

RNS Number : 6983N
Eight Capital Partners PLC
26 September 2019

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EIGHT CAPITAL PARTNERS PLC
("Eight Capital" or the "Company")

UNAUDITED INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

Eight Capital Partners plc (NEX: ECP), is pleased to announce its consolidated interim results for the half year ending 30 June 2019.

- Successful launch of Corporate Bond of up to €5 million on the Vienna Stock Exchange
- Bond sales of €2.8 million to date
- Acquisition of €2 million receivable giving exposure to prospective flotations
- Group sales of £282,000
- £90,000 pre-tax loss before £215,000 negative fair-value adjustment

Chairman's Interim Report

I am very pleased to report on the Company's Interim results for the six months to 30 June 2019.

Eight Capital Partners plc (the "Company" or "Eight Capital") is an investment company. Its objective is to generate an attractive rate of return for shareholders, predominantly through capital appreciation, by taking advantage of opportunities principally to invest in the technology, media, and telecom or financial services sectors.

Since I last reported to you in May of this year, the Company has made significant progress in obtaining working capital and broadening its investment base. These are more fully explained in note 9 to the financial results below and in our RNS announcements; however, to summarise:

The Company launched a bond of up to €5 million on the Vienna Stock Exchange after the six month reporting period, at the end of July and has, to date, placed €2.8 million.

The Company has acquired, for €1.9 million, a receivable of €2 million due from Finance Partners Group SPA (FPG), which has investments in two companies which are expected to obtain a listing on a prominent European stock exchange. The Company intends to convert this receivable into equity in FPG to gain exposure to the two flotations; furthermore, it has an option to acquire a further receivable tranche of €2 million. This transaction completed after this reporting period.

During the period under review, the Company also invested, by way of an acquisition of a 70% interest, in Epsilon Capital Ltd, (Epsilon) a boutique advisory business, where John Treacy, one of Eight Capital's directors is both the remaining shareholder and a director. Due to the Company's current holding in Epsilon, the investment is consolidated, however, the Company is not involved with the operations of Epsilon. Epsilon had sales to third parties of over £280,000 during the period up to 30 June this year with high margins and we expect it to make a significant contribution to the Group in terms of revenue and equity value as we go forward.

The results for the period were a consolidated loss before tax of £90,000 (compared to a loss of £190,000 for the same period in 2018) prior to impairing an earlier investment. The fair value adjustments relating to Abal plc and Sport Capital Group plc were a negative £215,000. This is mainly due to Abal having announced that its shares were being suspended whilst it seeks an appropriate reverse-takeover to satisfy AIM Rule 14, having become an AIM Rule 15 Cash Shell in late 2018. We will be updating the market in due course as matters progress. Neither Abal plc nor Sport Capital Group plc have been equity accounted in the Company's consolidated results as the Board does not feel it exercises the relevant level of control to justify that treatment.

The Company is analysing its next investment on which it expects to update shareholders in the coming months.

In conclusion, the Company is well-funded and it has broadened its investment base which has, for the first time, recorded profitable revenues. These are all positive indicators.

Dominic White

Chairman

The directors of the Company take responsibility for this announcement.

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Eight Capital Partners plc

**Consolidated Statement of total comprehensive income
for the six months ended 30 June 2019**

		Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
	Note			
Income				
Revenue	2	282	-	-
Interest income		4	-	3
Net change in unrealised gains on investments at fair value through profit and loss		-	-	148
Total income		286	-	151
Cost of sales		(120)	-	-
Net change in unrealised losses on investments at fair value through profit and loss		(215)	-	-
Loss on disposal of investments		(2)	-	-
Administrative expenses		(253)	(190)	(434)
Loss from operations		(304)	(190)	(7)
Finance expense		(2)	-	-
Loss before tax		(306)	(190)	(7)
Tax expense	3	(12)	-	-
Loss for the period		(318)	(190)	(7)
Total comprehensive loss attributable to:				
Equity holders of the parent company		(333)	(190)	(7)
Non-controlling interests		15	-	-
		(318)	(190)	(7)
Loss per share attributable to the equity holders of the parent				
Basic and diluted (pence):	4	(0.060)	(0.038)	(0.001)

Eight Capital Partners Plc
Consolidated Statement of financial position at 30 June 2019

		As at	As at	As at
		30 June	30 June	31
		2019	2018	December
		Unaudited	Unaudited	2018
		£'000	£'000	Audited
	Note			£'000
Current assets				
Trade and other receivables		232	9	16
Investments	6	425	-	582
Cash and cash equivalents		18	773	91
Total current assets		675	782	689
Total assets		675	782	689
Current liabilities				
Trade and other payables		261	43	18
Total current liabilities		261	43	18
Provisions		12	-	3
Total liabilities		273	43	21
Net assets		402	739	668
Equity				
Share Capital	7	1,360	1,383	1,350
Share premium account		1,894	1,891	1,891
Convertible loan notes	8	85	-	48
Share option and warrant reserve		8	276	8
Retained earnings		(2,962)	(2,811)	(2,629)
Non-controlling interests		17	-	-
Total equity		402	739	668

Eight Capital Partners Plc
Notes to the Interim Consolidated Financial Statements
For the six months ended 30 June 2019

1. Accounting policies

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with the principles of applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102').

They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2018 annual report. The statutory financial statements for the year ended 31 December 2018 were prepared in accordance with FRS 102 and in accordance with the requirements of the Companies Act 2006. The auditors reported on those financial statements; their Audit Report was unqualified.

The interim financial information is unaudited and does not constitute statutory accounts as defined in the Companies Act 2006.

The interim financial information was approved and authorised for issue by the board of directors on 25 September 2019.

Going concern

As an investment business, the Company has limited operating cash flow and is dependent on the performance of its investments and convertible bond facilities for its working capital requirements. Annualised normal running costs of the Company, excluding commissions on capital-raising, are currently circa £320,000. As at the date of this report, the Company had free cash reserves in excess of £ 1 million following the launch of its corporate bond.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial information incorporates the financial statements of the Company and its subsidiary, Epsilon Capital Limited. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

2. Revenue

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	£'000	£'000	£'000
Product sales	246	-	-
Commission income	10	-	-
Services income	26	-	-
Total revenue	282	-	-

3. Income tax

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	£'000	£'000	£'000
Current tax expense			
UK corporation tax at 19%	12	-	-
Total tax expense	12	-	-

4. Earnings per share

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	£'000	£'000	£'000
Loss for the year attributable to owners of the Company	(333)	(190)	-
Weighted average number of shares: Basic and diluted (number)	553,024,641	495,166,760	522,413,335
Earnings per share (pence)	(0.060)	(0.038)	(0.001)

The basic and diluted earnings per share were determined by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the periods. Dilutive instruments are ignored when the overall result is a loss.

5. Subsidiary investment

On 8 March 2019, the Company subscribed for new ordinary shares in Epsilon Capital Limited ("Epsilon"), a boutique financial advisory and investment firm based in London, equating to 70 per cent. of the share capital of Epsilon. The consideration for the new shares was £3,500.

The activities of Epsilon have been consolidated with effect from the date of acquisition of the interest.

Epsilon contributed £282,000 of revenue for the period between the date of acquisition and the balance sheet date and £63,000 of profit before tax.

John Treacy, a Non-executive Director of Eight Capital, is also the sole director and 30% shareholder of Epsilon, therefore, the investment in Epsilon constituted a related-party transaction pursuant to the NEX Exchange Growth Market Rules for Issuers.

6. Investments

	Fair value				Net	Fair
	at		Conversion	Realised	change in	value
	31		of	gains /	unrealised	at
	December	Purchases	Convertible	gains /	gains/	30 June
	2018		Loan Notes	(losses)	(losses)	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Quoted equity securities:						
Abal Group plc	233	-	165	(2)	(207)	189
Sport Capital Group plc	82	60	-	-	(8)	134
	315	60	165	(2)	(215)	323

Quoted debt securities:

Finance Partners Group: S.p.A. corporate bonds	102	-	-	-	-	102
Abal Group plc: Convertible loan notes	165	-	(165)	-	-	-
	267	-	(165)	-	-	102
Total investments	582	60	-	(2)	(215)	425

Abal Group plc:

The Investment in Abal Group plc (AIM: ABAL) comprises 22,256,725 ordinary shares of 0.002p representing approximately 22.0 per cent of the company's share capital.

Conversion of Abal Group loan notes

In January 2019, the Company converted the convertible loan notes in Abal Group plc into 8,311,270 ordinary shares in the company, bringing the Company's interest to approximately 22.6 per cent. of the company's issued share capital.

On 10 January 2018 the Company sold 600,000 shares in Abal Group for a consideration of £8,000, bringing the Company's interest to approximately 22.0 per cent. of the company's issued share capital.

The Company's investment has not been treated as an associated company as it does not participate in the policy-making process, including participation in decisions about dividends or other distributions

Sport Capital Group plc:

Sport Capital Group plc (NEX: SCG) is an investment vehicle focused on sports and leisure sectors, including associated intellectual property and media, and infrastructure, such as real estate. The investment comprises 29,833,333 ordinary shares of £0.01 each, representing 25.3% per cent of Sport Capital Group's issued share capital.

In January 2019, the Company completed the purchase of 13,333,333 shares at a price of 0.45 pence, for a total consideration of £60,000. The completion of this transaction, as announced on 6 December 2019, was subject to certain conditions that were subsequently met.

The Company's investment has not been treated as an associated company as it does not participate in the policy-making process, including participation in decisions about dividends or other distributions

Finance Partners Group S.p.A.:

The investment in Finance Partners Group S.p.A. ("FP Group"), a regulated Italian financial services company, comprises €111,100 of listed 8% yielding FP Group corporate bonds, expiring in 2020.

FP Group's regulated fund manager has permissions to operate a range of funds including real estate funds, hedge funds and other alternative investment funds. FP Group has granted a pledge over 20% of the shares of its advisory arm, Financial Innovations Team SPA, as additional security for the corporate bonds.

Value Added Fund, a significant shareholder in Eight Capital, is a sub-fund of Cosmos SICAV Plc ("Cosmos"). Cosmos is an umbrella collective investment scheme that administers a number of sub-funds, each with its own investors, board and management.

7. Share capital

Movements in Ordinary share capital during the period are summarised below:

	Number of Ordinary Shares of 0.01p	Nominal value £'000
As at 31 December 2018	540,166,760	54
Issued during the period	93,091,058	10
As at 30 June 2019	633,257,818	64

In June 2019, Cosmos SICAV plc Value Added Fund converted £13,155.83 of the Convertible Bond facility (see Note 7 below) announced on 26 October 2018 into 93,091,058 ordinary shares in the Company.

Movements in Deferred share capital are summarised below:

	Number of Deferred Shares of 0.24p	Nominal value £'000
As at 1 January 2018	-	-
Sub-division of Ordinary Shares	540,166,760	1,296
As at 31 December 2018 and 30 June 2019	540,166,760	1,296

8. Convertible Loan Notes

	Convertible bonds £'000
As at 1 January 2018	-
Issued in the year	48
As at 31 December 2018	48
Issued in the period	50

Converted in the period	(13)
As at 30 June 2019	85

On 25 January 2019, the Company's issued a further £50,000 tranche of nominal of Convertible Bonds to Cosmos SICAV plc Value Added Fund for general working capital purposes.

The issued Bonds bear interest at the rate of 5% per annum, although the Company may, subject to certain conditions, elect to convert any interest due to the Investor into ordinary shares of 0.01 pence each in the Company at an issue price of 10 per cent. below the 20-trading day average mid-price of the Ordinary Shares.

Cosmos SICAV plc Value Added Fund converted £13,155.83 of the Convertible Bond facility as described above in Note 7.

9. Subsequent events

Issue of bonds

In July 2019, the Company launched a bond to raise up to €5 million on the Vienna Stock Exchange's multilateral trading facility ("MTF") and placed an initial €800,000. The funds raised will be used for the appraisal and making of further investments and general working capital.

The principal terms of the bond are as follows:

- Issue price and redemption at par;
- Interest of 7% per annum paid semi-annually in arrears;
- Issue date of 26 July 2019 with a redemption date of 26 July 2022;
- Admission to trading on the Vienna MTF as "€5,000,000 7.00 per cent. Notes due 26 July 2022" with ISIN XS2027405880.

The Bond was arranged by the Company's 70 per cent owned subsidiary Epsilon Capital Limited. John Treacy, a director of the Company who is also a 30 per cent shareholder and director of Epsilon. This therefore constitutes a related party transaction.

As described below, the acquisition of a €2 million receivable was partly settled by a €1 million placing of the bonds with IWEF and on 14 August 2019, the Company placed a further €1,000,000 of the Company's bonds which trade on the Vienna Stock Exchange's multilateral trading facility.

The Company has thus placed a total of €2,800,000 of bonds under the above instrument as at the date of this report.

Acquisition of €2 million receivable

On 7 August 2019, the Company completed the acquisition of a €2m receivable as outlined in its announcement of 1 June 2019 Notice of AGM (resolution 6 "IWEF Acquisition").

Finance Partners Group SPA ("FPG") is an Italian financial services company that, among other things, takes minority stakes in private companies seeking future listings on public markets. Its main holding is The Avantgarde Group ("TAG"), a growing fintech company. In September 2018 the Company invested €111,100 in an 8% bond in FPG.

FPG owns a minority interest in TAG and We Arena ("WE"), a digital media gaming company. TAG has been valued by an international firm of accountants at €75 million. Management of FPG have valued We Arena at €5 million. TAG is in the process of obtaining a stock market listing in a prominent European market. WE is in pre-IPO growth phase and is expected to seek a listing in 2020. The proposed strategy is for FPG to list these two investee companies, liquidate or redeem the shares and return profits to its shareholders, including Eight Capital Partners.

IWEF Ltd ("IWEF") owns a receivable of €4 million from FPG resulting from a sale of TAG shares to FPG. Eight Capital has acquired half of the receivable asset from IWEF. The receivable has a face value of €2 million. The price paid was €1.9 million. The Company has a six-month option to acquire the remainder of the receivable from IWEF at the same price. Eight Capital intends to convert this receivable into an equity holding in FPG and gain exposure to the potential upside from FPG's investee company transactions.

Settlement of the €1.9 million consideration was effected through €1 million of Eight Capital's 7% bonds, a €600,000 vendor loan at a 5% interest rate with a duration of one year, and €300,000 in cash.

IWEF is a company connected to the Company's Chairman Dominic White. This transaction therefore constituted a related party transaction. IWEF continues to have a direct shareholding in TAG. Dominic White agreed to become a non-executive board member of TAG to monitor the Company and IWEF's interests.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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