

Regulatory Story



[Spinnaker Opportunities PLC](#) - SOP Half Yearly Report for the Period Ended 30 June 18
Released 12:37 05-Sep-2018



RNS Number : 8751Z
Spinnaker Opportunities PLC
05 September 2018

5 September 2018

Spinnaker Opportunities Plc

("Spinnaker" or "the Company")

Half Yearly Report (Unaudited) for the Period Ended 30 June 2018

Spinnaker Opportunities Plc announces today its preliminary financial results for the period ended 30 June 2018.

For further information, please contact:

Spinnaker Opportunities plc

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SP Angel (Financial adviser and broker)

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Chairman's Statement

I am pleased to present the interim financial statements to shareholders for the six months ended 30 June 2018.

Your company, Spinnaker, was incorporated on 17 November 2016 and received its certificate to commence trading on 20 March 2017. The shares of the Company were admitted to trading on the Main Market of the London Stock Exchange on 17 May 2017. The audited Directors' report and Financial Statements for the first full financial period were published on 13 April 2018.

The Company was formed to undertake an acquisition of a target company or business in the industrial or energy sector. Consideration for an acquisition is expected to be funded through the issue of shares to raise cash and directly to the vendors of a target business. The Company is led and governed by a Board comprising four directors with support from an advisory team including legal, financial, technical, investor relations and human resource expertise.

The Company's approach is to conserve as much as possible of its initial capital pending completion of its first acquisition. The operating costs of running the business prior to its first acquisition are being kept to the minimum required commensurate with full compliance and good governance. To minimise cash costs, the Directors have agreed that no fees will be payable to them for their ordinary duties prior to an acquisition.

The opportunity review and initial due diligence operations of the Company are undertaken by a team comprising the Directors and retained advisers. Retained advisers provide the benefit of their experience on issues such as target quality, potential capital expenditure requirements, commodity market dynamics and business development to assist the Directors in formulating an investment decision. The role of the retained adviser is to advise the Board on a discretionary, part-time consultancy basis as the Board assesses potential acquisitions. In common with the Directors, retained advisers do not receive any fees for their ordinary duties prior to the completion of an acquisition transaction.

In the first six months of 2018, two potential target businesses in the oil and gas sector were high graded for more detailed due diligence. Although they were both in OECD jurisdictions and benefitted at the time from an increasing oil commodity price environment, they did not in the end meet our due diligence criteria and had to be dropped. In the opinion of the Directors, the fundable work programme in the first opportunity presented too binary a risk profile, and in the second opportunity the expected licence extension required for the project did not materialise. Added to the two target businesses high graded for due diligence in 2017, a total of four businesses have now been discarded during due diligence. Against this back-drop, it has been pleasing to note the support from new investors attracted by the Company's approach.

As at the date of these statements, the Company is once again engaged in due diligence of a high graded opportunity in a topical sector. Whilst there can be no assurance that a transaction can be concluded, we are hopeful that this time it will work out. In any event, Directors remain motivated and committed to securing a suitable transaction as expediently as possible.

Andy Morrison
Chairman

Results for the 2018 interim financial period

A summary of the key financial results is set out in the table below:

	30.6.2018	30.6.2017	31.12.2017
	£'000	£'000	£'000
Revenue	-	-	-
Operating expenses	(92)	(131)	(191)
Operating loss	(92)	(131)	(191)
Finance income	1	-	1
Loss before tax	(91)	(131)	(190)
Taxation	-	-	-
Loss for the period	(91)	(131)	(190)

Interest

The net interest cost for the Company for the period was £nil.

Loss before tax

Loss before tax for the period was £91,000.

Taxation

Taxation charge was £nil for the period.

Earnings per share

Basic and diluted earnings per share for the period was 0.3p loss.

Financial position

The Company's balance sheet as at 30 June 2018 can be summarised as set out in the table below:

	Assets	Liabilities	Net assets
	£'m	£'m	£'m
	£'000	£'000	£'000
Non-current assets	-	-	-
Current assets and liabilities	1,137	(31)	1,106
Loans and provisions	-	-	-
Total as at 30 June 2018	1,137	(31)	1,106

Cash flow

Net cash inflow for 2018 was £46,000.

This inflow reflects the net placing for the Company during the period.

Interim Condensed Income Statement

6 month period ended 30 June 2018

	Unaudited 6 months ended	Unaudited 32 weeks ended	Audited Period ended
	30.06.18	30.06.17	31.12.17
Note	£'000	£'000	£'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Operating expenses	(92)	(131)	(191)
Operating loss	(92)	(131)	(191)
Net finance income	1	-	1
Loss before tax	(91)	(131)	(190)
Taxation	-	-	-
Loss for the period	(91)	(131)	(190)
Loss attributable to the Company	(91)	(131)	(190)

Loss per share expressed in pence per share

From continuing and total operations:

Basic & diluted loss per share, pence	5	(0.3)	(2.3)	(1.3)
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The Company has no items of other comprehensive income.

Interim Condensed Balance Sheet

As at 30 June 2018

	Note	Unaudited 30 June 2018 £'000	Restated Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
Assets				
Current assets				
Receivables and prepayments		9	9	4
Cash		1,128	1,095	1,082
Total current assets		1,137	1,104	1,086
Current liabilities				
Trade and other payables		31	9	58
Net current assets		1,106	1,095	1,028
Net Assets		1,106	1,095	1,028
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Share capital	3	735	650	650
Share premium	3	592	518	510
Share based payments reserve	4	60	58	58

Retained earnings	(281)	(131)	(190)
Total equity attributable to equity holders of the Company	1,106	1,095	1,028

Interim Condensed Statement of Changes in Equity

6 months ended 30 June 2018

	Share capital	Share premium	Share based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2017	650	510	58	(190)	1,028
Loss for the period	-	-	-	(91)	(91)
Total comprehensive loss	-	-	-	(91)	(91)
Shares issued in period net of expenses	85	84	-	-	169
Share based payments issued	-	(2)	2	-	-
Balance at 30 June 2018	735	592	60	(281)	1,106

Interim Condensed Cash Flow Statement

6 months ended 30 June 2018

	Unaudited 30 June 2018 £'000	Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
Loss for the period	(91)	(131)	(190)
Adjustment for:			
(Increase)/decrease in receivables	(5)	(9)	(4)
Increase/(decrease) in payables	(27)	9	58
Share option expense	-	44	45
Net cash used in operating activities	(123)	(87)	(91)

Cash flows from financing activities			
Shares issued (net of costs)	169	1,182	1,173
Net cash from/(used in) financing activities	169	1,182	1,173
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents brought forward	1,082	-	-
Cash and cash equivalents carried forward	1,128	1,095	1,082

Notes to the interim condensed financial statements

For the 6 month period ended 30 June 2018

1. General information

Spinnaker Opportunities plc (the Company) is a company incorporated and domiciled in England and Wales. It is a cash shell company listed on the Standard List of the London Stock Exchange.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial results are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

Basis of preparation and going concern basis

The interim condensed financial statements for the 6 months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial information set out above does not constitute statutory accounts within the meaning of Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union (adopted IFRS).

The financial statements have been prepared under the historic cost convention.

The Company was incorporated on 17 November 2016 and in 2017 was admitted to Standard List of the London Stock Exchange. The period under review represents the second interim set of accounts. The interim financial information for the 6 months ended 30 June 2018 has not been reviewed or audited. The interim financial report has been approved by the Board on 20th August 2018.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this review. The financial position of the Company, its cash flows and liquidity position are described in this business review. In addition, the below notes to the financial results include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. As highlighted below, the Company meets its day to day working capital requirements through its on-going cash flows.

Segment reporting

The Company is currently a cash shell and the directors believe that there is no benefit to show any segmental reporting until a new strategy is undertaken.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Taxation

Income tax payable is provided on taxable profits using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial results. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related balance sheet tax asset is realised or the deferred liability is settled. Deferred income tax assets are recognised to the extent that it is possible that future taxable profit will be available against which temporary differences can be utilised. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Going concern basis of preparation

The Directors' have prepared the accounts on a going concern basis as they consider that the Company has adequate funding.

3. Share capital and share premium

Ordinary shares of 2.5p	Number of shares	Share capital £'000	Share premium £'000
Shares issued brought forward	26,000,120	650	510
Issue of shares during the period	3,400,000	85	85
Share issue costs	-	-	(1)
Warrants issued (Note 4)	-	-	(2)
At 30 June 2018	29,400,120	735	592

On incorporation, the Company issued 3 ordinary shares at par value of £1 per share which were subdivided into 120 shares of 2.5p each in March 2017.

On 14 March 2017, the Company issued a further 2,000,000 shares at 2.5p per share.

On 17 May 2017, the Company raised £1,200,000 before expenses through a placing of 24,000,000 ordinary shares at 5p per share.

On 3 January 2018, the Company raised £170,000 before expenses through a placing of 3,400,000 ordinary shares at 5p per share.

4. Share based payments

Share based payments reserve

Movements in the share based payments reserve in the period relate to:

	£'000
At the beginning of the period	58
Warrants issued	2
Share options issued	-
At 30 June 2018	60

Warrants

	Number of awards	Weighted average exercise price
At the beginning of the period	24,790,500	£0.074
Granted	1,800,000	£0.074
At the end of the period	26,590,500	£0.074
Exercisable at 30 June 2018	26,590,500	£0.074

The warrants outstanding at 30 June 2018 have a weighted average remaining contractual life of 1.8 years.

At 30 June 2018, the Company had the following warrants in issue:

	Warrants	Broker Warrants	Warrants	Broker Warrants
Date of grant	17-May-17	17-May-17	3-Jan-18	3-Jan-18
Number granted	24,000,000	790,500	1,700,000	100,000
Contractual life	3 years	3 years	2.5 years	2.5 years
Exercise price	£0.075	£0.05	£0.075	£0.05
The estimated fair value	Nil	£0.017	Nil	£0.017

The Warrants were granted to the subscribers and placees as part of the share subscription and placing. These warrants fall outside the scope of IFRS 2 and the share price that was paid by the subscribers reflected any fair value of these warrants.

The Broker Warrants were issued to the Company's brokers and others for their services in connection with the placing.

All the warrants vested at the date of the agreement.

The fair value of warrants issued during the period determined using the Black-Scholes valuation model and a share based payment charge of £2,000 (period ended 31 December 2017: £13,000) has been recognised in the financial statements as a deduction from the share premium account as the warrants were issued in connection with share subscriptions.

Other significant inputs into the model are:

Broker Warrants

Warrants	warrantsBroker Warrants
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Issue date share price	5p	5p
Risk free rate	0.4%	0.4%
Expected volatility	50%	50%

The average volatility has been calculated by using the average volatility for the Company and other similar companies.

4. Share based payments (continued)

Share options

	Number of awards	Weighted average exercise price
At the beginning of the period	2,600,000	£0.05
Granted	-	-
At the end of the period	2,600,000	£0.05
Exercisable at 30 June 2018	2,600,000	£0.05

The options outstanding at 30 June 2018 have a weighted average remaining contractual life of 1.8 years.

At 30 June 2018, the following options were issued to directors of the Company under the share option incentive scheme:

Date of grant	17-May-17
Number granted	2,600,000
Contractual life	3 years
Exercise price	£0.05
The estimated fair value	£0.017

All options vested at the date of the agreement.

The fair value of the options issued during the period determined using the Black-Scholes valuation model and a share based payment charge of nil (period ended 31 December 2017: £45,000) has been recognised in the income statement.

Other significant inputs into the model are:

Issue date share price	5p
Risk free rate	0.4%
Expected volatility	50%

The average volatility has been calculated by using the average volatility for the Company and other similar companies.

5. Earnings per share

Basic and diluted

The basic earnings per share is calculated by dividing the (loss)/profit attributable to the ordinary shareholders of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares purchased by the Company and held as treasury shares.

	Half year ended	Half year ended	Period ended
	30.06.18	30.06.17	31.12.17
	£'000	£'000	£'000
(Loss)/profit attributable to equity holders of the Company (£'000)	(91)	(131)	(190)
Weighted average number of shares in issue	29,400,120	5,653,453	14,806,966
(Loss)/earnings per share (pence)	(0.3)	(2.3)	(1.3)

There are no diluted earnings per share as the share warrants and options currently in issue do not have a dilutive effect.

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