

MXC Capital Limited
("MXC" or the "Company")

Interim results for the six months ended 28 February 2015

MXC Capital Limited (AIM:MXCP), the AIM quoted technology focused merchant bank, is pleased to report its results for the six months ended 28 February 2015 and provide an update on current trading.

Overview:

- Results for the period are not representative of the Company going forward since they include costs of establishing the business and a period of restricted trading
- Post balance sheet highlights:
 - Trading EBITDA £5.9m (pre £250k one off costs) for period from 1 November 2014 to 30 April 2015
 - 13 transactions concluded in last six months including 5 "buy and build" acquisitions for Castleton Technology, 365 Agile and Redcentric
- Proposed £12m capital raising announced today would, combined with existing cash resources, provide in excess of £27m to invest: significant pipeline of identified opportunities
- Proposed share acquisition of parent company MXC Holdings simplifies structure and aligns interests of all shareholders
- Board confident of outlook

Marc Young, CEO of MXC Capital, commented: "We have a track record of successfully investing in growth technology companies. Our team has proven operational skills. We now have an FCA regulated advisory business, originating and executing transactions. That's a very potent combination of skills. Our ambition is clear: we are seeking to build the leading technology focused merchant bank, building value for the companies we invest in as well as for our own shareholders. We've made a good start and are excited by the scale of what we believe we can achieve."

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About MXC Capital

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.

Management Review

The financial performance of the business in the period of review is not representative of the Company's performance going forward nor does it reflect the full strength of the financial position of the business today.

The results cover a period of restructuring and investment for the future during which a number of one-off costs were incurred as we established the basis of our business. During this period of transition, the Company was unable to carry on meaningful business due to the process of acquiring MXC Capital Advisory LLP ("MXC Capital Advisory"), the associated FCA change of control procedures and re-domicile to Guernsey.

However, since the period end, and as outlined in further detail below, the Company has enjoyed a very productive few months to date with a number of completed investments, disposals and advisory transactions which the Directors consider demonstrate the broader potential of MXC and, together with the proposed cash placing also announced today, position the Company strongly for the future.

Summary of results to 28 February 2015:

- Revenue of £574,000
- Loss before taxation of £99,000, after charging £178,000 one-off Group restructuring costs
- As at 28 February 2015, investments of £6.4 million, with assets held for sale of £11.3 million and total assets of £20.2 million
- Three investments made:
 - Castleton Technology plc ("Castleton"), 365 Agile Limited ("365 Agile"), Calyx Managed Services Limited ("Calyx MS")
- Three advisory transactions concluded demonstrating the contribution of our advisory business and the value it adds to our investments

Post balance sheet events:

- Significant momentum building
- Trading EBITDA of £5.9m (before restructuring and re-domicile costs of circa £250k) generated for period from 1 November 2014 to 30 April 2015 (following acquisition of MXC Capital Advisory)
- Further investment in both Castleton and 365 Agile to support their growth
- Successful restructuring and full divestiture of interest in Calyx MS producing a net profit of £5.3 million and a return on capital of 59 per cent. in a period of six weeks
- MXC Capital Advisory successfully completes 10 further transactions including
 - Acting as financial adviser to Accumuli plc on its recommended public takeover by NCC Group plc

- Advising Castleton Technology on the acquisitions of Documotive Limited, Keylogic Limited and Opus Information Technology Limited
- Advising 365 Agile on the acquisitions of South View Solutions Limited and Ciseco Limited (known as Wireless Things) to build a true end-to-end connected mobile working and asset control environment
- Disposal of stake in Eagle Eye Solutions Group plc, sold for £2.3 million in total
- Proposed further capital raising of £12 million announced today alongside these results would, on completion, give the Group cash resources in excess of £27 million to invest
- Current carrying value (at mid-market closing prices for quoted investments or at cost for private investments) of portfolio of £8.1 million

Review of the six month period ended 28 February 2015

During the period a number of key steps were achieved, all combining to create the platform to allow us to pursue our ambition to build London's technology merchant bank.

On 29 October 2014, we completed the acquisition of MXC Capital Advisory, giving the Company its dedicated, in-house advisory capability which will enable the Company to source and execute equity capital markets and M&A transactions on behalf of our investee companies and our clients.

On 5 February 2015 we re-domiciled our business to Guernsey via a scheme of arrangement. The Board decided that the best way of managing and controlling the Company is to do so as a Guernsey based permanent capital vehicle which takes responsibility for the Company's investment strategy, capital raising and supervision of MXC Capital Advisory and its London based Advisory Board that in turn identifies investment opportunities and provides day to day management of those businesses. Members of the Advisory Board, which comprises a number of our operational and advisory professionals, are significant investors in the Company, making them highly motivated to succeed.

The business going forward

MXC now combines three complementary capabilities that are rarely integrated under one roof; Investment, Advisory and Management. We have a track record of identifying and investing in growth technology companies. Our team has proven operational skills and a track record of creating shareholder value. We also now have an FCA regulated advisory business, originating and executing transactions.

Our ambition is clear: we are seeking to build the leading technology focused merchant bank, building value for the companies we invest in as well as for our own shareholders. We have made a good start, investing in several situations and we are putting both our capital and our experience to good use.

London is a growing, vibrant technology centre and technology is constantly reinventing itself, providing extraordinary opportunities for specialist investors such as ourselves. Our network in the industry is bringing us a growing pipeline of opportunity.

We are particularly focused on opportunities in managed services, Government and the Public Sector, the "internet of things", robotics, security, fintech and internet service providers. We typically seek a meaningful equity investment of more than 10% rising to 29.9% and we actively manage our investments, normally through a seat on the Board. We are building two streams of activity: larger platforms, typically quoted, and a pool of smaller, fast growth businesses.

From identifying the opportunity, making our investment, setting the strategy and structure, we then work with management to invigorate the business, growing it both organically as well as through acquisitions, often originated by our advisory team. Ultimately, we will guide our investment to a capitalising event that releases value.

Outlook

This has been an important period for MXC with the completion of the Group's restructuring in the period under review and subsequent investment in the people and systems which form the infrastructure to deliver on our strategy.

We have clarity on our ambition, with the strategy, structure and business model all in place. We have completed 13 transactions since joining AIM, generating £5.9m of pre-exceptional EBITDA and we have a good pipeline of opportunities identified. In particular, we are confident that the various companies we have invested in present good opportunities for us to create value for our shareholders. The market in which we operate is vibrant and we look forward to the future with confidence.

Unaudited interim consolidated statement of profit or loss for the six months ended 28 February 2015

	Note	Unaudited 6 months to 28 February 2015 £000	Restated Unaudited 6 months to 28 February 2014 £000	Restated Unaudited Year to 31 August 2014 £000
Continuing operations				
Revenue		574	791	1,135
Cost of sales		-	-	-
Gross profit		574	791	1,135
Group restructuring costs		178	-	387
Other administrative expenses		586	1,133	1,818
Total administrative expenses		(764)	(1,133)	(2,205)
Operating loss		(190)	(342)	(1,070)
Finance income		14	-	3
Other gains and losses				
Realised profit on disposal of assets classified as held for sale		77	-	-
Loss before taxation		(99)	(342)	(1,067)
Taxation		(161)	-	15
Loss for the period from continuing operations		(260)	(342)	(1,052)
Discontinued operations				
Profit/(loss) for the period from discontinued operations		-	(856)	271
Loss for the period		(260)	(1,198)	(781)
Loss per share				
From continuing operations				
Basic and diluted	3	(0.01)p	(0.03)p	(0.10)p
From continuing and discontinued operations				
Basic and diluted	3	(0.01)p	(0.12)p	(0.08)p

**Unaudited interim consolidated statement of other comprehensive income
for the six months ended 28 February 2015**

	Unaudited 6 months to 28 February 2015 £000	Restated Unaudited 6 months to 28 February 2014 £000	Restated Unaudited Year to 31 August 2014 £000
Loss for the period	(260)	(1,198)	(781)
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets, gains/ (losses) arising during the period	3,886	-	(171)
Less: reclassification for gains/(losses) included in profit	(30)	-	-
Tax on items taken directly to equity	-	-	(57)
Other comprehensive income for the period, net of tax	3,856	-	(228)
Total comprehensive income for the period	3,596	(1,198)	(1,009)

**Unaudited interim consolidated statement of financial position
as at 28 February 2015**

	Note	Unaudited 28 February 2015 £000	Restated Unaudited 28 February 2014 £000	Restated Unaudited 31 August 2014 £000
Non-current assets				
Property, plant and equipment		6	2	2
Investments		6,388	-	-
Deferred tax asset		-	-	161
		6,394	2	163
Current assets				
Trade and other receivables		1,482	90	114
Cash and cash equivalents		981	1,238	11,535
Assets classified as held for sale		11,338	4,428	1,829
		13,801	5,756	13,478
Total assets		20,195	5,758	13,641
Current liabilities				
Trade and other payables		(2,241)	(1,177)	(1,242)
Liabilities directly associated with assets classified as held for sale		-	(857)	-
Total liabilities		(2,241)	(2,034)	(1,242)
Net assets		17,954	3,724	12,399
Capital and reserves attributable to equity holders of the parent				
Share premium		32,428	21,964	30,469
Merger reserve	2	(39,397)	(39,397)	(39,397)
Share option reserve		978	978	978
Fair value reserve		3,685	-	(171)
Retained earnings		20,260	20,179	20,520
Total equity attributable to the owners of the parent		17,954	3,724	12,399

**Unaudited interim consolidated statement of changes in equity
for the six months ended 28 February 2015**

	Share premium £000	Merger reserve ⁽¹⁾ £000	Share option reserve £000	Fair value reserve £000	Retained earnings £000	Total £000
Balance at 1 September 2013	21,964	(39,397)	978	-	21,377	4,922
Profit for the period	-	-	-	-	(1,198)	(1,198)
Total comprehensive income for the period	-	-	-	-	(1,198)	(1,198)
Balance at 28 February 2014	21,964	(39,397)	978	-	20,179	3,724
Balance at 1 September 2014	30,469	(39,397)	978	(171)	20,520	12,399
Profit for the period	-	-	-	-	(260)	(260)
Other comprehensive income						
Available-for-sale financial assets, gains/ (losses) arising during the period	-	-	-	3,886	-	3,886
Less: reclassification for gains/(losses) included in profit	-	-	-	(30)	-	(30)
Total comprehensive income for the period	-	-	-	3,856	(260)	3,596
Transactions with owners						
Issue of share capital	1,959	-	-	-	-	1,959
Balance at 28 February 2015	32,428	(39,397)	978	3,685	20,260	17,954

⁽¹⁾ See note 2 to the Notes to the consolidated unaudited interim financial statements

**Unaudited interim consolidated statement of cash flows
for the six months ended 28 February 2015**

	Unaudited 6 months to 28 February 2015 £000	Restated Unaudited 6 months to 28 February 2014 £000	Restated Unaudited Year to 31 August 2014 £000
Cash flows from operating activities			
Loss before taxation	(99)	(342)	(1,067)
Adjustments for:			
Realised profit on disposal of assets held for sale	(77)	-	-
Loss on cancellation of treasury shares	16	-	-
Net finance income	(14)	-	(3)
Depreciation	-	-	1
Share based payment expense	-	93	62
(Increase)/decrease in trade and other receivables	(1,373)	13	(24)
Increase in trade and other payables	997	846	1,579
Net cash flows from operating activities- continuing operations	(550)	610	548
Net cash flows from operating activities- discontinued operations	-	(716)	1,939
Cash flows from investing activities			
Purchases of property, plant and equipment	(5)	-	-
Purchases of available-for-sale investments	(12,410)	-	-
Proceeds on disposal of available-for-sale investments	447	-	-
Interest received	14	-	3
Net cash flows from investing activities- continuing operations	(11,954)	-	3
Net cash flows from investing activities – discontinued operations	-	(154)	-
Cash flows from financing activities			
Payments to members of the LLP	-	(112)	(994)
Net proceeds from issue of equity	1,950	-	8,429
Net cash flows from financing activities	1,950	(112)	7,435
Net (decrease)/increase in cash and cash equivalents in the period	(10,554)	(372)	9,925
Cash and cash equivalents at beginning of period	11,535	1,610	1,610
Cash and cash equivalents at end of period	981	1,238	11,535

Notes to the consolidated unaudited interim financial statements

1. Basis of preparation

These interim financial statements, which are unaudited, consolidate the results of MXC Capital Limited (the "Company" or the "Parent") and its subsidiary undertakings (the "Group") up to 28 February 2015. The Group's accounting reference date is 31 August. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM). The Company is a private limited liability company incorporated and domiciled in Guernsey on 19 August 2014. The consolidated financial information is presented in Pounds Sterling (£) which is also the functional currency of the Parent.

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK AIM listed Groups, in the preparation of these interim financial statements. The accounting policies used in the preparation of the financial information for the six months ended 28 February 2015 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union (IFRS) and The Companies (Guernsey) Law, 2008 and are consistent with those which will be adopted in the annual financial statements for the year ending 31 August 2015. While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, these financial statements do not contain sufficient information to comply with IFRS.

The comparative financial information for the period ended 28 February 2014 has been extracted from the interim financial statements for that period, restated for the transactions detailed in Note 2 below. The comparative financial information for the year ended 31 August 2014 has been extracted from the annual financial statements of the Group, restated for the transactions detailed in Note 2 below.

These interim financial statements are prepared on a going concern basis as the directors have satisfied themselves that, at the time of approving these interim financial statements, the Group has adequate resources to continue in operational existence for at least the next twelve months.

These interim financial statements for the period ended 28 February 2015, which are not audited, do not comprise statutory accounts within the meaning of The Companies (Guernsey) Law, 2008. The financial information does not therefore include all of the information and disclosures required in the annual financial statements. Full audited accounts of the Group in respect of the year ended 30 June 2014, which received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies.

2. Accounting policies

The accounting policies applied in these interim financial statements are consistent with those which will be adopted in the annual financial statements of the Group for the year ending 31 August 2015. They are the same as those published in the Group's statutory accounts for the year ended 31 August 2014 with the following exceptions:

Basis of consolidation

The financial statements for the year ended 31 August 2014 note that the results of subsidiaries acquired are consolidated from the date on which control passes under the acquisition method. This involves the recognition at fair value of the assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. These fair values are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

On 29 October 2014 MXC Capital Limited (UK) (formerly MXC Capital plc) completed the acquisition of MXC Capital Advisory LLP. The consideration was £6 million, satisfied by the issue of 600,000,000 1p shares in MXC Capital Limited (UK). This acquisition constituted a reverse acquisition and therefore the

legal subsidiary has been treated as the accounting acquirer. As MXC Capital Limited (UK) did not meet the definition of a business under IFRS 3 at the time of the reverse acquisition, the transaction falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in such cases, the reverse acquisition has therefore been accounted for in accordance with the principles of merger accounting. Accordingly the financial information for the Group has been presented as if both MXC Capital Limited (UK) and MXC Capital Advisory LLP has been part of the Group throughout the current and preceding periods. The comparative figures for the previous year include the results of the merged entity, the profits due to former members of the LLP and the assets and liabilities at the previous balance sheet date. The acquisition price of £6 million has been taken to reserves via the 'merger reserve'.

On 5 February 2015 MXC Capital Limited (UK) was granted court approval to a Reduction of Capital. This created distributable reserves in MXC Capital Limited (UK) via the cancellation of its share premium account and the reduction of its issued share capital. On 6 February 2015 the Company issued 1,965,630,992 shares in exchange for the entire issued share capital of MXC Capital Limited (UK). The acquisition of its principal subsidiary by the Company did not meet the definition of a business combination and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations the acquisition of MXC Capital Limited (UK) by the Company has therefore been accounted for in accordance with the principles of merger accounting. Accordingly the financial information for the Group has been presented as if MXC Capital Limited (UK) has been owned by the Company throughout the current and preceding periods. The comparative figures for the previous year include the results of the merged entity, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. The difference between the nominal value of the shares acquired and the nominal value of shares and share premium issued by the Company to acquire the merged entity has been taken to reserves via the 'merger reserve'.

On 21 February 2015 the Group acquired 100% of the issued share capital of Calyx Managed Services Limited for a consideration of £9.2 million, satisfied in cash. As the Company meets the criteria of an 'investing entity' under IFRS 10, the acquisition has been accounted for as a short-term investment and the results of Calyx Managed Services Limited have not been consolidated in the Group's financial statements. On 13 April 2015 the Group completed the disposal of its investment in Calyx Managed Services Limited, generating a profit on disposal of £5.3 million.

3. Loss per share

The calculation of basic and diluted loss per share from continuing operations is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive.

			2015 Weighted average number of ordinary shares	Restated 2014 Loss per share pence	Restated 2014 Loss £000	Restated 2014 Weighted average number of ordinary shares
Basic and diluted loss per share	(0.01)	(260)	1,914,821,907	(0.03)	(342)	986,285,559

Basic and diluted loss per share from continuing and discontinued operations is calculated as follows:

	2015 Loss per share pence	2015 Loss £000	2015 Weighted average number of ordinary shares	Restated 2014 Loss per share pence	Restated 2014 Loss £000	Restated 2014 Weighted average number of ordinary shares
Basic and diluted loss per share	(0.01)	(260)	1,914,821,907	(0.12)	(1,198)	986,285,559