



**RNS** Half-year/Interim Report

# Half Yearly Report (Unaudited)

## SPINNAKER OPPORTUNITIES PLC

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Spinnaker Opportunities PLC

30 July 2020

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**Spinnaker Opportunities plc**

**Half Yearly Report (Unaudited)**

**For the Period Ended 30 June 2020**

Spinnaker Opportunities plc ("Spinnaker" or the "Company") announces today its preliminary financial results for the period ended 30 June 2020.

### **Period Highlights**

- During the period Spinnaker has been awaiting confirmation of the overall listing requirements for cannabis-related companies by the appropriate UK regulatory bodies so the Company can complete its proposed acquisition of the entire issued share capital of Kanabo Research Ltd ("Kanabo")
- Advanced a further sum of £200,000 to Kanabo under the terms of the existing Loan Facility Agreement to enable Kanabo to grow sales and invest in future development
- Raised £165,000 through the issue of convertible loan notes
- Cash of approximately £510,000 on 30 June 2020

### **Post-Period Highlights**

- Acquisition and admission of enlarged group remains on course
- Indications received in July 2020 that UK review of regulatory requirements for cannabis-related companies is nearly complete which could then allow the transaction to proceed

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# **Chairman's Statement**

I am pleased to present the interim financial statements to shareholders for the six months ending 30 June 2020.

The Company remains focused on the delivery of the acquisition of Kanabo and along with its management team, we very much look forward to bringing the business to the London market to enable Kanabo to achieve its growth potential. The transaction has taken longer than expected and is still not completed, but the Company remains positioned to be one of the first cannabis-related businesses to list on the London Stock Exchange.

Whilst the terms of the acquisition have been agreed, completion remains subject to the satisfaction of certain conditions, including inter alia:

- The transaction will constitute a reverse takeover under the Listing Rules and will be subject to approval by shareholders of the Company at a general meeting
- The Company having obtained a waiver from the Takeover Panel under Rule 9 of the Takeover Code
- The successful completion of fundraising activities to be undertaken by way of a placing and direct subscriptions by new and existing investors
- Re-listing of the enlarged group on the London Stock Exchange

Accordingly, there can be no absolute certainty that the transaction will proceed.

The period under review was spent waiting for confirmation of the overall listing requirements for cannabis-related companies by the appropriate UK regulatory bodies. A Share Purchase Agreement for the transaction was executed on 2 December 2019 and the Company has been ready to proceed since then. In the second half of July 2020, the Company received indications that a resolution is at last being actively sought. The Boards of both Spinnaker and Kanabo remain optimistic and both companies continue to press for a satisfactory conclusion to the current regulatory processes.

A prospectus setting out final details of the acquisition and re-admission transaction is expected to be published shortly, together with a notice of meeting convening and setting out the resolutions required to be endorsed by members at a general meeting in order to complete the transaction.

In order to facilitate the execution of Kanabo's business plan while waiting for completion of the acquisition and re-admission to trading, the Company supplied two further tranches each of £100,000 to Kanabo during the period, under its Loan Facility Agreement, secured against the intellectual property of the business. Financing for the additional loan tranches came from internal funds together with £165,000 raised through convertible loan notes issued to new and existing subscribers to the Company.

During the COVID-19 pandemic, Kanabo has implemented appropriate policies to protect the health of its staff and to manage costs. In the meantime, business development activities directed towards expanding the list of qualified suppliers of raw materials and sales through its distributor network in the target markets have continued in line with Kanabo's business plan.

We continue to believe that helping to open the new and exciting medicinal cannabis sector to investors in London will be worthwhile. The consumer demand for alternative healthcare has never been higher, and the sector, therefore, offers a valuable growth platform as the UK and the world overcome the COVID-19 crisis.

I would like to take this opportunity to thank my board colleagues, retained advisers and the transaction advisory team for their dedication and hard work which has brought the Company within sight of a ground-breaking transaction. We look forward to updating shareholders through to completion and beyond.

## Results for the 2020 interim financial period

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

	Unaudited	Unaudited	Audited
	30.6.2020	30.6.2019	31.12.2019
	£'000	£'000	£'000
Revenue	-	-	-
Operating expenses	(111)	(157)	(365)
<b>Operating loss</b>	<b>(111)</b>	<b>(157)</b>	<b>(365)</b>
Finance income	10	1	2
<b>Loss before tax</b>	<b>(101)</b>	<b>(156)</b>	<b>(363)</b>
Taxation	-	-	-
<b>Loss for the period</b>	<b>(101)</b>	<b>(156)</b>	<b>(363)</b>

### Interest

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

### Loss before tax

Loss before tax for the period was £101,000.

### Taxation

Taxation charge was £nil for the period.

### Earnings per share

Basic and diluted earnings per share for the period was 0.35p loss.

### Financial position

The Company's unaudited balance sheet as at 30 June 2020 can be summarised as set out in the table below:

	Assets	Liabilities	Net assets
	£'m	£'m	£'m
	£'000	£'000	£'000
Non-current assets and liabilities	-	-	-
Current assets and liabilities	834	(231)	603
<b>Total as at 30 June 2020</b>	<b>834</b>	<b>(231)</b>	<b>603</b>

## Cash flow

Net cash outflow for 2020 was £81,000.

# Interim Condensed Income Statement

Six month period ended 30 June 2020

	Unaudited 6 months ended	Unaudited 6 months ended	Audited Year ended
	30.06.20	30.06.19	31.12.19
	Note	£'000	£'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses		(111)	(365)
Operating loss		(111)	(365)
Net finance income		10	2
Loss before tax		(101)	(363)
Taxation		-	-
Loss for the period		(101)	(363)
<b>Loss attributable to the Company</b>		<b>(101)</b>	<b>(363)</b>

## Loss per share expressed in pence per share

From continuing and total operations:

Basic & diluted loss per share, pence	5	(0.35)	(0.5)	(1.2)
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The Company has no items of other comprehensive income.

# Interim Condensed Balance Sheet

As of 30 June 2020

		Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
	Note	£'000	£'000	£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Other receivables		-	-	100
<b>Total non-current assets</b>		-	-	100
<b>Current assets</b>				
Receivables and prepayments		318	10	13
Cash		516	883	597
<b>Total current assets</b>		834	893	610
<b>Total assets</b>		834	893	710
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		66	12	36
Convertible loan		165	-	-
<b>Total current liabilities</b>		231	12	36
<b>Net current assets</b>		603	881	574
<b>Net Assets</b>		603	881	674
<b>Equity</b>				
Share capital	3	735	735	735
Share premium	3	589	592	592
Share based payments reserve	4	92	59	59
Retained earnings		(813)	(505)	(712)
<b>Total equity attributable to equity holders of the company</b>		603	881	674

# Interim Condensed Statement of Changes in Equity

Six months ended 30 June 2020

	Share capital	Share premium	Share based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	<b>735</b>	<b>592</b>	<b>59</b>	<b>(349)</b>	<b>1,037</b>
Loss for the period	-	-	-	(363)	(363)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(363)</b>	<b>(363)</b>
<b>Balance at 31 December 2019</b>	<b>735</b>	<b>592</b>	<b>59</b>	<b>(712)</b>	<b>674</b>
Loss for the period	-	-	-	(101)	(101)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(101)</b>	<b>(101)</b>
Commission on fund raise	-	(3)	-	-	(3)
Grant of share options	-	-	33	-	33
<b>Balance at 30 June 2020</b>	<b>735</b>	<b>589</b>	<b>92</b>	<b>(813)</b>	<b>603</b>

# Interim Condensed Cash Flow Statement

Six months ended 30 June 2020

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
	£'000	£'000	£'000
<b>Loss for the period</b>	<b>(101)</b>	<b>(156)</b>	<b>(363)</b>
Adjustment for:			
Share based payment charge	33	-	-

(Increase)/decrease in receivables	(205)	3	-
Increase/(decrease) in payables	30	(5)	19
<b>Net cash used in operating activities</b>	<b>(243)</b>	<b>(158)</b>	<b>(344)</b>
<b>Cash flows from investing activities</b>			
Loan advanced	-	-	(100)
<b>Net cash from/(used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>(100)</b>
<b>Cash flows from financing activities</b>			
Convertible loan notes (net of costs)	162	-	-
<b>Net cash from/(used in) financing activities</b>	<b>162</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(81)</b>	<b>(158)</b>	<b>(444)</b>
Cash and cash equivalents brought forward	597	1,041	1,041
<b>Cash and cash equivalents carried forward</b>	<b>516</b>	<b>883</b>	<b>597</b>

## Notes to the interim condensed financial statements

For the six month period ended 30 June 2020

### 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 2020 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 London Stock Exchange, the period under review represents the third interim set of accounts. The interim financial information for the 6 months ended 30 June 2020 has not been reviewed or audited. The interim financial report was approved by the Board on 29 July 2020.

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 Company has approximately £510,000 cash at the period end. 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	29,400,120	735	592
<b>At 30 June 2020</b>	<b>29,400,120</b>	<b>735</b>	<b>589</b>



## 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	59
Share options issued	33
<b>At 30 June 2020</b>	<b>92</b>

### Warrants

	Number of awards	Weighted average exercise price
At the beginning of the period	26,590,500	£0.074
Lapsed	(26,590,500)	
Exercisable at 30 June 2020	-	-

All warrants lapsed in the period to 30 June 2020.

### Share options

	Number of awards	Weighted average exercise price
At the beginning of the period	2,440,000	£0.05
Granted	1,960,000	£0.05
Lapsed	(2,440,000)	-
Exercisable at 30 June 2019	1,960,000	£0.05

The options outstanding at 30 June 2020 have a weighted average remaining contractual life of 2.9 years.

At 30 June 2020, the following options were issued to directors and advisers of the Company under the share option incentive scheme:

Date of grant	15-Jun-20
Number granted	1,960,000
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 £33,025 (year ended 31 December 2019: £nil) has been recognised in the income statement.

Other significant inputs into the model are:

Issue date share price	5p
Risk free rate	0.2%
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	Year ended
	30.06.20	30.06.19	31.12.19
(Loss)/profit attributable to equity holders of the Company (£'000)	(101)	(157)	(363)
Weighted average number of shares in issue	29,400,120	29,400,120	29,381,490
<b>(Loss)/earnings per share (pence)</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(1.2)</b>

Due to the loss incurred in the period under review, the dilutive securities have no effect as at 30 June 2020.

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