

20/06/2019

Final results for the year ended 31 December 2018

First Sentinel is pleased to announce its audited accounts for the year ended 31 December 2018 (the "Accounts").

A copy of the full Report and Accounts is being sent to Shareholders and a copy is available on the Company's website, www.first-sentinel.com.

As announced on 10 June 2019, the Company posted a Notice of Annual General Meeting ("AGM") to Shareholders, a copy of which is also available on the Company's website. The AGM will be held at 55 Park Lane, London, W1K 1NA on Monday, 1 July 2019.

As a result of the publication of the Accounts, trading in the Company's shares on NEX will resume with effect from 2.00pm today.

Extracts of the Accounts are set out below:

First Sentinel PLC is a listed investment vehicle on the NEX Exchange.

Chairman's statement

I present the results for First Sentinel plc, for the year ended 31 December 2018.

Following the acquisition of shares in Perennial Enterprise PTY Ltd ("Perennial") in December 2017, the Company listed a £4m Bond on NEX Exchange to fund the invoice purchasing activities of its subsidiary in Australia, Perennial. During 2018, approximately £2.6m was raised with the remaining £1.4m being raised after the Year End. The activities in Australia continue to progress well. The loss of £700,000 for the year includes the professional costs of listing the First Sentinel Bond on NEX Exchange, the costs of the new office on Park Lane and a loss on sale and write down of the value of some of the equity investments held.

We remain focused on creating long-term sustainable value for our shareholders and have increased the focus of the Company on invoice purchasing and supply chain finance activities in Australia and in the UK.

Investments

The Company made three equity investments in 2018 that are collectively trading above their purchase price. However, the Company has experienced a significant loss on a fourth investment, Curzon Energy plc, an equity investment made in 2017 that is trading at a significant discount to the price paid. All of the structured debt investments have yielded positive returns and all have been fully exited apart from one, which we have partially exited and expect to fully exit in 2019. Approximately £2.6m has been invested in the invoice purchasing activities of our Australian subsidiary, Perennial Enterprise PTY, Ltd.

Outlook

The twelve months to 31 December 2018 have been a mixed period for First Sentinel. The success of the fund raising and the investment into the business activities of Perennial

Enterprise PTY Ltd have been offset by the large loss recognised on one equity investment in particular, Curzon Energy plc. Whilst the Board is confident that some of that loss may be recovered in time, it highlights the need for focus to be made on invoice purchasing and supply chain finance activities. After the year end, the Company established a subsidiary, Capable Finance Limited, to focus on UK supply chain finance operations and intends to list a £7m bond on Euronext to fund this activity. This should position First Sentinel Plc very well for the next stage of its development as the Company needs to increase its scale.

Brian Stockbridge

Chairman

19 June 2019

For further corporate information, please contact:

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

	YEAR ended 31 December 2018	Period 1 October 2016 to 31 DECEMBER 2017 (restated)
	£'000	£'000
CONTINUING OPERATIONS		
Revenue	1,453	100
Cost of sales	(503)	-
	<hr/>	<hr/>
Gross profit	950	100
Other OPERATING INCOME	134	-
Administrative expenses	(1,381)	(284)
	<hr/>	<hr/>
Operating loss	(297)	(184)
Finance costs	(611)	(5)
FINANCE INCOME	298	40
	<hr/>	<hr/>
Loss before INCOME tax	(610)	(149)

INCOME TAX EXPENSE	(90)	-
	<hr/>	<hr/>
Loss for the period	(700)	(149)
LOSS ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	(793)	(149)
- NON-CONTROLLING INTERESTS	93	-
	<hr/>	<hr/>
	(700)	(149)
	<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to the ORDINARY EQUITY HOLDERS of the company:		
Basic & Diluted loss per share - pence	(4.71)p	(1.22)p
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018	As at 31 December 2018	As at 30 September 2017 (Restated)
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	88	88
Intangible assets	51	53
Property, plant & equipment	24	27
	<hr/>	<hr/>
	163	168
	<hr/>	<hr/>
CURRENT ASSETS		
Trade and other receivables	4,279	784
financial assets at fair value	584	1,180
Cash and cash equivalents	826	297
	<hr/>	<hr/>
	5,689	2,261
	<hr/>	<hr/>
TOTAL ASSETS	5,852	2,429
	<hr/> <hr/>	<hr/> <hr/>
liabilities		
non-current liabilities		
financial liabilities at amortised cost	4,722	157

current liabilities		
trade & other payables	459	952
	<hr/>	<hr/>
total liabilities	5,181	1,109
	<hr/>	<hr/>
net assets	671	1,320
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Shareholders' Equity		
Called up share capital	152	142
Share premium	1,449	1,310
Share based payment reserve	26	13
foreign exchange reserve	(111)	-
Accumulated deficit	(954)	(160)
Non-controlling interest	109	16
	<hr/>	<hr/>
Total Equity	671	1,320
	<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	OF	CASH	FLOWS
	year ended 31 December 2018		Period 1 October 2016 to 31 DECEMBER 2017 (restated)
	£'000		£'000
Cash flows from operating activities			
Cash generated from operations	(3,445)		(266)
Interest paid	(611)		(5)
interest received	298		-
	<hr/>		<hr/>
Net cash used in operating activities	(3,758)		(271)
	<hr/>		<hr/>
Cash flows from investing activities			
purchase of tangible fixed assets	(2)		-
net proceeds from transactions of financial assets at fair value through profit or loss	304		(1,017)
Cash acquired on acquisition of subsidiary	-		222
	<hr/>		<hr/>

Net cash generated from / (used in) investing activities	302	(795)
	_____	_____
Cash flows from financing activities		
net proceeds from issue of financial liabilities at amortised cost – loans	1,223	-
net proceeds from issue of financial liabilities at amortised cost – bonds	2,788	-
proceeds from issues of shares	64	1,360
	_____	_____
Net cash generated from financing activities	4,075	1,360
	_____	_____
taxation	(90)	-
Increase in cash and equivalents	529	294
Cash and cash equivalents at beginning of period	297	3
	_____	_____
Cash and cash equivalents at end of period	826	297
	=====	=====

**NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

- The financial information set out here does not constitute statutory accounts for the purpose of Section 434 of the Companies Act 2006. The financial information has been extracted from the statutory accounts of First Sentinel Plc and is presented using the same accounting policies, which have not yet been filed with the Registrar of companies, but on which the auditors gave an unqualified report on 19 June 2019. The Accounts have been prepared under International Accounting Standards. The announcement of the results for the period ended 31 December 2018 was approved by the board of directors on 19 June 2019.
- Basic and diluted loss per share
The basic loss per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period. Reconciliations are set out below:

	Earnings	Weighted average	Loss per-share
	£'000	Number of shares	Pence
2018			
Basic and diluted EPS			

LOSS attributable to ordinary shareholders	(699,967)	14,876,326	(4.71)
	=====	=====	=====
2017 (restated)			
Basic and diluted EPS loss attributable to ordinary shareholders	(148,709)	12,157,662	(1.22)
	=====	=====	=====

Basic and diluted earnings per share are not different, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 31 December 2018 there were 14,876,326 (2017: 12,157,662) outstanding options and share warrants, which are potentially dilutive.

3. Prior Year adjustments

The comparatives have been retrospectively adjusted for the correction of prior periods errors in relation to:

- Structured debt derivatives were previously classified as financial assets at amortised cost but should have been treated as financial assets at fair value through profit or loss and a fair value gain of £61,000 was not previously recognised. The impact of this has been to reduce the loss for prior period by £61,000 and to increase financial assets at fair value by £61,000.
- The date on which control of the subsidiary, Perennial Enterprises Pty Ltd, was acquired was previously accounted for as at 1 December 2017 with non-controlling interests of 20%.

Although the Company agreed to purchase Perennial Enterprises Pty Ltd on 1 December 2017, it did not acquire the rights to variable economic rights, and therefore control as defined under IFRS 10, until 31 December 2017.

This has been retrospectively corrected with an acquisition date of 31 December 2017 and non-controlling interests of 49%. This has reduced the consolidated loss for the prior period by £11,000 and increased the non-controlling interest as at the prior period end by £6,000 (Group). Goodwill has also been restated from £92,000 to £88,000 as at the prior period end.