

Energiser Investments plc

Consolidated unaudited half-yearly financial report for the period ended 30 June 2014

Interim Chairman's Statement

I would start by stating that it is extremely sad that our Chairman, Bill Weston, passed away in August 2014. Bill joined the Board as Chairman on 4 December 2013 and during his short time with the Group he provided a great deal of support for its future direction. Bill's counsel, experience and support to the Board and the Company will be missed. The Company is currently searching for Bill's replacement and will make an announcement at the appropriate time.

Results

I am pleased to report that the Group's net assets have increased by 414% from £136,000 to £699,000 since 30 June 2013. This increase is principally due to the increase in the fair value of our investment in the development of 12 units under construction at Kingswood Park, Surrey by £614,000. The Group, however, has made a loss before and after taxation of £120,000 (2013: £33,000) during the six months to 30 June 2014 predominantly due to the finance costs relating to the funding for our investment in the development. This translates into a loss per share of 0.27p (2013: 0.08p). Our investment of residential properties in Wellingborough generated £48,000 (2013: £55,000) of net rental income. Administrative expenses were £35,000 (2013: £29,000). Interest payable on the Group's borrowings has increased significantly to £141,000 (2013: £50,000) as the investment in Kingswood Park is financed entirely by borrowings. The directors do not recommend the payment of a dividend.

The value of investment properties remains unchanged since the year ended 31 December 2013. Trade and other receivables have increased from £15,000 to £2.5m as a result of our investment in the development at Kingswood Park Surrey. In order to finance this investment our short term borrowings have increased from £879,000 to £3.0m. At 30 June 2014, the Group's net assets amounted to £699,000 (2013: £136,000) which equates to 1.60p (2013: 0.31p) per share.

Operations

Our residential investment portfolio of 20 properties in Wellingborough is fully let and generated gross rental income of £70,000 and after associated operating costs of £22,000, resulted in net rental income of £48,000. The properties are continuing to be let on short term tenancies whilst the residential market is recovering. Consideration is currently being given to the disposal of some of these properties with the proceeds being used to reduce bank debt and reinvest proceeds retained by the Group into the Group's new activity of providing mezzanine funding to small housebuilders.

Construction of the 12 unit development at Kingswood Park, Surrey is progressing well with a show house expected to be opened in early November 2014. The Group is evaluating other proposals in the property sector.

The Group continues to hold an investment in EiRx Therapeutics plc which has been fully provided against.

Outlook

The residential property market has recovered significantly over the last two years and the Group is receiving new opportunities in this sector which should begin to rebuild value for the shareholders.

Nishith Malde
Interim Chairman

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Group statement of comprehensive income

		Unaudited 6 months to 30 June 2014 £'000	Unaudited 6 months to 30 June 2013 £'000	Audited year to 31 December 2013 £'000
Continuing operations				
Revenue arising in the course of ordinary activities		70	74	147
Development costs		—	(18)	(17)
Cost of sales		(20)	(19)	66
Gross Profit	5	50	37	196
Administrative expenses	5	(35)	(29)	(73)
Operating profit		15	8	123
Finance costs		(141)	(50)	(102)
Finance income		6	9	15
(Loss)/profit before taxation		(120)	(33)	36
Taxation		—	—	—
(Loss)/profit for the period attributable to shareholders of the Company		(120)	(33)	36
Other comprehensive income – fair value adjustment to the profit on mezzanine funding arrangement		614	—	—
Total comprehensive income		494	(33)	36
(Loss)/earnings per share				
Basic and diluted (loss)/earnings per share from total and continuing operations	4	(0.27)p	(0.08)p	0.08p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

Group statement of financial position

	Note	Unaudited as at 30 June 2014 £'000	Unaudited as at 30 June 2013 £'000	Audited as at 31 December 2013 £'000
ASSETS				
Non-current assets				
Investment property	6	2,666	—	2,666
Financial assets at fair value through profit and loss		1	1	1
		2,667	1	2,667
Current assets				
Inventories		—	2,567	—
Trade and other receivables		2,517	15	1,415
Cash and cash equivalents		196	4	10
		2,713	2,586	1,425
Total assets		5,380	2,587	4,092
LIABILITIES				
Current liabilities				
Trade and other payables		477	327	359
Short term borrowings		3,013	879	2,311
		3,490	1,206	2,670
Non-current liabilities				
Long term borrowings		1,180	1,221	1,200
Financial liabilities held at fair value through profit or loss		11	24	17
		1,191	1,245	1,217
Total liabilities		4,681	2,451	3,887
Net assets		699	136	205
EQUITY				
Share capital		2,312	2,312	2,312
Share premium account		5,747	5,747	5,747
Convertible loan		88	88	88
Merger reserve		1,012	1,012	1,012
Revaluation reserve		614	—	—
Retained earnings		(9,074)	(9,023)	(8,954)
Total equity		699	136	205

Group statement of changes in equity

	Share capital £'000	Share premium account £'000	Convertible loan £'000	Merger reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	2,312	5,747	88	1,012	—	(8,990)	169
Total comprehensive income	—	—	—	—	—	(33)	(33)
Balance at 30 June 2013	2,312	5,747	88	1,012	—	(9,023)	136
Total comprehensive income	—	—	—	—	—	69	69
Balance at 31 December 2013	2,312	5,747	88	1,012	—	(8,954)	205
Fair value adjustment to profit on mezzanine funding arrangement	—	—	—	—	614	—	614
Total comprehensive income	—	—	—	—	—	(120)	(120)
Balance at 30 June 2014	2,312	5,747	88	1,012	614	(9,074)	699

Group statement of cash flows

	Unaudited 6 months to 30 June 2014 £'000	Unaudited 6 months to 30 June 2013 £'000	Audited year to 31 December 2013 £'000
Cash flows from operating activities			
(Loss)/profit before and after taxation	(120)	(33)	36
Adjustments for:			
Interest expense	141	50	102
Fair value adjustment on financial liabilities recognised in profit or loss	(6)	—	(15)
Changes in working capital:			
- Increase in trade and other receivables	—	(1)	(1)
- Increase/(decrease) in trade payables	14	(34)	(23)
- Reversal of impairment in inventories	—	—	(100)
Net cash generated by/(used in) operating activities	29	(18)	(1)
Cash flows from investing activities			
Mezzanine finance facility issued	(488)	—	(1,400)
Used in investing activities	(488)	—	(1,400)
Cash flows from financing activities			
Proceeds from borrowings	707	64	1,496
Re-payment of borrowings	(25)	(18)	(39)
Interest paid	(37)	(31)	(53)
Net cash generated by financing activities	645	15	1,404
Net increase/(decrease)/increase in cash and cash equivalents	186	(3)	3
Cash and cash equivalents at beginning of period	10	7	7
Cash and cash equivalents at end of period	196	4	10

1. Nature of operations and general information

The principal activity of the Group is as an investment company investing in quoted and unquoted companies to achieve capital growth. The Group also holds a property development acquired by way of its principal activity. The properties are held for sale with rental income arising from short term lets.

Energiser Investments plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Energiser Investments plc's registered office, which is also its principal place of business, is 417 Finchley Road, London, NW3 6HJ.

Energiser Investments plc's shares are quoted on AIM, a market operated by the London Stock Exchange. The consolidated half-yearly financial report has been approved for issue by the Board of Directors on 30 September 2014.

The financial information set out in this half-yearly financial report does not constitute statutory accounts as defined in Sections 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies and are available at www.energiserinvestments.co.uk. The auditor's report on those financial statements was unqualified and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. Basis of preparation

This consolidated half-yearly financial report has been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The consolidated half-yearly financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the European Union.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those financial statements other than that stated below:

Critical judgements in applying the accounting policies

Key sources of estimation uncertainty

Fair value of profit on mezzanine funding arrangement

The fair value of the mezzanine funding arrangement includes estimates as to the timing and value of future cash flows and the underlying profitability of the development. The estimates are formed based on information provided by the developer. The group believes that the directors' knowledge and experience in the sector means they are well placed to critically assess this information and to make conclusions as appropriate.

4. Loss per ordinary share

The loss per ordinary share is based on the weighted average number of ordinary shares in issue during the period of 43,787,956 ordinary shares of 0.1p (2013: 43,787,956 ordinary shares of 0.1p) and the following figures:

	Unaudited 6 months to 30 June 2014	Unaudited 6 months to 30 June 2013	Audited year to 31 December 2013
(Loss)/profit attributable to equity shareholders £'000	(120)	(33)	36
(Loss)/earnings per ordinary share	(0.27)p	(0.08)p	0.08p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

5. Income and segmental analysis

	Unaudited 6 months to 30 June 2014	Unaudited 6 months to 30 June 2013	Audited year to 31 December 2013
	£'000	£'000	£'000
Segment result			
Investment activities:			
Development costs	—	(18)	(17)
Administrative expenses	(33)	(29)	(71)
	(33)	(47)	(88)
Rental activities:			
Net Rental income	50	55	113
Administrative expenses	(2)	—	(2)
	48	55	111
Other:			
Reversal of impairment of inventories	—	—	100
	—	—	100
Operating profit	15	8	123
Finance costs	(141)	(50)	(102)
Fair value adjustment on interest rate swap	6	9	15
Loss before tax	(120)	(33)	36

	Unaudited as at 30 June 2014 £'000	Unaudited as at 30 June 2013 £'000	Audited as at 31 December 2013 £'000
Segment assets			
Investment activities:			
Non-current assets	1	1	1
Current assets	12	11	8
	13	12	9
Rental:			
Current assets – inventories	—	2,567	—
Non-current assets – investment property	2,666	—	2,666
Current assets – other	5	8	17
	2,671	2,575	2,683
Other:			
Current asset – fair value of profit on mezzanine funding arrangement	614	—	—
Current assets – other loan	1,888	—	1,400
Current assets – other	194	—	—
	2,696	—	1,400
Total assets	5,380	2,587	4,092
Segment liabilities			
Investment activities:			
Current liabilities	959	859	905
	959	859	905
Rental:			
Current liabilities	456	347	365
Non-current liabilities	1,191	1,245	1,217
	1,647	1,592	1,582
Other:			
Current assets – other loan	2,075	—	1,400
	2,075	—	1,400
Total liabilities	4,681	2,451	3,887
Total assets less total liabilities	699	136	205

The activity of both the investments and rentals arose wholly in the United Kingdom. No single customer accounts for more than 10% of revenue.

6. Investment property

	Investment Property £000
Cost or fair value	
At 1 July 2013	—
Transfer from inventories	2,666
At 31 December 2013	2,666
Fair value adjustment	—
At 30 June 2014	2,666