

30 June 2016

CAPITAL FOR COLLEAGUES PLC
(‘Capital for Colleagues’ or the ‘Company’)

QUARTERLY INVESTMENT UPDATE

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce an investment update in respect of the quarter ended 31 May 2016.

Key Statistics for the quarter:

- GBP 5,093,472 (29 February 2016: GBP 3,868,455) lent or invested in a portfolio of 14 unquoted EOBs and 15 publicly traded companies displaying demonstrable employee engagement
- Net Asset Value (‘NAV’) of GBP 5,276,249 (29 February 2016: GBP 4,118,399)
- NAV per share of 54.82 pence (29 February 2016: 53.66 pence per share)

Material developments in the quarter:

- The Company raised GBP 1.15 million in a subscription of new ordinary shares; the proceeds are being used to make further portfolio investments and to provide working capital;
- Funds managed by Alliance Trust became significant shareholders in the Company as part of the subscription;
- The Company subscribed for GBP 150,000 of loan notes issued by existing investee company, Ecomerchant Natural Building Materials Limited, allowing Ecomerchant to acquire a complimentary business engaged in the distribution of environmentally sustainable building materials.

John Eckersley, Chief Executive of Capital for Colleagues, said: ‘We are delighted to have raised additional finance in the quarter and to welcome funds managed by Alliance Trust as shareholders in Capital for Colleagues. The EOB sector continues to offer a broad range of investment opportunities for us and we intend to capitalise on these opportunities to support the sector and generate returns for our investors.’

Further information on the Company’s investment portfolio is set out below.

UNQUOTED INVESTMENTS

As at 31 May 2016, the Company’s portfolio of unquoted investments comprised 14 companies operating across a range of sectors.

	Value of Investment (GBP)	% of Portfolio
INDUSTRIALS		
Construction and Materials		
Civils Store Limited	400,000	9.93
Ecomerchant Natural Building Materials Ltd	250,000	6.21
TPS Investment Holdings Limited	245,874	6.11
Industrial Engineering		
FJ Holdings Limited	933,000	23.17
Ham Baker Adams Limited	375,000	9.31
Industrial Transportation		
Place 2 Place Logistics Limited	150,000	3.73
Support Services		
Cotswold Valves Limited	220,000	5.46
CSM Site Supplies Limited	190,000	4.72
Hire and Supplies Limited	350,000	8.69
Merrko Group Limited	256,153	6.36
MI Accountancy Solutions Limited	50,000	1.24
TOTAL INDUSTRIALS	3,420,027	84.94
RETAIL		
General Retailers		
The Homebuilding Centre (Holdings) Limited	347,000	8.62
TOTAL RETAIL	347,000	8.62
TECHNOLOGY		
Software & Computer Services		
Computer Application Services Limited	159,500	3.96
Figure Consulting Limited	100,000	2.48
TOTAL TECHNOLOGY	259,500	6.44
TOTAL UNQUOTED PORTFOLIO	GBP 4,026,527	100%

The loans and investments made by the Company to unquoted EOBs are aimed at delivering equity-like returns and bear interest at rates of between 12% and 24%. Each loan or investment is tailored to the individual investee company's operating performance and specific working capital needs.

The Directors believe that the unquoted EOBs in the Company's portfolio currently generate total turnover of around GBP 59.0 million per annum and support approximately 409 jobs.

Total Unquoted Investments as at 31 May 2016

Cost (including short term loans): GBP 3,816,860

Valuation (including capitalised costs): GBP 4,026,527

PUBLICLY TRADED INVESTMENTS

Whilst the Company's core investment focus is on private EOBs, Capital for Colleagues currently has interests in 15 investments listed on the London Stock Exchange's main market or on AIM. The Directors believe that investing in such publicly traded entities, each of which displays demonstrable employee engagement, offers the potential to deliver a better return for shareholders than leaving the cash on deposit, whilst allowing the Company to realise cash relatively quickly if it is required for investment elsewhere.

Total Publicly Traded Investments as at 31 May 2016

Valuation: GBP 1,066,945

BASIS OF VALUATION

Each of the unquoted investments is included at the Directors' assessment of fair value, in accordance with International Private Equity and Venture Capital Guidelines. Nevertheless, as a matter of prudence, the Directors have provided for an amount equivalent to 2 per cent. of the value of the unquoted investments for possible impairment. The Directors do not, however, believe that any impairment is necessary in respect of any of the Company's current unquoted investments.

Each of the publicly traded investments is included at their closing mid-market valuation on 31 May 2016.

No account has been taken of any potential taxation liability in respect of the increase in value of investments.

The Directors of the Company are responsible for the contents of this announcement.

****ENDS****

For further information, please visit www.capitalforcolleagues.com or contact:

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Notes

Capital for Colleagues is an investment company focused on the Employee Owned Business ('EOB') sector. The Company has a clear strategy aimed at investing in, advising and growing established, mainly UK-based, EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital and advice to help them achieve their objectives.

Capital for Colleagues has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and identify and capitalise on EOB-focused investment opportunities.