UNIVERSAL PARTNERS LIMITED (Incorporated in the Republic of Mauritius)
(Registration number: 138035 C1/GBL) SEM share code: UPL.N0000
JSE share code: UPL ISIN: MU0526N00007 (“**Universal Partners**” or “**the Company**”)

UNIVERSAL PARTNERS

SUMMARISED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 has built a solid and robust consolidation platform and has grown from 3 to 60 dental practices. Dentex has become the second largest private dental group in the UK. The pipeline of new acquisitions is strong and will be funded through a facility from debt fund/s, which specialise in the dental industry, and additional equity from the shareholders.

During the year, Dentex raised a further GBP 10,000,000 of capital through a rights issue in line with its growth strategy to acquire additional dental practices. Universal Partners participated in the rights issue and invested a further GBP 4,981,733 at GBP 1.70 per share.

Subsequent to the financial year end 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 restructure its current debt facilities and obtain more flexible facilities from debt funds. These bridging loans will most likely be converted to equity as part of a capital raise which will take place in the next few months.

Dentex has increased in value and the investment in Dentex was revalued accordingly.

YASA Limited (“**YASA**”)
www.yasa.com

Ferrari launched the SF90 Stradale, a hybrid powered supercar, in June 2019. The SF90 hybrid drivetrain incorporates a YASA motor in conjunction with the Ferrari V8 petrol engine, to produce the highest power output ever in a Ferrari road car. YASA undertook development of this drivetrain in conjunction with Ferrari over the last 2 years and is a technology partner to Ferrari in relation to electrification.

YASA’s technology continues to be of interest to various other automotive and aerospace manufacturers and the company is working on a number of projects which it is unable to discuss publicly, until launch of these projects. Given the strong interest and momentum behind electrification of the automotive and aerospace industries, YASA’s revenues are expected to trade ahead of budget in their current financial year, which ends in September 2019. As an early stage company, subject to substantial development time cycles, the company is trading ahead of expectations.

In August 2019, subsequent to the end of the reporting period, 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, and has revalued its investment in YASA accordingly.

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

SC Lowy is a specialist market maker and fund manager in the distressed debt and high yield bond space, focusing on Asia, the Middle East and Europe. In the year under review, SC Lowy continued to increase its funds under management, growing to an aggregate of USD 1.065 billion in its Primary Investments (“**PI**”) and Strategic Investments (“**SI**”) offerings. Against expectations, credit spreads continued to narrow during the year, and trading volumes have been muted as banks hold onto Non Performing Exposures, resulting in lower than usual performance year- to- date in the PI fund. This resulted in lower than expected performance fees and trading income. While these market conditions may continue over the next 12 months, at some stage credit market fundamentals will reassert themselves, leading to enhanced returns.

SC Lowy’s bank in Italy, now rebranded as Solutions Bank, received its passport from the Bank of Italy to raise deposits across Europe, and is now close to completing the turnaround expected when it was acquired in 2018. SC Lowy’s bank in South Korea, trading as Cheoun Savings Bank, continued to deliver expected performance.

SC Lowy is performing as expected and is held at cost as there has been no event pertaining to the company to justify a revaluation.

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

JSA is a provider of Personal Service Companies, Umbrella and Payroll services to contractors and temporary workers in the UK. During the year under review, JSA traded in line with expectations, achieving acceptable organic growth in its core business despite the uncertainty created by Brexit, while also completing the integration of 3 complementary businesses that were acquired during the year. JSA completed the acquisition of a further complementary business in September 2019. A top 3 player in its sector, JSA has built an enviable reputation as a leader in regulatory compliance, providing it with a competitive advantage given the anticipated regulatory changes that are likely to be announced in future.

In line with its strategy to be a sector consolidator, JSA continues to build its pipeline of potential acquisition targets.

JSA is performing as expected and is held at cost as there has been no event pertaining to the company to justify a revaluation.

Propelair
www.propelair.com

Propelair, which sells a proprietary designed toilet using low water volumes augmented by positive air pressure for flushing, received approval for installation in South Africa. This is an important development, since the company is confident that, along with selected South African installation partners, it offers a credible solution to water stressed regions of South Africa, combining high standards of hygiene with a market leading low level of water use.

The company continues to build its network of installation partners in its home market in the UK, resulting in an increased sales pipeline.

As disclosed previously, a number of headwinds have affected operational performance resulting in the company not achieving the expectations that were set at the time of the original investment. Accordingly the Company has provided in full against the ordinary and preferred shares it holds in Propelair, which will be reviewed in the event that the operational performance improves.

FINANCIAL REVIEW

For the year 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 NCD instruments until such time as they are required for investments in accordance with the Company’s investment policy.

Interest earned for the year amounted to GBP 289,110 which included interest of GBP 123,984 earned from cash balances and GBP 165,126 earned from providing short-term bridging loans. All loans were repaid in full during the year except for the loan to YASA that was repaid on 19 August 2019, subsequent to the Company’s year-end.

The valuations of the Company’s investments have been assessed at 30 June 2019 and the Company has recorded a net unrealised gain on revaluation of its investments of GBP 10,241,580 for the year under review.

During the year under review, the Company revalued its investment in Dentex as a result of a successful capital raise by Dentex in February 2019 at a price of GBP 1.70 per share. The revaluation, together with the additional investment made of GBP 4,981,733, has brought the total value of the Company’s investment in Dentex to GBP 30,060,988.

The investment in YASA was revalued by GBP 7,663,471 to reflect a total investment of GBP 18,949,329. The revaluation equates to a price of GBP 386.95 per share at which YASA concluded a further capital raise subsequent to the end of the reporting period and is the price at which the Company invested a further GBP 3,000,023. Firm commitments to support this capital raise were received from current and new investors prior to the Company’s year-end and all amounts committed have been received by YASA in August 2019.

The performance of Propelair and its ability to generate future profits is of concern to the Company. Accordingly, the investment in Propelair has been impaired by GBP 1,404,983 and is reflected at a nominal value of GBP 1 at the reporting date.

The Company’s investment in SC Lowy is reflected at its original cost and is denominated in US Dollars (“**USD**”). During the year, the translation effect of exchange rate movements between the USD and the GBP resulted in a foreign exchange gain of GBP 403,458.

Management fees paid during the year amounted to GBP 1,200,809, incurred in terms of the investment management agreement between the Company and Argo. Transaction costs of GBP 2,000, relating to the acquisition of JSA in the prior year, were incurred during the current year. Further, general and administrative expenses amounting to GBP 334,441 were incurred. The accrual for performance fees calculated on the revaluation of the Company’s investments amounted to GBP 1,499,096 for the year. These fees, which are recalculated quarterly, may become payable to Argo in the event that the Company realises the expected profit on disposal of the investments, and does not accrue, or become payable, to Argo prior to the Company exiting the underlying investments on which it is calculated.

NET ASSET VALUE (“**NAV**”)

The NAV per share as at 30 June 2019 was GBP 1.143

(30 June 2018: GBP 1.032).

EARNINGS PER SHARE

The earnings per share of 11.10 pence for the year ended 30 June 2019 and the earnings per share of 4.78 pence for the year ended 30 June 2018 are based on the Company’s profit after tax of GBP 8,034,054 for the year ended 30 June 2019 and the profit after tax of GBP 3,457,404 for the year ended 30 June 2018 respectively, based on 72,350,131 weighted average number of shares in issue for both reporting periods.

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 audited financial statements for the year ended 30 June 2019 (“**summarised audited 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 audited financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 30 June 2018.

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

AUDITORS

These summarised audited financial statements were approved by the board of directors of Universal Partners (“**Board**”) on 10 September 2019. Grant Thornton, the external auditors, have issued an unmodified audit opinion on the Company’s audited financial statements for the year ended 30 June 2019.

SUMMARISED AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Year ended 30 June 2019 (Audited) GBP	Year ended 30 June 2018 (Audited) GBP
Income		
Interest income	289,110	521,374
Other income	136,252	113,064
Total income	425,362	634,438
Expenditure		
Management fees	(1,200,809)	(942,721)
Transaction costs	(2,000)	(430,965)
Performance fees (accrued but not paid)	(1,499,096)	(823,240)
General and administrative expenses	(334,441)	(345,037)
Total expenditure	(3,036,346)	(2,541,963)
Operating loss	(2,610,984)	(1,907,525)
Fair value gain on remeasurement of financial assets at fair value through profit or loss	11,646,563	5,227,875
Impairment loss	(1,404,983)	-
Net foreign exchange gains	403,458	137,054
Profit before tax	8,034,054	3,457,404
Tax expense	-	-
Profit for the year	8,034,054	3,457,404
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 year net of tax	-	-
Total comprehensive income for the year	**8,034,054**	**3,457,404**
	Pence	Pence
Basic and headline earnings per share*	**11.10**	**4.78**

** The earnings per share for the year ended 30 June 2019 and earnings per share for the year ended 30 June 2018 are based on profit after tax of GBP 8,034,054 and profit after tax of GBP 3,457,404 for the Company respectively and the weighted average number of shares in issue of 72,350,131.*

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

SUMMARISED AUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	As at 30 June 2019 (Audited)	As at 30 June 2018 (Audited)
Assets	**GBP**	**GBP**
Non-current assets		
Investments at fair value through profit and loss	70,284,178	54,657,723
Current assets		
Receivables and prepayments	539,824	160,000
Short-term financial asset	-	5,158,274
Cash and cash equivalents	14,220,935	15,534,242
	14,760,759	**20,852,516**
Total assets	**85,044,937**	**75,510,239**
Equity and Liabilities		
Equity		
Stated capital	71,847,164	71,847,164
Retained earnings	10,825,459	2,791,405
	82,672,623	**74,638,569**
Current liabilities		
Payables and accruals	2,372,314	871,670
Total equity and liabilities	**85,044,937**	**75,510,239**
NAV per share	**1.143**	**1.032**

SUMMARISED AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Stated Capital	Retained earnings / (accumulated loss)	Total
	GBP	GBP	GBP
Balance at 1 July 2017	**71,847,164**	**(665,999)**	**71,181,165**
Profit for the year	-	3,457,404	3,457,404
Other comprehensive income for the year	-	-	-
Transactions with shareholder	-	3,457,404	3,457,404
Balance at 30 June 2018	**71,847,164**	**2,791,405**	**74,638,569**
Balance at 1 July 2018	**71,847,164**	**2,791,405**	**74,638,569**
Profit for the year	-	8,034,054	8,034,054
Other comprehensive income for the year	-	-	-
Transactions with shareholder	-	8,034,054	8,034,054
Balance at 30 June 2019	**71,847,164**	**10,825,459**	**82,672,623**

SUMMARISED AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Year ended 30 June 2019 (Audited) GBP	Year ended 30 June 2018 (Audited) GBP
Operating activities		
Profit for the year	8,034,054	3,457,404
Adjustments for:		
Impairment loss	1,404,983	-
Fair value gain on remeasurement of investments at fair value through profit or loss	(11,646,563)	(5,227,875)
Interest income accrued	(289,110)	(521,374)
Net foreign exchange gains	(400,917)	(137,054)
Net changes in working capital:		
Changes in receivables and prepayments	(5,922)	27,454
Changes in payables and accruals	1,500,644	807,421
Net cash flows utilised in operating activities	(1,402,831)	(1,594,024)
Investing activities		
Acquisition of investments	(5,381,717)	(45,137,652)
Proceeds on disposal of investments	400,300	-
Loans advanced to subsidiaries	(4,613,000)	(5,080,000)
Loans repaid	9,562,498	-
Interest received	123,983	209,812
Net cash flows generated from / (utilised in) investing activities	92,064	(50,007,840)
Net change in cash and cash equivalents	(1,310,767)	(51,601,864)
Cash and cash equivalents at the beginning of the year	15,534,242	67,137,560
Effect of exchange rate changes on cash and cash equivalents	(2,540)	(1,454)
Cash and cash equivalents at the end of the year	**14,220,935**	**15,534,242**

NOTES

Copies of these summarised audited 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 12.14, Section 88 of the Mauritian Securities Act 2005 and the JSE Listings Requirements.

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

By order of the Board

11 September 2019

Intercontinental Trust Limited
Company secretary

For further information please contact:

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