

Regulatory Story

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Uvenco UK plc - UVEN Half-year Report
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Uvenco UK plc ("the Company" or "the Group")

Interim Results for the six months ended 30 September 2016

Uvenco UK plc today announces its unaudited interim results for the six months ended 30 September 2016.

Chairman's statement

I have pleasure in presenting the unaudited results of Uvenco UK plc for the six months ended 30 September 2016. Our full year results to 31 March 2016 were published only six weeks ago underlining the continuing improvement in the Group's financial controls and reporting systems.

For the first time in the last five years our Earnings per share (EPS) are positive.

Our EBITDA for the last two audited years was negative while for this six months it is £280,402 showing the significant progress made in the turnaround of the Group.

It should also be noted that the H1 comparative results to 30 September 2015 did not reflect the substantial write-downs reported recently in the full year accounts to 31 March 2016 and as a result do not reflect the underlying operating profit improvement that is currently being experienced. However, these six months results do reflect this more rigorous accounting treatment.

Financial Highlights

- Turnover decreased by 6.7% to £7,453,785 (H1 2016: £7,984,874)
- Operating profit before depreciation and amortisation (EBITDA) decreased 27.3% to £280,402 (H1 2016: £385,901)
- Profit for the period increased to £1,095,030 (H1 2016: loss of £688,670) due to an exceptional one off profit from the write off of loans (see Note 8)
- Net cash outflow from operating activities improved to £46,085 (H1 2016: outflow of £568,302)
- Overall gross borrowings reduced by 66.7% to £1,440,060 (H1 2016: £4,324,865)
- Earnings per share increased from a loss of 8.1p per share to a profit of 1.5p per share

Re-financing

On 12 August 2016, the Group bought itself out of its indebted position with its lending bank. The Company owed the bank approximately £2.5m which it settled in full for £1m which it borrowed from Reward Corporate Finance Ltd ('Reward'). Total Group borrowing now comprises the £1.3m facility from Reward. It is the Group's intention now to re-finance this borrowing as soon as it is able at a lower rate of interest than it is currently paying, following the end of the three month minimum period of the agreement with Reward.

The Group also intends to borrow additional £450,000 to bring its working capital to the normal level.

Name Change

On 31 May 2016 the Company announced the name change of Snacktime plc to Uvenco UK plc (AIM ticker: UVEN).

Operations and Strategy

The business has continued undergoing a profound period of change.

We have introduced KPIs and a quarterly bonus scheme for the Depot Managers and Regional Sales Managers.

New prices have been negotiated with most major suppliers, which with effect from the middle of September, will result in an increase in the overall gross margin for the majority of the snack products. We have started testing the personalised delivery of stock directly to our operators and merchandisers.

We have already increased the door prices for our free standing hot beverage machines and we now review the snacks prices in the Public segment.

We have already increased the door prices for our free standing hot beverage machines and we now plan a 7% to 10% increase for the snacks in Public as well as for our cup charges and other invoices to the customers.

A closer look is also being undertaken into our engineering team regarding the levels of stock of spares in their vans in order to increase their main KPI - fixing the machines during the first visit.

Change of financial year end

The Group is proposing to change its financial year end from 31 March to 31 December with effect from 31 December 2016. The current financial period will therefore be shortened by three months to 31 December 2016, following which the Company will announce half yearly unaudited results to 30 June 2017 with comparable figures for the 6 months ended 30 June 2016. The reason for the change is to coincide the Group's financial year end with that of Uvenco Russia.

Current Trading & prospects

We remain focused on delivering consistent quality products while managing costs, from "clean, full and working" machines, whenever a purchase is desired. We will continue investing into new state of the art machines in order to start growing the revenue. This has already been reflected in the growth of our free on loan estate as well as the coinage receipts compared to the equivalent prior year period.

Jeremy Hamer

Chairman

Date: 16 November 2016

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UVENCO UK PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 30 SEPTEMBER 2016

	Note	Six months to 30 Sep 16 (Unaudited) £	12 months to 31 Mar 16 (Audited) £	Six months to 30 Sep 15 (Unaudited) £
Revenue		7,453,785	15,317,468	7,984,874
Cost of sales		<u>(3,304,273)</u>	<u>(7,045,995)</u>	<u>(3,223,113)</u>
Gross profit		4,149,512	8,271,473	4,761,761
Distribution and administration expenses		<u>(3,869,110)</u>	<u>(8,769,770)</u>	<u>(4,375,860)</u>
Operating Profit before depreciation and amortisation		280,402	(498,297)	385,901
Depreciation		<u>(534,899)</u>	<u>(913,913)</u>	<u>(610,494)</u>
Operating Loss before amortisation		(254,497)	(1,412,210)	(224,593)
Amortisation		<u>(54,000)</u>	<u>(158,752)</u>	<u>(105,809)</u>
Loss before exceptional items and finance costs		(308,497)	(1,570,962)	(330,402)
Exceptional items	7	(70,531)	(1,787,391)	(170,518)
Exceptional profit	8	1,601,291	-	-
Finance costs		<u>(127,233)</u>	<u>(300,187)</u>	<u>(208,912)</u>
Profit/(Loss) before tax		1,095,030	(3,658,540)	(709,832)
Income tax credit		-	135,932	21,162

Profit/(Loss) for the financial period		1,095,030	(3,522,608)	(688,670)
Total comprehensive income for the period		1,095,030	(3,522,608)	(688,670)
Basic profit/(loss) per share	5	1.5p	(8.1)p	(2.1)p
Diluted profit/(loss) per share	5	1.5p	(8.1)p	(2.1)p

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the period as set out above.

Both the loss and the total comprehensive income for the above periods are attributable in totality to the Equity holders of the Company.

UVENCO UK PLC
CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2016

	Note	30-Sep 2016 (Unaudited) £	30-Sep 2015 (Unaudited) £	31-Mar 2016 (Audited) £
ASSETS				
Non-current assets				
Property, plant and equipment		3,192,802	4,745,554	3,532,250
Intangible assets		788,543	1,141,124	771,581
Deferred tax asset		-	49,338	-
		<u>3,981,345</u>	<u>5,936,016</u>	<u>4,303,831</u>
Current assets				
Inventories		979,581	905,632	888,145
Receivables and prepayments		1,707,350	2,077,336	1,865,737
Cash and cash equivalents		293,827	719,028	291,874
		<u>2,980,758</u>	<u>3,701,996</u>	<u>3,045,756</u>
TOTAL ASSETS		<u>6,962,103</u>	<u>9,638,012</u>	<u>7,349,587</u>
LIABILITIES				
Current liabilities				
Trade and other payables		(3,692,935)	(4,421,889)	(3,796,440)
Short term borrowings		(1,338,693)	(3,197,516)	(1,422,073)
Provisions	6	-	(49,110)	-
		<u>(5,031,628)</u>	<u>(7,668,515)</u>	<u>(5,218,513)</u>
Non-current liabilities				
Deferred tax liability		(238,577)	(405,133)	(238,577)
Long-term borrowings		(80,166)	(1,127,349)	(1,375,795)
		<u>(318,743)</u>	<u>(1,532,482)</u>	<u>(1,614,372)</u>
Total liabilities		<u>(5,350,371)</u>	<u>(9,200,997)</u>	<u>(6,832,885)</u>
Net assets		<u>1,611,732</u>	<u>437,015</u>	<u>516,702</u>
EQUITY				
Equity share capital		1,491,948	662,980	1,491,948
Share premium account		12,721,702	10,481,383	12,721,702
Share option reserve		374,562	382,918	374,562
Capital redemption reserve		1,274,279	1,274,279	1,274,279
Convertible debt option reserve		-	147,306	-
Warrant reserve		2,236,130	2,236,130	2,236,130
Retained earnings		(16,486,889)	(14,747,981)	(17,581,919)
TOTAL EQUITY		<u>1,611,732</u>	<u>437,015</u>	<u>516,702</u>

UVENCO UK PLC
CONSOLIDATED CASHFLOW STATEMENT
PERIOD ENDED 30 SEPTEMBER 2016

	Six months to 30 Sep 16 (Unaudited)	Six months to 30 Sep 15 (Unaudited)
Cash flows from operating activities		
Profit/(Loss) before taxation	852,404	(709,832)
Exceptional items	105,999	170,518
Profit/(Loss) before taxation and exceptional items	958,403	(539,314)
Depreciation	507,907	610,494
Amortisation	119,064	105,809
Finance costs	127,233	208,912
IFRS 2 share option charge	-	8,356
Loss on disposal of fixed assets	-	(3,920)
Debt write off	(1,504,341)	-
Operating cashflow pre-exceptional costs	208,266	390,337
Exceptional Items	(105,999)	(170,518)
Operating cash flow post-exceptional costs	102,267	219,819
(Increase)/Decrease in inventories	(99,425)	216,669
Decrease/(Increase) in trade and other receivables	158,387	(140,413)
Increase in trade and other payables	30,797	495,968
(Increase)/Decrease in provisions	-	(14,829)
Cash generated/(used) from operations	192,026	777,214
Interest paid	(127,233)	(208,912)
Net cash from operating activities	64,793	568,302
Cash flows from investing activities		
Purchase of property, plant and equipment	(168,459)	(549,995)
Net cash used in investing activities	(168,459)	(549,995)
Cash flows from financing activities		
New loans/(Payments) of long-term borrowings	126,403	(180,943)
Movement in short-term borrowings	20,130	-
Shares issued in period	-	100,000
Net Payments of finance lease liabilities	-	(65,194)
Net cash received/(used) in financing activities	146,533	(146,137)
Net increase/(decrease) in cash and cash equivalents	42,867	(127,830)
Cash and cash equivalents at start of period	291,874	320,140
Cash and cash equivalents at end of period	334,741	(15,260)

UVENCO UK PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 30 SEPTEMBER 2016

	Share Capital	Share Premium	Convertible Debt Option Reserve	Share Option Reserve	Capital Redemption Reserve	Warrant Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£	£	£
Balance at 1 April 15	642,980	10,401,383	147,306	374,562	1,274,279	2,236,130	(14,059,311)	1,017,329
Loss for the period	-	-	-	-	-	-	(688,670)	(688,670)
Shares issued	20,000	80,000	-	-	-	-	-	100,000
Share options expense	-	-	-	8,356	-	-	-	8,356

Balance at 30 September 2015	662,980	10,481,383	147,306	382,918	1,274,279	2,236,130	(14,747,981)	437,015
Loss for the period	-	-	-	-	-	-	(2,833,938)	(2,833,938)
Issue of shares	828,968	2,240,319	-	-	-	-	-	3,069,287
Release of merger reserve	-	-	-	-	-	-	-	-
Share options release	-	-	-	(8,356)	-	-	-	(8,356)
Conversion of debt	-	-	(147,306)	-	-	-	-	(147,306)
Balance at 31 March 2016	1,491,948	12,721,702	-	374,562	1,274,279	2,236,130	(17,581,919)	516,702
Loss for the period	-	-	-	-	-	-	1,095,030	1,095,030
Balance at 30 September 2016	1,491,948	12,721,702	-	374,562	1,274,279	2,236,130	(16,486,889)	1,611,732

UVENCO UK PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2016

1. GENERAL INFORMATION

Uvenco UK plc is a public limited company incorporated in England and Wales under the Companies Act 2006 (registered number 06135746). The Company is domiciled in the United Kingdom and its registered address is 17 Rufus Business Centre, Ravensbury Terrace, London, SW18 4RL. The Company's shares are traded on the AIM market of the London Stock Exchange.

The principal activities of the Group is the sale and operation of hot drink and snack vending machines, the operation of free on loan vending machines via a franchise division and the production and supply of "in-cup" drinks and associated equipment.

2. BASIS OF ACCOUNTING

These interim financial statements for the period ended 30 September 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The merger method of accounting has been adopted, following a group reconstruction involving Uvenco UK plc and SnackTime UK Limited. The acquisition of Snack in a Box Limited was accounted for using acquisition accounting in accordance with IFRS 3 "Business Combinations". The acquisition of Vendia UK Limited was accounted for using acquisition accounting in accordance with IFRS 3 "Business Combinations".

All companies in the Group use sterling as presentational and functional currency.

The information presented within these interim financial statements is in compliance with IAS 34 'Interim Financial Reporting'. This requires the use of certain accounting estimates and requires that management exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the interim financial statements are disclosed below.

SnackTime UK Limited has elected not to apply IFRS 3, Business Combinations retrospectively to past business combinations prior to the date of transition.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Company's statutory financial statements for the period ended 31 March 2016, prepared under IFRS have been filed with the Registrar of Companies.

3. 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 Group makes estimates and assumptions concerning the future. The principal areas where judgement was exercised is as follows:

- Property, plant and equipment includes the value of the vending machine estate. The Directors annually assess both the residual value of these assets and the expected useful life of such assets.
- The Directors have estimated the useful economic lives of intangible assets. The economic lives and the amortisation rates are reviewed annually by the directors.
- The Group receives branding fees to contribute to the installation and refurbishment of vending machines. The Directors are required to assess the amounts receivable at each reporting date and whether all the conditions have been met to enable these to be recognised.

- Sales from vending machines are recognised at the point of sale to the customer. At each year end, the Directors are required to make an estimate of sales where the vending machine has not been emptied or inspected at the year-end date.

4. REVENUE

Revenue is measured by reference to the fair value of consideration received or receivable by the group for goods and services supplied, excluding VAT and trade discounts. Revenue for goods sold from vending machines is recognised at the date of sale. Revenue in respect of installation and refurbishment of branded vending machines is recognised at the date of installation or refurbishment. Franchising fees are recognised when the franchisee starts trading. Managed estate sales are recognised in full once the customer has taken over operation of the machine.

5. LOSS/EARNINGS PER SHARE

Earnings per share is calculated on the basis of profit for the period after tax, divided by the weighted average number of shares in issue for the period ended 30 September 2016 of 74,597,452 (H1 2015 - 32,843,003).

6. SEGMENT INFORMATION

The Group has three main reportable segments:

- Specialist drinks - The manufacture and sale of single portion beverages called 'Drinkpacs' together with the sale of associated food and drink products.
- Franchising - The marketing and franchising of operations in the provision of snack solutions.
- Vending - Vending activities.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring profits/losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced on the same basis as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the group position.

SEGMENTAL Profit & Loss 2016	Specialist	Franchising	Vending	Total
	drinks	Franchising	Vending	Total
	2016	2016	2016	2016
	£	£	£	£
Revenue				
Total revenue	1,276,184	656,193	5,521,408	7,453,785
Inter-segmental revenue	-	-	-	-
Group's revenue per consolidated statement of comprehensive income	<u>1,276,184</u>	<u>656,193</u>	<u>5,521,408</u>	<u>7,453,785</u>
Depreciation	(96,375)	(49,500)	(389,024)	(534,899)
Amortisation	-	52,387	(106,387)	(54,000)
Operating profit/(loss) before exceptional items	<u>4,696</u>	<u>300,295</u>	<u>(206,810)</u>	<u>98,181</u>
Exceptional costs included within administration expenses and finance expense				(70,531)
Head office costs				(406,678)
Share-based payments				-
Finance expense				(127,233)
Debt write off				<u>1,601,291</u>
Group profit before tax				<u>1,095,030</u>

SEGMENTAL Profit & Loss 2015	Specialist	Franchising	Vending	Total
	drinks	Franchising	Vending	Total
	2015	2015	2015	2015
	£	£	£	£
Revenue				
Total revenue	1,173,183	772,899	6,333,129	8,279,211
Inter-segmental revenue	-	-	(294,337)	(294,337)
	<u>1,173,183</u>	<u>772,899</u>	<u>6,038,792</u>	<u>7,984,874</u>

Group's revenue per consolidated statement of comprehensive income	<hr/> <hr/>			
Depreciation	(94,638)	(22,869)	(492,987)	(610,494)
Amortisation	(19,921)	(29,525)	(56,363)	(105,809)
Impairment				-
	<hr/> <hr/>			
Segmental operating loss/(profit) before exceptional items	(9,038)	227,931	(105,680)	113,213
	<hr/> <hr/>			
Exceptional costs included within administration expenses and finance expense (Note 5)				(170,518)
Head office costs				(435,259)
Share-based payments				(8,356)
Finance expense				(208,912)
	<hr/> <hr/>			
Group loss before tax				(709,832)

SEGMENTAL Balance Sheet 2016	Specialist drinks	Franchising	Vending	Head office	Total
	2016	2016	2016	2016	2016
	£	£	£	£	£
Additions to non-current assets	48,197	-	117,532	9,400	175,129
Reportable segment assets	908,082	161,577	5,527,216	365,227	6,962,102
Tax assets	-	-	-	-	-
Total Group assets	908,082	161,577	5,527,216	365,227	6,962,102
	<hr/> <hr/>				
Reportable segment liabilities	(319,903)	(285,956)	(2,456,124)	(630,952)	(3,692,935)
Loans and borrowings (excluding leases, loan notes and overdrafts)					(1,418,859)
Deferred tax liabilities					(238,577)
Total Group liabilities					(5,350,371)

SEGMENTAL Balance Sheet 2015	Specialist drinks	Franchising	Vending	Head office	Total
	2015	2015	2015	2015	2015
	£	£	£	£	£
Additions to non-current assets	7,202	-	540,593	2,200	549,995
Reportable segment assets	971,536	305,631	6,977,234	1,334,273	9,588,674
Tax assets	-	-	49,338	-	49,338
Total Group assets	971,536	305,631	7,026,572	1,334,273	9,858,710
	<hr/> <hr/>				
Reportable segment liabilities	(505,448)	(394,748)	(4,486,981)	(1,538,690)	(6,925,867)
Loans and borrowings (excluding leases, loan notes and overdrafts)					(1,869,997)
Deferred tax liabilities					(405,133)
Total Group liabilities					(9,200,997)

7. EXCEPTIONAL COSTS

6 months ended 30 September 2016

	Total	Provision of items from prior periods	Cash paid to 30 Sept 2016	Future cash impact
	£	£	£	£
Redundancy and reorganisation	62,766	-	62,766	-
Costs relating to legal and associated	7,765	-	7,765	-
Total exceptional costs	70,531	-	70,531	-

6 months ended 30 September 2015

	Total £	Provision of items from prior periods £	Cash paid to 30 Sept 2016 £	Future cash impact £
Redundancy and reorganisation	146,722	-	146,722	-
Costs relating to legal and associated	23,796	-	23,796	-
Total exceptional costs	170,518	-	170,518	-

8. EXCEPTIONAL PROFIT

On 12 August 2016 Uvenco UK Plc entered into an agreement to settle the group's £2.5 million outstanding bank facility, plus £100,000 of accrued bank fees, for £1.0 million, payable in cash. This resulted in an exceptional profit of £1.6 million.

On the same date the Company, through its subsidiaries Uvenco Limited, Simply Drinks Limited and Drinkmaster Limited, has entered into a £1.3 million debt facility agreement with Reward Invoice Finance Limited, part of the Reward Finance Group ("Reward"), a Manchester and Leeds based alternative lender, in order to provide the funds to satisfy the bank facility settlement, as well as additional working capital.

9. CHANGE OF YEAR END

The Board of Uvenco UK Plc has resolved that the Company's financial year end be changed to 31 December. This means that the next set of Financial Statements will be drawn up for the nine months to 31 December 2016.

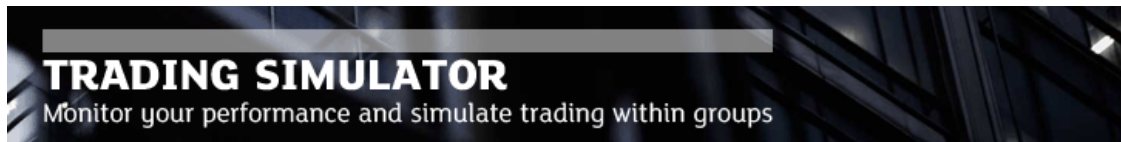
Copies of this half yearly financial report are available on the Company's website www.uvenco.co.uk

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