

First Sentinel Plc Half-year Report

First Sentinel plc
("First Sentinel" or the "Company")
Interim results for the period ended 30 June 2018

First Sentinel is pleased to announce its interim accounts for the six months ended 30 June 2018 (the "Accounts"). The Interims are set out below.

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First Sentinel PLC

Interim report for the six months ended 30 June 2018.

The Chairman's Report

I am delighted to present the results for First Sentinel PLC, for the six months ended 30 June 2018. The Company listed a Bond on NEX Exchange to raise up to GBP4m and raised GBP1,689,455 during the period. Shortly following the period end a further GBP360,000 was raised. The proceeds of the Bond issues were used to fund the invoice purchasing business of its subsidiary, Perennial Enterprise PTY, Ltd (trading as First Sentinel Business Finance) in Sydney, Australia. This business is performing well and has expanded considerably since its acquisition by First Sentinel PLC, which was made in December 2017, just before the start of the period. At the time of acquisition, Perennial Enterprise PTY Ltd had purchased AUD \$54m of invoices for that year. First Sentinel PLC also made a further key director appointment of Colin Maltby during the period and the group made a loss of GBP99,000 after tax.

Investments

The Group made a convertible loan investment to Amur Minerals, an AIM quoted company, during the period amounting to approximately \$250,000. First Sentinel PLC also invested in two equity transactions amounting to GBP93,500 and a total of GBP1,689,455 was invested into First Sentinel Business Finance invoice purchasing

activities during the period. This presents the Company with a more stable, predictable and high return investment opportunity than investing in structured debt and equity investments alone. It is expected that there will be a strong focus on investing further in this area.

Amur Minerals Corporation (AIM:AMC)

Amur Minerals is a nickel-copper sulphide mineral exploration and resource development company focused on the far east of Russia.

On 13 February 2018, Amur Minerals Corporation announced that it had entered into up to a GBP10 million loan facility ("Loan") with Cuart Investments PCC Ltd and YA II PN Ltd ("Investors"), an investment consortium arranged by Riverfort Global Capital Ltd. First Sentinel entered into a participation certificate with a cell of Cuart Investments PCC Ltd to invest \$250,000.

The Convertible Loan of up to US\$10 million consists of three advances. Each advance is repayable by Amur Minerals Corporation in 12 monthly instalments. If Amur Minerals Corporation elects not to repay any instalment on the applicable monthly repayment date, then the Investors can elect to convert that outstanding instalment at any time into new ordinary shares in the Company. The conversion price of any part of an advance will either be made by reference to the lower of 130% of the price at the date of the advance or 90% of the lowest daily VWAP over the 5 trading days immediately prior to conversion. In conjunction with each advance, the Investors will be issued with warrants to the value of 30% of the value of each advance at an exercise price which is at a 30% premium to the price of each advance. Each set of warrants will be exercisable for a period of 3 years.

Union Jack Oil Plc (AIM: UJO)

Union Jack Oil plc is an AIM-traded onshore oil and gas exploration company with a focus on drilling, development and investment opportunities in the United Kingdom hydrocarbon sector. The company currently has interests in six licences in the East Midlands Basin and one licence in the Weald Basin.

On 5 March 2018, Union Jack Oil Plc announced a placing and subscription to raise GBP1.25m at a price of 0.085p per share. First Sentinel plc subscribed GBP 43,500 for 51,176,470 shares.

Titan FM Limited ("Titan")

Titan is a private acquisitive company operating in the facilities management sector. Titan aims to become a leading property service outsourcing platform for its clients. Titan's specific area of focus is within compliance driven critical services across the built environment spectrum, ensuring transparency for all stakeholders on the legal status of any asset.

Titan are experts at providing services which are essential to its customers operations and invariably covered by strict regulation or legislation. Following a sustained period of investment into developing a solid and scalable technology-led operating platform, Titan is now embarking on its next stage of growth. It will achieve this by concentrating on the demand for regulation driven compliance services accessed by strategic bolt-on acquisitions and investment in organic expansion.

In April 2018, Titan made its first acquisition of a specialist provider of air conditioning and refrigeration services and its second acquisition was made in June 2018 of a

provider of specialist water treatment and gas services. Titan has a demonstrable pipeline of further opportunities with further acquisitions planned in 2018 and beyond. First Sentinel invested GBP50,000 of equity in a pre-IPO transaction. Titan aims to list its shares on NEX Exchange Growth Market during 2018.

Outlook

The Six months to 30 June 2018 have been an important period for First Sentinel plc. The success of the fund raising, investments made, and deployment of capital into First Sentinel Business Finance have positioned the Group well for the next stage of its development where the focus is on gaining critical mass and size so that the Group is no longer considered to be sub scale.

Our short-term strategy is to increase value by deploying further funding into our invoice purchasing business and to consider expanding these or similar activities within the UK. I am optimistic about the Group's growth potential and we look to the future with significant confidence.

Brian Stockbridge

25 September 2018

Interim Condensed Statement of Comprehensive Income

	Notes	6 months Ended30 June 2018 Unaudited £'000	9 months Ended30 June 2017 Unaudited £'000	Year ended 31 December 2017Audited £'000
Revenue		963	-	156
Cost of sales		(403)	-	(22)
Gross Profit		560	-	134
Administrative expenses	4	(515)	(143)	(237)
Other Losses		(68)	-	(9)
Operating loss		(23)	(143)	(112)
Finance Costs		(23)	-	(5)
Admission expenses		-	-	(65)
Loss on ordinary activities before taxation		(46)	(143)	(182)
Tax on loss on ordinary activities		(53)	-	(10)
Loss after taxation		(99)	(143)	(192)
Other comprehensive income		-	-	-
Total Comprehensive loss for the period		(99)	(143)	(192)
Loss and total comprehensive attributable				
the owners of the company		(99)	(143)	(199)
Non-controlling interests		-	-	7
		(99)	(143)	(192)

Intangible Asset		145	–	145
Property, Plant & equipment		5	–	27
Total non-Current Assets		150	–	172
Current assets				
Trade Receivables		2,997	–	658
Other Receivables		203	229	126
Other investment		50	–	–
Financial assets at fair value through profit or loss	6	1,003	112	1,119
Cash and Cash Equivalents		805	147	297
Total Current Assets		5,058	488	2,200
Total Assets		5,208	488	2,372
Equity and Liabilities				
Share Capital	7	151	71	142
Share Premium	7	1,444	528	1,310
Share based payment reserve		13	–	13
Non-controlling interest		(43)	–	10
FX Reserve		(11)	–	–
Accumulated deficit		(310)	(155)	(211)
Total Equity		1,244	444	1,264
Current Liabilities				
Accounts Payable		7	–	75
Accruals		36	–	15
Directors Loan		67	–	148
Tax and other social security		110	–	80
Borrowings		–	–	558
Other Payables		212	44	75
Total Current Liabilities		432	44	951
Non-current Liabilities				
Borrowings		3,532	–	157
Total non-current Liabilities		3,532	–	157
Total Liabilities		3,964	44	1,108
Total Equity and Liabilities		5,208	488	2,372

Interim Condensed Cash Flow Statement

	Notes	6 months Ended 30 June 2018 Unaudited	9 Months Ended June 2017 Unaudited	30 Year ended 31 December 2017 Audited
			£'000	£'000
Cash flows from operating activities				
Operating loss		(23)	(143)	(112)
Changes in working capital				

(Increase) / decrease in receivables		(2,214)	3	(240)
Increase / (decrease) in payables		(204)	27	215
Other Adjustments		-	-	14
Depreciation		5	-	-
Fair value adjustments		68	-	-
Share based payment		75	-	11
Admission Expenses		-	-	(65)
Interest Paid		(23)	-	(5)
Net cash flow from operating activities		(2,316)	(113)	(177)
Investing Activities				
Decrease / (Increase) in financial assets	6	(137)	(112)	(1,119)
Acquisition of Subsidiary		-	-	(122)
Cash acquired on acquisition of Subsidiary		-	-	275
Decrease / (Increase) in Loans	6	-	(229)	-
Net cash flow from investing activities		(137)	(341)	(966)
Cash flows from financing activities:				
Net proceeds from issue of shares	7	144	598	1,451
Increase / (Repayments) of Loans		2,817	-	(9)
Net cash flow from financing activities		2,961	598	1,442
Net cash flow for the period		508	144	294
Opening Cash and cash equivalents		297	3	3
Closing Cash and cash equivalents		805	147	297

Notes to the Interim Condensed Financial Statements

1. General Information

First Sentinel plc ('the Company') is an investment company incorporated in the United Kingdom with company number 10183367 and quoted on the NEX Exchange Growth Market.

2. Basis of Preparation

The annual financial statements of the Company and its subsidiaries (together referred to as the "Group") are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. The accounting policies and methods of computation used are consistent with those used in the Group's latest audited financial statements for the year ended 31 December 2017.

A copy of the statutory accounts for the year ended 31 December 2017 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

3. Segmental Reporting

The Group's management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. They consider the business from a geographical perspective and the group has two reportable segments, the UK and Australia. The Group's main lines of business are that of making investments and invoice purchasing.

<u>For the period ended 30 June 2018:</u>	UK	Australia	Total
	£'000	£'000	£'000
<i>Segment revenue and results</i>			
Reportable revenue	42	921	963
Revenue from external customers	42	921	963
Cost of Sales	-	(403)	(403)
Unallocated corporate income and expenses	(231)	(375)	(606)
Tax expense	-	(53)	(53)
Loss			(99)
<i>Segment assets and liabilities</i>			
Reportable segment assets	1,182	3,934	5,116
Goodwill			92
Consolidated total assets			5,208
Reportable segment liabilities	1,708	2,256	3,964
Consolidated total liabilities			3,964
<i>Other segment information</i>			
Interest expense	21	2	23
Depreciation	-	4	4

<u>For the period ended 31 December 2017:</u>	UK	Australia	Total
	£'000	£'000	£'000
<i>Segment revenue and results</i>			
Reportable revenue	88	66	156
Revenue from external customers	88	66	156
Cost of Sales	-	(22)	(22)
Unallocated corporate income and expenses	(252)	(64)	(316)
Tax expense	-	(10)	(10)
Loss			(192)
<i>Segment assets and liabilities</i>			
Reportable segment assets	1,211	1,069	2,280
Goodwill			92

Consolidated total assets			2,372
Reportable segment liabilities	94	1,015	1,108
Consolidated total liabilities			1,108

Other segment information

Interest expense	4	1	5
Depreciation	-	1	1
For the period ended 30 June 2017:	UK	Australia	Total
	£'000	£'000	£'000

Segment revenue and results

Reportable revenue	-	-	-
Revenue from external customers	-	-	-
Unallocated corporate income and expenses	(12)	-	(12)
Loss before taxation			(12)

Segment assets and liabilities

Reportable segment assets	6	-	6
Consolidated total assets			6
Reportable segment liabilities	18	-	18
Consolidated total liabilities			18

Other segment information

Interest expense	-	-	-
Depreciation	-	-	-

4. Group Result for the period

The current period operating loss incorporated the following main items:

	6 months Ended 30 June 2018 Unaudited	9 Months Ended June 2017 Unaudited	30 Year ended 31 December 2017 Audited
		£'000	£'000
Accounting and administration fees	36	3	14
Foreign Exchange debits	1	11	44
Directors' Remuneration and Fees	61	22	71
Legal and professional fees	112	97	38
Other expenses	305	10	70
	515	143	237

5. Loss per Share

Loss per share data is based on the Group result for the nine months and the weighted average number of shares in issue.

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	6 months Ended 30 June 2018 Unaudited	9 Months Ended June 2017 Unaudited	Year ended 30 31 December 2017 Audited
	£	£	£
Loss after tax	(99,000)	(143,000)	(192,000)
Weighted average number of ordinary shares in issue	13,992,690	2,695,464	7,007,478
Basic and diluted loss per share (pence)	(0.71p)	(5.32p)	(2.75p)

Basic and diluted earnings per share are the same, 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. There were 8,736,524 potential dilutive shares in issue during the period for share options and warrants.

6. Financial assets

During the period the Group had the following movements in investments:

	30 June 2018 Unaudited	At June 2017 Unaudited	Year ended 31 December 2017 Audited
	£'000	£'000	£'000
Included within other receivables: Secured loan notes	203	229	402
Financial assets through profit and loss: UK AIM listed equity securities	1,003	112	717
Total financial assets	1,206	341	1,119

7. Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Allotted, called up and fully paid ordinary shares of 0.01p each	Number of shares	Share Capital	Share Premium
		£	£
Balance at 17 May 2016	100	1	-
Balance at 30 June 2016	100	1	-
Share issue at £0.10 – 15 March 2017	6,309,794	63,098	511,233
Share issue at £0.10 – 24 March 2017	50,000	500	4,500
Share issue at £0.10 – 18 April 2017	727,273	7,273	72,727

Balance at 30 June 2017	7,087,167	70,872	588,460
Share issue at £0.10 – 05 July 2017	6,363,636	63,636	636,364
Share issue at £0.10 – 04 December 2017	707,937	7,079	84,952
Balance at 31 December 2017	14,158,740	141,587	1,309,776
Share issue at £0.10 – 21 March 2018	192,308	1,923	23,077
Share issue at £0.10 – 21 March 2018	345,722	3,457	41,487
Share issue at £0.10 – 04 June 2018	500,000	5,000	70,000
Balance at 30 June 2018	15,196,770	151,968	1,444,340

8. Events Subsequent to 30 June 2018

No events after end of the period.