

SUMMARISED UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Universal Partners has a primary listing on the Official Market of the Stock Exchange of Mauritius Ltd (“SEM”) and a secondary listing on the Alternative Exchange of the JSE Limited (“JSE”).

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in high quality, growth businesses across Europe, with a particular focus on the United Kingdom (“UK”). The Company’s investment mandate also allows up to 20% of total funds at the time an investment is made to be invested outside the UK and Europe.

The Company’s primary objective is to achieve strong capital appreciation in Pounds Sterling (“GBP”) over the medium to long-term by investing in businesses that meet the investment criteria set out in the Company’s investment policy.

BUSINESS REVIEW

Since its listing on the SEM and the JSE, the Company has been working closely with its investment advisor, Argo Investment Managers (“Argo”), to identify potential investments that meet its investment criteria.

The Company has completed five investments since its listing up to the reporting date and continues to build a pipeline of new investments.

Dentex Healthcare Group Limited (“Dentex”) www.dentexhealth.co.uk

Dentex now owns 66 dental practices and is the second largest private dental group in the UK. The business is performing well and is trading ahead of forecasts and budgets.

Dentex has been going through a process of raising equity from existing shareholders and restructuring and increasing its existing debt facilities in order to cater for acquiring additional practices to deliver the business plan. This process should be completed during the next quarter.

During the quarter under review, the shareholders of Dentex provided Dentex with a GBP 5,000,000 bridging loan, of which the Company provided GBP 2,649,981, to enable Dentex time to complete the debt raise and restructure process. These bridging loans will be converted into equity as part of a capital raise which will take place in the next few months.

In addition to the bridging loan mentioned above, the Company invested a further GBP 3,662,024 of equity in Dentex as part of a capital raise of GBP 6,500,000 which was concluded in September 2019.

YASA Limited (“YASA”) www.yasa.com

YASA continues to deliver against all agreed timelines to its customers. The company is in advanced negotiations regarding a number of new potential contracts for motors and controllers. However, these negotiations may only conclude in Q1 of 2020.

In August 2019, YASA raised a total of GBP 18,300,000 [GBP 10,250,000 from new investors which include Oxford Science Innovation (“OSI”), a highly reputable and recognised technology fund, and GBP 8,050,000 from existing shareholders] in a new issue of shares at a price of GBP 386.95 per share (the Company initially invested at GBP 230.46 in August 2017). Given its positive assessment of YASA’s future opportunities and growth prospects, the Company invested GBP 3,000,023 in the capital raise.

SUMMARISED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Quarter ended 30 September 2019 (Unaudited) GBP	Quarter ended 30 September 2018 (Unaudited) GBP	Year ended 30 June 2019 (Audited) GBP
Income			
Interest income	32,218	130,966	289,110
Other income	53,000	11,547	136,252
Total income	85,218	142,513	425,362
Expenditure			
Management fees	(306,258)	(312,095)	(1,200,809)
Transaction costs	-	(2,000)	(2,000)
Performance fees (accrued but not paid)	-	-	(1,499,096)
General and administrative expenses	(94,163)	(73,935)	(334,441)
Total expenditure	(400,421)	(388,030)	(3,036,346)
Operating loss	(315,203)	(245,517)	(2,610,984)
Fair value gain on remeasurement of financial assets at fair value through profit or loss	-	-	11,646,563
Impairment loss	-	-	(1,404,98)
Net foreign exchange gains	392,856	106,052	403,458
Profit / (loss) before tax	77,653	(139,465)	8,034,054
Tax expense	-	-	-
Profit / (loss) for the quarter / year	77,653	(139,465)	8,034,054
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss	-	-	-
Items that will be reclassified subsequently to profit and loss	-	-	-
Other comprehensive income for the quarter / year, net of tax	-	-	-
Total comprehensive income for the quarter / year	77,653	(139,465)	8,034,054
	Pence	Pence	Pence
Basic and headline profit / (loss) earnings per share (pence)*	0.11	(0.19)	11.10

SC Lowy Partners (“SC Lowy”) www.sclowy.com

SC Lowy continued to increase Assets under Management under its existing Primary Investments (“PI”) and Strategic Investments (“SI”) mandates over the period, despite difficult market conditions for distressed debt investors. Although PI performance is lower than prior years, leading to performance fees being lower than usual, performance is still acceptable on a relative basis. The SI fund, which has a 5 year, closed ended mandate, continues to find attractive opportunities as a result of debt restructuring. The SI fund holds its positions at cost until they are sold, at which time it books any performance fees due. In the period, the SI fund had its first exit, achieving an IRR substantially in excess of the target IRR of 15% net of fees. Management fees in PI and SI cover expenses in the core business, meaning that SC Lowy is less reliant on performance fees than before.

The turnaround in Solution Bank in Italy is showing promising results, with positive operating earnings over the last two quarters, and approval from the Bank of Italy to conduct full Asset and Liability passporting activities across the EU was received over the quarter to 30 September 2019. Choeun Savings Bank in Korea continues to trade acceptably, with exits in a number of lines of business where management deemed returns insufficient to compensate for increased risk.

JSA Services Limited (“JSA”) www.jsagroup.co.uk

JSA is a provider of Personal Service Companies (“PSC”), Umbrella and Payroll services to contractors and temporary workers in the UK. During the quarter, JSA completed the acquisition of AccountsNet, a complementary provider of PSC services to 1 400 clients based in Livingston, Scotland. JSA performed in line with budgets and forecasts during the quarter.

During its financial year to September, JSA concluded and successfully integrated four acquisitions, adding circa 6 000 clients and establishing itself as a top 3 player in its sector in the UK. These acquisitions have been funded via debt facilities available to JSA and have delivered the expected profitability. In line with its strategy to be a consolidator of smaller, complementary businesses in the sector, JSA is actively engaging with a number of further potential acquisition targets.

Propelair www.propelair.com

Propelair continues to implement the turnaround plan, predicated on increasing sales via partner channels. New partners were brought on board in the UK, and the pipeline grew over the period. Conversion into sales continues to be slower than expected, particularly considering the increasing level of water stress exhibited in a number of regions of South Africa, and in the UK, over the period.

FINANCIAL REVIEW

For the quarter under review, interest income included interest earned from providing short-term bridging loans to investee companies as well as interest earned from investing excess cash in interest bearing fixed deposits for periods of up to six months. The deposited funds will remain in short-term fixed deposits, money market and MCD instruments until such time as they are required for investments in accordance with the Company’s investment policy.

Interest earned for the quarter amounted to GBP 32,218 which included interest of GBP 19,538 earned from cash balances and GBP 12,680 earned

SUMMARISED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	As at 30 September 2019 (Unaudited) GBP	As at 30 June 2019 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	77,339,080	70,284,178
Current assets		
Receivables and prepayments	2,734,288	539,824
Cash and cash equivalents	5,071,263	14,220,935
	7,805,551	14,760,759
Total assets	85,144,631	85,044,937
Equity and Liabilities		
Equity		
Stated capital	71,847,164	71,847,164
Retained earnings	10,903,112	10,825,459
	82,750,276	82,672,623
Current liabilities		
Payables and accruals	2,394,355	2,372,314
Total equity and liabilities	85,144,631	85,044,937
NAV per share	1.144	1.143

SUMMARISED UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Stated Capital GBP	Profit / (loss) for the year GBP	Total GBP
Balance at 1 July 2018	71,847,164	2,791,405	74,638,569
Loss for the quarter	-	(139,465)	(139,465)
Other comprehensive income for the quarter	-	-	-
Transactions with share holder	-	(139,465)	(139,465)
Balance at 30 September 2018	71,847,164	2,651,940	74,499,104
Balance at 1 July 2019	71,847,164	10,825,459	82,672,623
Profit for the quarter	-	77,653	77,653
Other comprehensive income for the quarter	-	-	-
Transactions with share holder	-	77,653	77,653
Balance at 30 September 2019	71,847,164	10,903,112	82,750,276

* The earnings per share for the quarter ended 30 September 2019 and the loss per share for the quarter ended 30 September 2018 are based on a profit after tax of GBP 77,653 and a loss after tax of GBP 139,465 for the Company respectively. The profit per share for the year ended 30 June 2019 is based on a profit after tax of GBP 8,034,054 for the Company. The weighted average number of shares in issue for each period was 72,350,131.

There were no dilutive shares in issue. There were no reconciling items between the basic and headline loss/earnings per share.

from providing short-term bridging loans. The loan advanced to YASA was repaid in full during the quarter under review.

A raising fee of GBP 53,000 was earned by the Company during the quarter for the provision of the above-mentioned bridging loan to Dentex. The amount is included in other income.

The Company’s investment in SC Lowy is reflected at its original cost and is denominated in US Dollars (“USD”). The translation effect of exchange rate movements between the USD and the GBP for the quarter resulted in a foreign exchange gain of GBP 392,856.

Management fees paid for the quarter amounted to GBP 306,258, incurred in terms of the investment management agreement between the Company and Argo. In addition, the Company incurred general and administrative expenses of GBP 94,163.

NET ASSET VALUE (“NAV”)

The NAV per share as at 30 September 2019 was GBP 1.144 (30 June 2019: GBP 1.143)

PROFIT OR LOSS PER SHARE

The profit per share of 0.11 pence for the quarter ended 30 September 2019 and the loss per share of 0.19 pence for the quarter ended 30 September 2018 are based on a profit after tax of GBP 77,653 and a loss after tax of GBP 139,465 for the Company respectively. The weighted average number of shares in issue for each period was 72,350,131.

DIVIDEND

In line with the Company’s investment strategy to achieve long-term growth in NAV, dividends will not be declared on a regular basis. Accordingly, no dividend has been declared for the year under review.

BASIS OF PREPARATION

The summarised unaudited financial statements for the quarter ended 30 September 2019 (“summarised unaudited financial statements”) have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting, the SEM Listing Rules, the Mauritian Securities Act 2005 and the JSE Listings Requirements.

The accounting policies and methods of computation adopted in the preparation of these summarised unaudited financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 30 June 2019.

The directors are not aware of any circumstances or matters arising subsequent to the quarter that require any additional disclosure or adjustment to these summarised unaudited financial statements.

AUDITORS

These summarised unaudited financial statements were approved by the board of directors of Universal Partners (“Board”) on 12 November 2019. These summarised unaudited financial statements have not been reviewed or reported on by the Company’s external auditors, Grant Thornton.

SUMMARISED UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Quarter ended 30 September 2019 (Unaudited) GBP	Quarter ended 30 September 2018 (Unaudited) GBP	Year ended 30 June 2019 (Audited) GBP
Operating activities			
Profit / (loss) for the quarter / year	77,653	(139,465)	8,034,054
Adjustments for:			
Impairment loss	-	-	1,404,983
Fair value gain on remeasurement of investments at fair value through profit or loss	(32,218)	(130,966)	(289,110)
Interest income accrued	(392,010)	(105,453)	(400,917)
Net foreign exchange gains			
Net changes in working capital:			
Changes in receivables and prepayments	1,615	(1,943)	(5,922)
Changes in payables and accruals	22,041	15,267	1,500,644
Net cash flows utilised in operating activities	(322,919)	(362,560)	(1,402,831)
Investing activities			
Acquisition of investments	(6,662,048)	-	(5,381,717)
Proceeds on disposal of investments	-	400,000	400,300
Loans advanced	(2,874,981)	-	(4,613,000)
Loans repaid	691,582	5,000,000	9,562,498
Interest received	19,538	289,239	123,983
Net cash flows received from / (used in) investing activities	(8,825,909)	5,689,239	92,064
Net change in cash and cash equivalents	(9,148,828)	5,326,679	(1,310,767)
Cash and cash equivalents at the beginning of the quarter / year	14,220,935	15,534,242	15,534,242
Effect of exchange rate changes on cash and cash equivalents	(844)	(599)	(2,540)
Cash and cash equivalents at the end of the quarter / year	5,071,263	20,860,322	14,220,935

NOTES

Copies of these summarised unaudited financial statements as well as copies of the statement of direct or indirect interests of the Senior Officers of the Company pursuant to Rule 8(2)(m) of the Securities (Disclosure of Obligations of Reporting Issuers) Rules 2007 are available to the public upon request to the Company Secretary at the Registered Office of the Company at c/o Intercontinental Trust Limited, Level 3 Alexander House, 35 Cybercity, Ebene 72201, Mauritius.

This announcement is issued pursuant to the SEM Listing Rule 12.19, Section 88 of the Mauritian Securities Act 2005 and the JSE Listings Requirements.

The Board accepts full responsibility for the preparation of these summarised unaudited financial statements and for ensuring that the financial information has been correctly extracted from the underlying unaudited financial statements.

By order of the Board
13 November 2019

Intercontinental Trust Limited
Company secretary

For further information please contact:

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