

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

Unaudited Interim Results for the period ended 28 February 2014

Capital for Colleagues, the ISDX-quoted investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce its unaudited interim results for the period ended 28 February 2014.

Highlights

- Specialist investment vehicle focused on securing a leading position in the EOB sector
- Makes investments by helping to establish, invest in and support, primarily UK-based, EOBs
- Net assets of £0.9 million as at 28 February 2014
- Listed on the ISDX Growth Market on 17 March 2014 and successfully raised £2.2 million (before expenses)
- Strong fundamentals within EOB sector – currently accounts for a combined annual turnover in excess of £30 billion in the UK
- Diverse, prospective investment portfolio consisting of six EOBs; three secured post listing
- Identified pipeline of opportunities - investments typically take the form of minority shareholdings, convertible loans and/or loans and are expected to demonstrate attractive commercial returns
- Experienced Board with proven skills, expertise and network of contacts to identify and execute suitable investments

Chief Executive’s Statement

I am delighted to report on what has been an extremely active period for Capital for Colleagues, as we look to assert our position as a leading entity within the growing EOB sector. Since listing on the ISDX Growth Market in March 2014, we have made significant progress in establishing a diverse portfolio which meets our stringent investment criteria. I am confident that we have the foundations in place from which to develop the Company and create value for shareholders.

Capital for Colleagues was incorporated on 3 October 2013 with a view to helping to establish, invest in and support current and aspiring, primarily UK-based, EOBs. To support this strategy and increase the Company’s visibility within the sector, Capital for Colleagues floated on the ISDX Growth Market on 17 March 2014 and raised £2.2 million (before expenses). The Company's investment strategy is driven by the Board’s understanding that co-ownership is a proven, successful business model, which improves productivity, creates wealth and provides a stable employment environment, thereby generating the possibility of attractive commercial returns for investors.

The EOB sector currently accounts for a combined annual turnover in excess of £30 billion in the UK, representing over 3% of the nation's GDP. Importantly, this is targeted to grow to 10% of GDP by 2020, and successive governments in the UK have publicly pledged their support to the sector. In spite of this, EOBs have traditionally suffered from limited funding options, as established providers of equity capital and debt are perceived as not fully understanding the needs of this niche sector. Capital for Colleagues intends to capitalise on this opportunity.

Investments will typically take the form of minority shareholdings, convertible loans and/or loans, with Capital for Colleagues investing alongside employees and assuming an active interest in helping each investee company make the most of the benefits of EOB status. Although the Company intends to be a provider of 'patient', longer term capital, all investments are nevertheless expected to demonstrate attractive commercial returns.

In the period ended 28 February 2014, the Company's principal activity was the acquisition of certain assets from C4 Colleagues LLP (formerly Capital for Colleagues LLP) and C4C Management Limited. These assets comprised approximately £50,000 in cash; an investment in FJ Holdings Limited, an independent UK specialist manufacturer and distributor of flow control products and sewage treatment equipment; a loan facility agreement with Merikko Builders Merchants Limited, a builder's merchant located in Oxfordshire, which supplies a broad range of materials and equipment primarily to members of the construction industry; and an investment agreement with TPS Investment Holdings Limited, which sources, markets and distributes specialist products for the public utility market in the UK and Ireland.

Subsequent to the period end and Capital for Colleagues' listing on the ISDX Growth Market, the Company has lent a total of £1,000,000 to a further three UK-based companies as follows: a loan of £600,000 to Hire and Supplies Limited on 19 March 2014; a convertible loan of £100,000 to Midland Construction Supplies Limited on 17 April 2014; and a loan of £300,000 to Civils Store Limited on 29 May 2014. The funds provided by the Company will be used by these investee companies to support their development whilst also integrating employee ownership schemes. In accordance with its investment strategy, the Company has also invested approximately £0.5 million in a portfolio of 11 publicly traded EOBs. Further information about the Company's assets will be included in an update for the quarter ending 31 May 2014, which the Directors expect to announce towards the end of June 2014.

Importantly, all transactions undertaken by Capital for Colleagues are designed to be of mutual benefit to both the investee companies and Capital for Colleagues. Investee companies not only get access to the capital they need but also to the benefits and opportunities associated with employee ownership, utilising Capital for Colleagues' proven knowledge and experience within the sector.

The Board's collective skills, expertise and network of contacts have been invaluable in identifying and executing suitable investments. In addition, in my capacity as a member of the Council of the Employee Ownership Association ('EOA'), the leading sector body, I have been involved in a range of

sector consultations, including advising the UK Government on possible changes to taxation affecting employee-owned businesses.

Financial Results

In the period ended 28 February 2014, the Company generated investment income of £18,970. As at 28 February 2014, the Company had net assets of £0.9 million.

Outlook

With the right team, cash in the bank and a strong portfolio of assets, I am confident that we have the necessary framework in place from which to secure a leading position within the EOB sector and ultimately generate value. The Company maintains a highly active growth strategy and will continue to seek opportunities which complement its existing portfolio whilst adhering to its stringent investment criteria.

In line with the Company's commitment to providing investors with timely updates, Capital for Colleagues intends to publish updates in respect of each quarter. These updates will commence for the quarter ending 31 May 2014, which, as previously mentioned, the Directors expect to announce towards the end of June 2014.

Finally, I would like to take this opportunity to thank management and shareholders for their support, and I look forward to building upon Capital for Colleague's position within the growing EOB sector.

John Eckersley
Chief Executive

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

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PROFIT AND LOSS ACCOUNT FOR THE 5 MONTHS ENDED 28 FEBRUARY 2014

| | £ |
|---------------------------------|----------|
| Investment Income | 18,970 |
| Administrative Expenses | (15,844) |
| Profit before taxation | 3,126 |
| Taxation | - |
| Profit for the financial period | 3,126 |

BALANCE SHEET AS AT 28 FEBRUARY 2014

| | £ |
|-----------------------------------|----------------|
| FIXED ASSETS | |
| Fixed Asset Investments | 849,313 |
| Other Debtors | 6,602 |
| Accrued Income | 11,145 |
| Bank and Cash | 63,021 |
| CURRENT ASSETS | 80,768 |
| Trade Creditors | (900) |
| Current Liabilities | (900) |
| Net Current Assets | 79,868 |
| NET ASSETS | 929,181 |
| <u>Share Capital and Reserves</u> | |
| Share Capital | 845,556 |
| Share Premium | 99,444 |
| P&L Reserve | (15,819) |
| SHAREHOLDERS FUNDS | 929,181 |

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.