



Capital for Colleagues PLC

27 September 2018

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

QUARTERLY INVESTMENT UPDATE

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce an investment update in respect of the quarter ended 31 August 2018.

Key Statistics for the quarter:

- Portfolio comprised of 17 unquoted EOBs at the end of the quarter (31 May 2018: 18)
- Net Asset Value (‘NAV’) of GBP 6,816,878 (31 May 2018: GBP 6,438,680)
- NAV per share increased by more than 5% to 44.15 pence (31 May 2018: 41.73 pence per share)

Material developments in the quarter:

- Short-term loans of GBP 100,000 were provided to each of Computer Application Services Limited and Flow Control Company Limited; a short-term loan of GBP 110,000 was repaid by Hire and Supplies Limited.
- The Company wrote off its GBP 133,654 investment in CSM Site Supplies Limited, a wholly owned subsidiary of Ecomerchant Natural Building Materials Limited, after CSM Site Supplies Limited was placed into voluntary liquidation.
- The Company’s holding of ‘A’ Ordinary Shares in Computer Application Services Limited has been revalued upwards to GBP 750,000 as at 31 August 2018, in light of strong operating performance and markedly improved prospects at the company.

Further information on the Company’s investment portfolio is set out below.

UNQUOTED INVESTMENTS

As at 31 August 2018, the Company’s portfolio of unquoted investments was valued at GBP 6,319,582 and comprised 17 companies operating across a range of sectors, as set out below:

Industrials (value: GBP 4,605,720; 72.88% of Portfolio)

Construction and Materials

Civils Store Limited
Ecomerchant Natural Building Materials Limited
Employee Owners Group Limited
Merkko Group Limited
TPS Investment Holdings Limited

Support Services

Anthesis Consulting Group Limited
Cotswold Valves Limited
Hire and Supplies Limited
Office for Public Management Limited
Flow Control Company Limited
Castlefield Corporate Advisory Partners Limited

Engineering

TG Engineering Limited

Industrial Transportation

Place 2 Place Logistics Limited

Retail (value: GBP 455,792; 7.21% of Portfolio)

General Retailers

The Homebuilding Centre (Holdings) Limited

Technology (value: GBP 1,258,070; 19.91% of Portfolio)

Software & Computer Services

2C Services Limited
Bright Ascension Limited
Computer Application Services Limited

The loans and investments made by the Company to unquoted EOBs are aimed at delivering equity-like returns. Each loan or investment is tailored to the individual investee company's operating performance and specific working capital needs.

The Directors believe that the unquoted EOBs in the Company's portfolio currently generate total turnover of around GBP 75 million per annum and support approximately 615 jobs.

Total Unquoted Investments (including short term loans) as at 31 August 2018

Cost: GBP 5,425,955

Valuation (including capitalised costs): GBP 6,319,582

BASIS OF VALUATION

Each of the unquoted investments is included at the Directors' assessment of fair value, in accordance with International Private Equity and Venture Capital Guidelines. Nevertheless, as a matter of prudence, the Directors have provided for a general provision equivalent to 2 per cent. of the value of the unquoted investments for possible impairment. The Directors do not, however, believe that any general provision impairment is necessary in respect of any of the Company's current unquoted investments.

Account is taken of any potential taxation liability in respect of the increase in value of investments on an annual basis, as at the Company's year-end.

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

****ENDS****

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

CAPITAL FOR COLLEAGUES PLC

0161 464 3260

Richard Bailey, Chairman

John Eckersley, Chief Executive

PETERHOUSE CAPITAL LIMITED

020 7469 0930

Mark Anwyl

Duncan Vasey

Capital for Colleagues

Capital for Colleagues is an investment company focused on the UK EOB sector. The Company 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 capitalise on EOB-focused investment opportunities.

The Company's joint venture, Castlefield Corporate Advisory Partners, educates and assists companies which are looking to launch employee ownership schemes, advising them, amongst other things, on how to secure investment and achieve their objectives.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.