

MXC Capital Limited

("MXC" or the "Company", together with its subsidiaries, the "Group")

Trading Update for the 6 months ended 28 February 2017

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

MXC (AIM: MXCP) announces an update on trading for the six months ended 28 February 2017.

The first half of the year has been one of consolidation following an intense period of investment and transactional activity during the second half of the previous financial year.

Highlights of the first half:

- Portfolio at period end consisted of 6 quoted investments and 6 private investments with a value of £53.0 million* (31 August 2016: £64.4 million)
 - While additional investments were made during the period the Company experienced a fall in the value of its portfolio principally related to the diminution in value of options in Redcentric plc and negative share price movements on other quoted investments; this fall has been partially offset by movements in the value of the portfolio post period end
- £3.0 million returned to shareholders via tender offer in September 2016
- Key investee businesses delivering on their growth goals:
 - Castleton Technology plc – market expectation of 22% EBITDA growth in the year to 31 March 2017
 - Tax Systems plc - announced that it has delivered trading and net debt in line with market expectations to 31 December 2016
 - CORETX Holdings plc - announced that it has completed a period of transformation with the anticipated improvement in performance in the second half of the year being delivered. It expects to have achieved growth in revenues and gross margins of 9% and 6% compared to the first half on a proforma basis, resulting in £5.9 million of trading EBITDA in the year ended 31 December 2016
 - Sagacity Solutions Limited - continues to invest in and develop its IP and solutions while growing both revenues and profitability
- Trading EBITDA** loss of £0.9 million on a consolidated basis (2016 H1: profit of £0.5 million), reflecting lower level of capital markets activity during the period
- Following Redcentric plc's announcement of accounting misstatement, acquired 9.8 million shares (including the exercise of 1.7 million options) at an average price of 55.4p per share

- During the period and post period end divested all of the Redcentric plc shares realising a total gain of £3.3 million of which £1.0 million was attributable to the period
- £11.0 million of net funding currently available for further investment following the disposal of the Redcentric plc shares

Peter Rigg, Chairman of MXC, said ***"The first half of this year has been a time of consolidation after the high level of activity last year. As a result, our investee companies are all well set to pursue their individual growth strategies. Our team continues to evaluate a well-qualified pipeline of further investment opportunities and I'm confident that MXC remains on course to deliver good value to shareholders"***.

** value represents unaudited valuation based on closing mid-market prices at 28 February 2017 with privately held assets valued at input cost or the latest fundraising valuation*

*** earnings from trading activities before interest, tax, depreciation, amortisation, restructuring and non-recurring items, share-based payments and realised and unrealised changes in value on investments*

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About MXC Capital www.mxccapital.com

MXC is a specialist merchant bank with a track record of investing in and advising companies in the TMT sector. We bring together a deep knowledge of technology, first-hand experience of managing companies in the sector, an ability to make meaningful investments and a highly experienced corporate advisory team in support, all of which we combine to grow shareholder value.