ceps

chelverton
equity partners

2017

Half-Yearly Report to Shareholders

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Contents

Chairman's Statement

In the first six months of this year the Government finally exercised Article 50, called a General Election to strengthen its position in Parliament and managed to achieve the exact opposite, and has commenced the Brexit negotiations. In the "real world" corporate Britain is getting on with running its businesses whilst trying to plan for the eventual outcome of the tortuous negotiations that will only really commence once Germany has an established government that is capable of making decisions.

The only real impact on the CEPS Group of companies, from the Brexit position, has been the decline and then the increasing volatility of Sterling against the Dollar and the Euro. However, a bigger overall impact has been the significant increase in the minimum wage in April of this year, which will of course be matched by a similar increase next year. Of course the impact of this increase is felt through the whole wage structure as it is necessary to maintain differentials.

Part of the Group's strategy, recognising 18 months ago that this would happen, is to encourage companies to seek out and to invest in new equipment that will reduce labour costs, increase productivity and ensure a more consistent high quality of output. This process has started and is ongoing and each company will be monitored as to its success in achieving these objectives.

We have also been looking at further core acquisitions and a number of "bolt-on" transactions to be integrated into existing subsidiaries. Several offers have been made, but excessive price expectations have meant that we have nothing to report at this stage. The Group has plenty of areas in each of the companies for organic growth and, therefore, will not "overpay". However, that said, we would be disappointed if we were unable to deliver a further acquisition in the next twelve months.

Review of the period

The most significant corporate event of this period was the share placing of 3.63m shares at 35p to raise a gross amount of £1.27m. Costs of this exercise were, as ever, modest, and so 99% of the proceeds were received by the Company and £690,000 was immediately used to repay the short-term loan used to acquire Hickton Consultants Limited.

Whilst the overall Group has made good progress there is still plenty to do and still much more to be achieved. As ever, with a small, but growing group of companies, not all businesses perform exactly as we expect, but taking the Group as a whole we are pleased with the overall progress.

A new short-term loan of £1m was set up to provide acquisition and working capital funds and at 30 June 2017, £500,000 of this had been drawn down. Today the full £1m has been drawn down.

Financial review

The first six months of the year includes a full six months contribution from Hickton and for the Group and there has been a small increase in sales from £11.9m to £12.1m. The overall change is made up of a reduction in sales at Davies Odell, CEM Press and Sunline more than matched by increases at Friedman's, Aford Awards and Hickton.

Gross profit has shown a healthy rise of 15.5% to £2.63m. Group costs have risen due to the professional costs resulting from the triennial valuation of the Group pension scheme. Contributions to the scheme are now paid directly from Group which better reflects where the liability should reside. The reduced interest charge is due to Davies Odell receiving an interest refund of £123,000 in the period.

The big improvement in net profits attributable to shareholders has had a major impact on the earnings per share, which were 3.30p per share, an increase from the prior year 0.09p per share.

Gearing is 33%, which is a reduction from 53% at the comparable period last year.

Operational review

1. Aford Awards

Aford Awards has performed in line with expectations and will finish repaying the Vendor Loan Notes, on plan, at the end of year. The company has taken on additional warehouse premises in order to meet the demands of a growing business. The reconfigured production facility coped very well with the seasonal peak period from March through to June. We are looking at expanding the business on a number of fronts to better utilise its facilities throughout the year.

Chairman's Statement continued

2. CEM Press

CEM Press has completed its "change process" and is now trying to sell more to the existing customers and is working hard at developing new customers and new markets. The team is doing a good job and we are confident that progress is being made.

3. Davies Odell

Davies Odell continues to struggle in a very competitive marketplace, but the team is making progress and has developed new products which will be launched in the next few months. Good orders are being received which will be the basis for the company going forward. A new accounting system has been installed which will assist in a better management control of the business.

4. Friedman's

Friedman's has produced another good result and is continuing to produce significant cash and dividends. This is a very successful company and the management is committed to significant self-funded expansion over the next twelve months.

5. Hickton Consultants

Hickton has performed exactly as had been expected when the company was acquired by CEPS. In addition, we were very pleased to announce in May that the company had acquired BRCS (Building Control) Limited, a leading supplier of building control services. The acquisition was funded from its own resources.

6. Sunline

Whilst sales for this period are behind budget we are very pleased that profits are significantly ahead of budget. The "original" business continues to become more efficient with the management of labour being the critical contributor to the efficiency gains. The company has turned away business where the price is not economic and this has led to the reduction in sales. This period of transition has meant that the Group has had to inject funds, on a short term basis, to resolve the consequent working capital issues.

It is also important to remind shareholders that Cync, the new name for the "pick, pack and dispatch" business, has still absorbed cash within Sunline in the past year, albeit now on a much reduced basis. We are considering an expansion of activities in this area as we believe this is a growth area which could become a significant base of recurring profits on which to develop Sunline in the future.

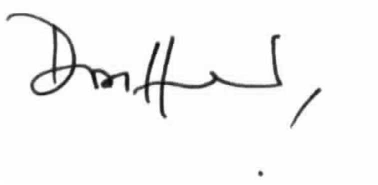
Dividend

Given the acquisition and development opportunities in the Group, it is not considered appropriate to pay a dividend at this stage.

Prospects

I can only repeat what I said at his stage last year as the words used then are entirely appropriate again:

"The Group is continuing to make good progress with considerable investment and effort being expended in each subsidiary to set them up for improved performance in the future. For the full year we are optimistic about the prospective outcome and view the outlook for next year even more positively".



David Horner
Chairman
29 September 2017

Consolidated Statement of Comprehensive Income

	Note	**Unaudited 6 months to 30 June 2017 £'000**	Unaudited 6 months to 30 June 2016 £'000	Audited 12 months to 31 December 2016 £'000
Revenue	3	**12,077**	11,914	24,350
Cost of sales		**(9,446)**	(9,635)	(19,465)
Gross profit		**2,631**	2,279	4,855
Net operating expenses		**(1,763)**	(1,858)	(4,319)
Operating profit		**868**	421	536
Goodwill impairment		**–**	–	(611)
Adjusted operating profit/(loss)		**868**	421	(75)
Analysis of operating profit/(loss)				
Trading		**1,036**	565	844
Goodwill impairment		**–**	–	(611)
Group costs	3	**(168)**	(144)	(308)
		868	421	(75)
Finance income		**–**	–	26
Finance costs	3	**(35)**	(185)	(416)
Profit/(loss) before tax		**833**	236	(465)
Taxation	3	**(158)**	(111)	(448)
Profit/(loss) for the period from continuing operations		**675**	125	(913)
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Actuarial loss on defined benefit pension plans		**–**	–	(80)
Items that may be subsequently reclassified to profit or loss		**–**	–	–
Other comprehensive loss for the period, net of tax		**–**	–	(80)
Total comprehensive income/(loss) for the period		**675**	125	(993)
Profit/(loss) attributable to:				
Owners of the parent		**418**	9	(1,132)
Non-controlling interest		**257**	116	219
		675	125	(913)
Total comprehensive income/(loss) attributable to:				
Owners of the parent		**418**	9	(1,212)
Non-controlling interest		**257**	116	219
		675	125	(993)
Earnings per share attributable to owners of the parent during the year				
– basic and diluted	4	**3.30p**	0.09p	(11.83)p

The notes on pages 8 to 13 form part of the half-yearly results.

Consolidated Statement of Financial Position

		Note	Unaudited as at 30 June 2017 £'000	Unaudited as at 30 June 2016 £'000	Audited as at 31 December 2016 £'000
Assets	Non-current assets				
	Property, plant and equipment		2,336	2,046	2,419
	Intangible assets		6,153	6,016	5,738
	Deferred tax asset		220	440	220
			8,709	8,502	8,377
	Current assets				
	Inventories		2,323	2,211	2,020
	Trade and other receivables		4,030	4,302	3,701
	Cash and cash equivalents (excluding bank overdrafts)		1,369	1,115	840
			7,722	7,628	6,561
	Total assets	3	16,431	16,130	14,938
Equity	Capital and reserves attributable to owners of the parent				
	Called up share capital	4	1,320	957	957
	Share premium		4,843	3,943	3,943
	Retained earnings		(1,506)	(703)	(1,924)
			4,657	4,197	2,976
	Non-controlling interest in equity		1,371	944	1,227
	Total equity		6,028	5,141	4,203
Liabilities	Non-current liabilities				
	Borrowings	5	2,504	2,942	2,600
	Deferred tax liability		83	81	80
	Provisions for liabilities and charges		50	55	50
			2,637	3,078	2,730
	Current liabilities				
	Borrowings	5	3,336	3,811	3,838
	Trade and other payables		4,061	3,922	3,934
	Current tax liabilities		307	178	171
	Provisions for liabilities and charges		62	–	62
			7,766	7,911	8,005
	Total liabilities		10,403	10,989	10,735
	Total equity and liabilities		16,431	16,130	14,938

The notes on pages 8 to 13 form part of the half-yearly results.

Consolidated Statement of Cash Flows

	Unaudited 6 months to 30 June 2017 £'000	Unaudited 6 months to 30 June 2016 £'000	Audited 12 months to 31 December 2016 £'000
Cash flows from/(used in) operating activities			
Cash generated from/(used in) operations	**598**	(103)	1,113
Income tax paid	**–**	(40)	(236)
Interest received	**26**	–	–
Interest paid	**(158)**	(99)	(416)
Net cash generated from/(used in) operations	**466**	(242)	461
Cash flows (used in)/from investing activities			
Acquisition of subsidiary net of cash acquired	**(145)**	(1,413)	(188)
Purchase of property, plant and equipment	**(170)**	(153)	(899)
Purchase of intangibles	**(3)**	–	(33)
Increase in interest in subsidiary	**(7)**	–	–
Interest received	**–**	–	26
Net cash used in investing activities	**(325)**	(1,566)	(1,094)
Cash flows from financing activities			
(Repayment of)/proceeds from borrowings	**(522)**	2,078	1,067
Dividend paid to non-controlling interest	**(113)**	(90)	(180)
Share issue net of costs	**1,263**	–	–
Repayment of capital element of finance leases	**(103)**	–	(321)
Net cash generated from financing activities	**525**	1,988	566
Net increase/(decrease) in cash and cash equivalents	**666**	180	(67)
Cash and cash equivalents at the beginning of the period	**44**	111	111
Cash and cash equivalents at the end of the period	**710**	291	44
Cash generated from/(used in) operations			
Profit/(loss) before income tax	**833**	236	(465)
Adjustments for:			
Depreciation and amortisation	**268**	229	478
Intangible assets written off	**–**	–	611
Net finance costs	**35**	185	390
Operating profit before changes in working capital and provisions	**1,136**	650	1,014
(Increase)/decrease in inventories	**(303)**	(181)	10
Increase in trade and other receivables	**(329)**	(1,147)	(546)
Increase in trade and other payables	**94**	575	578
Increase in provisions	**–**	–	57
Cash generated from/(used in) operations	**598**	(103)	1,113
Cash and cash equivalents			
Cash at bank and in hand	**1,369**	1,115	840
Bank overdrafts repayable on demand	**(659)**	(824)	(796)
	710	291	44

The notes on pages 8 to 13 form part of the half-yearly results.

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2016 (audited)	957	3,943	(712)	4,188	873	5,061
Profit for the period	–	–	9	9	116	125
Total comprehensive income for the period	–	–	9	9	116	125
Dividend paid to non-controlling interest	–	–	–	–	(90)	(90)
Total transactions recognised directly in equity	–	–	–	–	(90)	(90)
Acquisition of a subsidiary	–	–	–	–	45	45
Total changes in ownership interest that do not result in a loss of control	–	–	–	–	45	45
Total transactions with owners recognised directly in equity	–	–	–	–	45	45
At 30 June 2016 (unaudited)	957	3,943	(703)	4,197	944	5,141
Actuarial loss	–	–	(80)	(80)	–	(80)
(Loss)/profit for the period	–	–	(1,141)	(1,141)	103	(1,038)
Total comprehensive (loss)/ income for the period	–	–	(1,221)	(1,221)	103	(1,118)
Dividend paid to non-controlling interest	–	–	–	–	(90)	(90)
Total distributions recognised directly in equity	–	–	–	–	(90)	(90)
Acquisition of a subsidiary	–	–	–	–	270	270
At 31 December 2016 (audited)	957	3,943	(1,924)	2,976	1,227	4,203

The notes on pages 8 to 13 form part of the half-yearly results.

Consolidated Statement of Changes in Equity continued

	Share capital £'000	Share premium £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
Profit for the period	–	–	418	418	257	675
Total comprehensive income for the period	–	–	418	418	257	675
Proceeds from shares issued net of expenses	363	900	–	1,263	–	1,263
Total contributions by owners of the parent recognised in equity	363	900	–	1,263	–	1,263
Dividend paid to non-controlling interest	–	–	–	–	(113)	(113)
Total transactions recognised directly in equity	–	–	–	–	(113)	(113)
At 30 June 2017 (unaudited)	**1,320**	**4,843**	**(1,506)**	**4,657**	**1,371**	**6,028**

The notes on pages 8 to 13 form part of the half-yearly results.

Notes to the Financial Information

1. General information

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is 11 Laura Place, Bath, BA2 4BL and the registered number of the company is 00507461.

The Company is listed on AIM.

This condensed consolidated half-yearly financial information was approved by the Directors for issue on 29 September 2017.

This condensed consolidated half-yearly financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of directors on 2 May 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated half-yearly financial information has not been reviewed or audited.

There is no seasonality or cyclicality in relation to the condensed consolidated half-yearly financial information.

Basis of preparation

This condensed consolidated half-yearly financial information for the six months ended 30 June 2017 has been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the European Union. The condensed consolidated half-yearly financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements. Where new standards, or amendments to existing standards, have become effective during the year there has been no material impact on the results of the Group.

2. Business combinations

BRCS (Building Control) Limited

Hickton Holdings Limited ("Hickton"), acquired 100 per cent of the issued share capital of BRCS (Building Control) Limited ("BRCS"). The initial consideration was £250,000 with the balance of the consideration payable over the next two years, dependent on financial performance over the period. No equity investment from CEPS was required to undertake the transaction, which was completed on 18 May 2017.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of net assets acquired was £132,000.

The goodwill of £418,000 arose from the acquisition.

The following table shows the fair value of assets and liabilities included in the consolidated financial statements at the date of acquisition.

	Fair value £'000
Cash and cash equivalents	98
Property, plant and equipment	12
Trade and other receivables	146
Trade and other payables	(120)
Deferred tax liabilities	(4)
Net assets acquired	132
Consideration	550
Goodwill	418

Notes to the Financial Information continued

3. Segmental analysis

All activities are classed as continuing.

The chief operating decision maker of the Group is its Board. Each operating segment regularly reports its performance to the Board which, based on those reports, allocates resources to and assesses the performance of those operating segments.

Operating segments and their principal activities are as follows:
– Aford Awards, a sports trophy and engraving company;
– CEM Press, a manufacturer of fabric and wallpaper pattern books, swatches and shade cards;
– Davies Odell, a manufacturer and distributor of protection equipment, matting and footwear components;
– Friedman's, a convertor and distributor of specialist Lycra;
– Hickton Consultants, an independent provider of specialist clerk of works services together with recently-acquired BRCS (Building Consultants), a leading provider of building control services nationally;
– Sunline, a supplier of services to the direct mail market.

The United Kingdom is the main country of operation from which the Group derives its revenue and operating profit and is the principal location of the assets of the Group. The Group information provided below, therefore, also represents the geographical segmental analysis. Of the £12,077,000 (2016: £11,914,000) revenue, £10,735,000 (2016: £10,671,000) is derived from UK customers.

The Board assesses the performance of each operating segment by a measure of adjusted earnings before interest, tax, depreciation and amortisation and Group costs. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

i) Results by segment

Unaudited 6 months to 30 June 2017

	Aford Awards £'000	CEM Press £'000	Davies Odell £'000	Friedman's £'000	Hickton Consultants £'000	Sunline £'000	Group £'000
Revenue	1,044	1,204	1,817	2,610	1,822	3,580	12,077
Segmental result (EBITDA)	243	(84)	(5)	486	286	378	1,304
Depreciation and amortisation charge	(11)	(39)	(39)	(17)	(26)	(136)	(268)
Group costs							(168)
Net finance costs							(35)
Profit before taxation							833
Taxation							(158)
Profit for the period							675

Notes to the Financial Information continued

3. Segmental analysis continued

i) Results by segment continued

Unaudited 6 months to 30 June 2016

	Aford Awards £'000	CEM Press £'000	Davies Odell £'000	Friedman's £'000	Hickton Consultants £'000	Sunline £'000	Group £'000
Revenue	886	1,452	2,267	2,386	1,320	3,603	11,914
Segmental result before acquisition costs	221	(1)	40	393	209	58	920
Acquisition costs	–	–	–	–	(126)	–	(126)
Segmental result (EBITDA)	221	(1)	40	393	83	58	794
Depreciation and amortisation charge	(4)	(42)	(39)	(21)	(3)	(120)	(229)
Group costs							(144)
Net finance costs							(185)
Profit before taxation							236
Taxation							(111)
Profit for the period							125

Audited year to 31 December 2016

	Aford Awards £'000	CEM Press £'000	Davies Odell £'000	Friedman's £'000	Hickton Consultants £'000	Sunline £'000	Group £'000
Revenue	1,596	2,954	4,317	4,555	2,961	7,937	24,320
Segmental result (EBITDA)	298	(149)	(10)	887	386	(90)	1,322
Depreciation and amortisation charge	(16)	(86)	(65)	(41)	(8)	(262)	(478)
Goodwill impairment							(611)
Group costs							(308)
Net finance costs							(390)
Loss before taxation							(465)
Taxation							(448)
Loss for the year							(913)

Notes to the Financial Information continued

3. Segmental analysis
continued

ii) Assets and liabilities by segment

Unaudited as at 30 June

	Segment assets		Segment liabilities		Segment net assets	
	2017	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
CEPS Group	**746**	243	**(542)**	(823)	**204**	(580)
Aford Awards	**1,623**	1,520	**(419)**	(478)	**1,204**	1,042
CEM Press	**2,401**	2,540	**(1,907)**	(2,010)	**494**	530
Davies Odell	**2,007**	2,555	**(1,429)**	(1,628)	**578**	927
Friedman's	**3,741**	3,684	**(993)**	(1,199)	**2,748**	2,485
Hickton Consultants	**2,976**	2,166	**(1,675)**	(1,462)	**1,301**	704
Sunline	**2,937**	3,422	**(3,438)**	(3,389)	**(501)**	33
Total – Group	**16,431**	16,130	**(10,403)**	(10,989)	**6,028**	5,141

Audited as at 31 December 2016

	Segment assets	Segment liabilities	Segment net assets
	£'000	£'000	£'000
CEPS Group	30	(873)	(843)
Aford Awards	1,465	(430)	1,035
CEM Press	2,422	(1,924)	498
Davies Odell	1,919	(1,353)	566
Friedman's	3,549	(915)	2,634
Hickton Consultants	2,431	(1,220)	1,211
Sunline	3,122	(4,020)	(898)
Total – Group	14,938	(10,735)	4,203

4. Earnings per share

Basic earnings per share is calculated on the profit after taxation for the period attributable to owners of the Company of £418,000 (2016: £9,000) and on 12,659,027 (2016: 9,573,822) ordinary shares, being the weighted number in issue during the period.

No adjustment is required for dilution in either period as there are no items that would have a dilutive impact on earnings per share.

5. Net debt and gearing

Gearing ratios at 30 June 2017, 30 June 2016 and 31 December 2016 are as follows:

	Unaudited 30 June 2017 £'000	**Company unaudited 30 June 2017 £'000**	Unaudited 30 June 2016 £'000	Audited 31 December 2016 £'000
Total borrowings	**3,366**	**500**	3,813	3,895
Less: cash and cash equivalents	**(1,369)**	**(497)**	(1,115)	(840)
Net debt	**1,997**	**3**	2,698	3,055
Total equity	**6,028**	**4,708**	5,141	4,203
Gearing ratio	**33%**	**0%**	53%	73%

In order to provide a more meaningful gearing ratio, total borrowings have been revised to be the sum of bank borrowings and third party debt, excluding loan notes used to finance the Group's acquisitions. The prior period comparatives have also been revised.

Notes to the Financial Information continued

6. Share capital and premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2017	9,573,822	957	3,943	4,900
Shares issued	3,626,118	363	907	1,270
Transaction costs	–	–	(7)	(7)
At 30 June 2017	13,199,940	1,320	4,843	6,163

7. Related-party transactions

The Group has no material transactions with related parties which might reasonably be expected to influence decisions made by users of these financial statements.

During the period the Company entered into the following transactions with its subsidiaries:

	Aford Awards (Holdings) Limited £'000	CEM Teal Limited £'000	Davies Odell Limited £'000	Signature Fabrics Limited £'000	Hickton Holdings Limited £'000	Sunline Direct Mail (Holdings) Limited £'000
Receipt of equity share dividend						
2017	**–**	**–**	**–**	**137**	**–**	**–**
2016	–	–	–	110	–	–
For the year to 31 December 2016 (audited)	–	–	–	220	–	–
Receipt of preference share dividend						
2017	**–**	**–**	**–**	**–**	**–**	**13**
2016	–	–	–	–	–	13
For the year to 31 December 2016 (audited)	–	–	–	–	–	26
Receipt of loan note interest						
2017	**28**	**21**	**–**	**–**	**20**	**21**
2016	28	21	–	–	20	21
For the year to 31 December 2016 (audited)	56	44	6	–	45	43
Receipt of management charge income						
2017	**10**	**–**	**8**	**18**	**5**	**8**
2016	10	–	8	15	5	8
For the year to 31 December 2016 (audited)	20	–	15	30	11	15
Amount owed to the Company						
30 June 2017	**700**	**1,066**	**155**	**–**	**627**	**1,811**
30 June 2016	700	592	137	9	615	1,416
31 December 2016 (audited)	700	839	174	–	623	1,470

Notes to the Financial Information continued

8. AIM compliance committee

In accordance with AIM Rule 31 the Company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules; seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account; provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers; ensure that each of the Company's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these obligations are being discharged, the Board has established a committee of the Board (the "AIM Committee"), chaired by Vivien Langford, an executive director of the Company.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the period under review.

9. Equity placing

On 26 January 2017 CEPS plc successfully placed 3,626,118 new ordinary shares at a price of 35 pence per share to raise £1,269,141 (before expenses) with institutional and private investors. The placing's proceeds were used to repay a loan entered into at the time of the acquisition of Hickton Holdings Limited (formerly RAM1003 Limited) and for general working capital purposes.

Following the issue of the placing shares, the enlarged issued share capital of CEPS plc comprised 13,199,940 ordinary shares of 10 pence each.

10. Increase in CemTeal Limited shareholding

On 21 February 2017 CEPS plc announced that it had increased its shareholding in its subsidiary CemTeal Limited through the purchase of 7,000 shares for a total consideration of £7,000.

From this date CEPS plc's shareholding in CemTeal and its wholly-owned subsidiary CEM Press Limited has, therefore, increased from 73% to 80%.

11. Third party loan

On 25 April 2017 CEPS plc secured a third party loan for £1,000,000, payable in two tranches of £500,000 each on 2 May 2017 and 15 September 2017, repayable in full by 30 June 2018 and incurring interest at 10% per annum.

12. Events after the reporting period

Pension transfer

With effect from 28 July 2017 CEPS plc has transferred the Dinkie Heel Defined Benefit Pension Scheme from Davies Odell Limited to CEPS plc. This is an intra-Group transfer and there is no change in the overall liability of the CEPS Group. CEPS plc was the existing guarantor of the scheme.

The scheme is currently undergoing a triennial valuation which will be completed after the transfer and by 30 September 2017. The last formal actuarial valuation was at 1 July 2013 and showed that the total value of the scheme assets was £3,621,000 and that the level of funding on an ongoing basis was 88%. At 1 October 2014 the Group agreed a recovery plan of £4,550 per month, an amount intended to restore a 100% funding level over ten years. In the Company's Report and Accounts for the year ended 31 December 2016, the fair value of the scheme assets was £4.065m as compared to the present value of defined benefit obligations of £3.894m.

The transfer will simplify management of the fund and is also likely to result in reduced administration fees.

Reduction in shareholding of a subsidiary

On 1 September 2017 CEPS plc announced that one of the directors of BRCS, a company acquired by Hickton Holdings Limited on 18 May 2017, is being issued with £5,000 new ordinary shares in Hickton Holdings Limited, the effect of which is to dilute CEPS' holding in Hickton Holdings Limited from 55% to 52.36%.

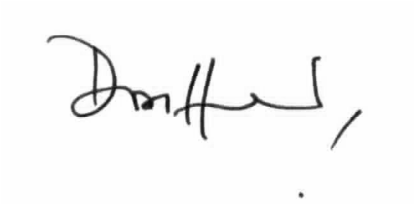
Statement of Directors' Responsibility

The directors confirm that, to the best of their knowledge, these condensed consolidated half-yearly financial statements have been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and
- material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report.

A list of current directors is maintained on the CEPS PLC Group website: www.cepsplc.com.

By order of the Board



David Horner
Chairman
29 September 2017