

Unaudited interim condensed financial statements for the six months ended 31 August 2017

STATEMENT OF THE EXECUTIVE DIRECTOR

On behalf of the Board I am pleased to present the unaudited interim condensed results for Elaine Securities Plc (the "Company") for the six months ended 31 August 2017.

The Company was originally founded in order to identify opportunities within Investment Management. In early 2016, as announced within the Annual Report dated 30 June 2016, the then Directors resolved to amend the Company's strategy to predominantly focus on medium-term, asset-backed loans to bodies corporate that meet the necessary eligibility criteria. Although the average investment length may vary from 3 to 5 years, it was the stated intention to target mainly investments of a 3-year duration that will be funded by way of issuance of a 10-year 5.0% bond.

During the six months ending 31 August 2017, the Company has made 6 new loans to the following:

- £500,000 to a High Net Worth ("HNW") individual secured against a motor vehicle contract. Of this initial loan, £231,147 of principal remains outstanding at the period end. This loan is due for repayment by September 2018;
- £289,525 of further loans made to fund the jet acquisition project, which has been partially repaid in August 2017, with the remaining funds due by the end of 2017;
- £206,520 to a Maltese national secured against a property development in Marbella, Spain. This loan remains outstanding and is due for repayment in March 2018;
- £100,000 to a company that funded a VAT bridge on a commercial property purchase. This loan was fully repaid during the period;
- £278,537 to a company that funded bills of exchange for agricultural business. This loan has been part repaid during the period, and fully repaid on time post period end;
- £520,000 to a property trading business. This loan has been partly repaid post period end; and
- £245,000 to a company that purchased a development in Frinton-on-Sea, Essex. This loan remains outstanding at period end, and is due for repayment in September 2018.

This period marks the first in which the Company has generated a profit, reflecting the fact that the Company has now moved through the implementation phase into full operations. The Directors intend to continue to seek further bonds subscriptions and to make loans for the remainder of the term in line with its loan eligibility criteria.

Investors will be able to keep up with updates on the company via the periodic announcements made on the Cyprus Stock Exchange and the Company's website.

Simon Sacerdoti

Executive Director

29 November 2017

The Board of Directors of the Company at its meeting on 28 November 2017 examined and approved the interim condensed financial results of the Company for the six months ending 31 August 2017.

Elaine Securities Plc

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Elaine Securities Plc

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Interim Condensed Statement of Comprehensive Income

For the six months ended 31 August 2017	Six Months Ended 31 August 2017 Unaudited GBP	Six Months Ended 31 August 2016 Unaudited GBP	Year Ended 28 February 2017 Audited GBP
Notes			
Revenue	175,265	28,048	170,468
Gross profit	175,265	28,048	170,468
Administrative expenses	(36,145)	(29,166)	(92,534)
Operating profit/(loss)	139,120	(1,118)	77,934
Finance costs	(99,947)	(31,752)	(125,858)
Profit/(loss) on ordinary activities before taxation	39,173	(32,870)	(47,924)
Income tax expense	-	-	-
Profit/(loss) for the period from continuing operations attributable to shareholders	39,173	(32,870)	(47,924)
Profit/(loss) per share (basic and diluted) - pence	3 78.35	(65.74)	(95.85)

Interim Condensed Statement of Financial Position

As at 31 August 2017	Notes	31 August 2017 Unaudited GBP	31 August 2016 Unaudited GBP	28 February 2017 Audited GBP
Assets				
Secured loans		2,552,833	816,000	2,685,000
Other receivables		868,660	121,468	100,470
Cash and cash equivalents		123,021	1,652,531	649,210
Total assets		3,544,514	2,589,999	3,434,680
Capital and reserves				
Share capital	4	50,000	50,000	50,000
Accumulated losses		(58,843)	(82,962)	(98,016)
Total equity		(8,843)	(32,962)	(48,016)
Liabilities				
Non-current liabilities				
Borrowings	5	3,420,089	2,597,032	3,410,630
Current liabilities				
Trade and other payables		133,268	25,929	72,066
Total liabilities		3,553,357	2,622,961	3,482,696
Total equity and liabilities		3,544,514	2,589,999	3,434,680

Interim Condensed Statement of Cash Flows

For the six months ended 31 August 2017	Six Months Ended 31 August 2017 Unaudited GBP	Period Ended 31 August 2016 Unaudited GBP	Year Ended 28 February 2017 Audited GBP
Cash flows from operating activities			
Profit/loss before tax	39,173	(32,870)	(47,924)
Adjustments for:			
Finance costs	90,178	31,752	111,093
Cash absorbed by operations	(669,983)	(59,213)	(77,224)
Net cash outflow from operating activities	(540,632)	(60,331)	(14,055)
Cash flows from investing activities			
Repayment of secured loans	2,158,482	-	-
Provision of secured loans	(2,144,039)	(683,500)	(2,552,500)
Net cash utilised in investing activities	14,443	(683,500)	(2,552,500)
Cash flows from financing activities			
Proceeds from issue of bonds	-	2,353,519	3,172,922
Net cash generated from financing activities	-	2,353,519	3,172,922
Net increase in cash and cash equivalents	(526,189)	1,609,688	606,367
Cash and cash equivalent at the beginning of the period	649,210	42,843	42,843
Cash and cash equivalents at end of the period	123,021	1,652,531	649,210

Interim Condensed Statement of Changes in Equity

For the six months ended 31 August 2017

	Share Capital	Accumulated	
	GBP	Losses	Total
		GBP	GBP
As at 1 March 2016	50,000	(50,092)	(92)
Loss for the period	-	(47,924)	(47,924)
As at 28 February 2017	50,000	(98,016)	(48,016)
Profit for the period	-	39,173	39,173
As at 31 August 2017	50,000	(58,843)	(8,843)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

1. Basis of accounting

- 1.1** General information – Elaine Securities Plc is a public limited company and has bonds listed on the Emerging Companies Market of the Cyprus Stock Exchange. The Company is incorporated in the United Kingdom and is registered at Finsgate, 5-7 Cranwood Street, London, EC1V 9EE.
- 1.2** This interim report, which incorporates the financial information of the Company, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.
- 1.3** The interim condensed financial statements for the six months ended 31 August 2017 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Report” and have not been audited by the external auditors of the Company.
- 1.4** The unaudited results for the six months ended 31 August 2017 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Board of Directors of the Company at its meeting on 28 November 2017 examined and approved the interim condensed financial results of the Company for the six months ended 31 August 2017.

2. Standards and interpretations adopted with no material effect on financial statements

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have material impact on the Company.

3. Loss per share

	Six Months Ended 31 August 2017 Unaudited	Six Months Ended 31 August 2016 Unaudited	Year Ended 28 February 2017 Audited
	Pence	Pence	Pence
Loss per share: basic and diluted	78.35	(65.74)	(95.85)

Profit per ordinary share is based on the Company’s profit for the financial period of £39,173 (2016: loss of £32,870).

The weighted average number of shares used in the calculation is 50,000.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. Called up share capital

	Number	31 August 2017 £	31 August 2016 £	28 February 2017 £
Ordinary shares of 100p each	50,000	50,000	50,000	50,000

During the period ended 31 August 2015 the company issued 50,000 ordinary shares of 100p each of which 25p per share has been paid and 75p per share remains unpaid.

5. Non-current liabilities

Non-current liabilities represent bonds issued of £3,577,723 (2016: £2,727,389), offset by finance costs of £157,634 (2016: £130,357). These bonds have accrued the coupon based on 5% since issuance of the first bonds in February 2016.

6. Subsequent events

After the balance sheet date, further bonds totalling £185,713 have been issued.

Following the balance sheet date, further loans and repayments have occurred including:

- An additional advance of £41,889 to an existing borrower, which is funding a property development in Spain;
- An additional advance of £25,393 to an existing borrower, which is funding a property development loan in Frinton-on-Sea, Essex;
- A new loan of £372,934 to fund a short-term bridge on a land acquisition in Birstwith, Harrogate;
- A new loan of £197,066 to fund a short-term bridge on a flat located in Elephant & Castle, London;
- Repayment in full of the existing loan which was funding a bills of exchange facility in the UK; and
- Repayment in full of the existing loan to a property trading business in the UK.