29 February 2016 GBP 000's	As at 31 August 2016 GBP 000's
ASSETS			
Non Current Assets			
Investments held at fair value through profit or loss	3,296	2,246	3,427
Loans and receivables	689	884	1,081
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	3,985	3,130	4,508
Current Assets			
Trade and other receivables	208	784	654
Cash and cash equivalents	161	243	279
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	369	1,027	933
TOTAL ASSETS	<hr/>	<hr/>	<hr/>
	4,354	4,157	5,441
EQUITY AND LIABILITIES			
Equity			
Called up share capital	3,850	3,070	3,850
Share premium	1,036	672	1036
Retained (loss)	(695)	376	364
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Total Equity	4,191	4,118	5,250
Current Liabilities			
Trade and other payables	163	39	89
Provision for liabilities	-	-	102
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TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>	<hr/>
	4,354	4,157	5,441

The interim results have not been reviewed by the Company's auditors.

The Directors of the Company are responsible for the contents of this announcement.

Notes

Capital for Colleagues is an investment company focused on the Employee Owned Business ('EOB') sector. The Company has a clear strategy aimed at investing in, advising and growing established, mainly UK-based, EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital and advice to help them achieve their objectives.

Capital for Colleagues has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and identify and capitalise on EOB-focused investment opportunities.