



**Kin Group PLC** - KIN Interim Results for six months ended 30 June 2018  
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22 August 2018

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## **Kin Group Plc ("Kin" or "the Company")**

### **Interim Results for six months ended 30 June 2018**

Kin Group Plc today announces its unaudited results for the six months ended 30 June 2018. The Interim Report for the six months ended 30 June 2018 will be published today on the Company's website - [www.kingroupplc.com](http://www.kingroupplc.com).

#### **Highlights**

- As announced on 5 June 2018, the Company is in discussions to acquire bidstack Limited ("bidstack");
- The Company invested £400,000 in bidstack in June 2018, by way of convertible loan note;
- Cash as at 30 June 2018 of £328,000;
- Operating and administrative expenses of £90,000.

#### **Overview**

Under the AIM Rules, the Company became a "Rule 15 Cash Shell" on 30 August 2017.

Following the completion of a corporate voluntary arrangement and placing to raise £1m before expenses on 15 November 2017, the Company had discussions with several businesses interested in obtaining a listing through a reverse takeover ("RTO") into the Company.

The London Stock Exchange suspended trading in the Company's ordinary shares on AIM pursuant to Rule 15 of the AIM Rules at 7.30 a.m. on 1 March 2018 as the Company had not completed a RTO by 28 February 2018.

Since then, the Directors have considered a wide range of potential acquisitions and, on 5 June 2018, announced that it had subscribed £400,000 for a secured convertible loan note issued by bidstack and that it was in discussions which might lead to the acquisition of the entire issued, and to be issued, share capital of bidstack by way of a reverse takeover.

## Financial Summary

The Company has focused on the preservation of cash during the period and the loss for the period was £90,000.

Trade and other receivables at 30 June 2018 were £73,000, of which a significant proportion relates to VAT. The cash balance was £328,000.

Trade and other payables at 30 June 2018 were £77,000.

Overall, at the period-end, net assets were £724,000 (2017: (£2,434,000)).

## Outlook

As announced on 16 August 2018, Kin and bidstack continue to work towards a RTO. Negotiations are at a very advanced stage and the Company hopes to make a further announcement in relation to the posting of a circular to shareholders, comprising an admission document in relation the RTO, in the near future.

The Directors believe that bidstack is a dynamic young business in a sector which they believe is capable of significant growth, and that the RTO presents the Company and its shareholders with an exciting opportunity to invest in a business with significant potential in a developing technology sector.

The RTO remains subject to contract, additional fundraising and satisfactory completion of the necessary due diligence and, at this stage, there is no guarantee that the RTO will complete. Trading in the Company's ordinary shares will remain suspended until such time as the RTO is completed.

## For further information please contact:

Donald Stewart	Kin Group Plc	07786 575 372
Mark Brady/Neil Baldwin	SPARK Advisory Partners Limited (nominated adviser)	020 3368 3551
Eran Zucker/Fungai Ndoro	Peterhouse Capital Limited	020 7469 0930

Certain information in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

## Chairman's Statement

As previously announced, under the AIM Rules, the Company became a "Rule 15 Cash Shell" on 30 August 2017.

Lindsay Mair and John Taylor were appointed to the Board on 15 November 2017, on completion of a placing to raise £1m before expenses and a company voluntary arrangement and the resignation of all the then directors of Kin, other than Donald Stewart. Following that the Company had discussions with several businesses interested in obtaining a listing through a reverse takeover ("RTO") into the Company.

The London Stock Exchange suspended trading in the Company's ordinary shares on AIM pursuant to Rule 15 of the AIM Rules at 7.30 a.m. on 1 March 2018 as the Company had not completed a RTO by 28 February 2018.

Since then, the Directors have considered a wide range of potential acquisitions and, on 5 June 2018, announced that it had subscribed £400,000 for a secured convertible loan note issued by bidstack and that it was in discussions which might lead to the acquisition of the entire issued, and to be issued, share capital of bidstack by way of a reverse takeover.

### **Information about bidstack**

bidstack is a provider of native in-game advertising that is dynamic, targeted and automated, serving the global video games industry across multiple platforms. Its proprietary technology is capable of inserting adverts into natural advertising space within video games.

The key benefit of native in-game advertising over non-native variants (e.g. video rolls and banner ads) is that it appears authentic and "natural" to the environment and does not adversely affect the gamer's experience and cannot be excluded with ad-blocking software.

Using bidstack's technology, advertisers can rapidly change their campaigns in real time, in response to market trends and business needs.

Advertisers can target the users they want to reach based on age, gender and location. bidstack is able to display different advertisements to different users playing the same game so that adverts are delivered to the most relevant players to the advert. bidstack is able to provide detailed campaign analytics to advertisers and gaming data to publishers. bidstack's platform is connected to the operators of a number of on-line advertising platforms, known as "programmatic advertising" platforms. Brand owners allocate programmatic advertising spend to such global trading desks (DSPs) and bidstack makes its advertising opportunities available on these DSP platforms.

bidstack's proprietary API technology integrates across multiple video games platforms (mobile, PC and console), opening up in-game advertising opportunities at scale.

bidstack's customers are games publishers and developers (on the supply side), and advertising agencies, brands and programmatic advertising platforms (on the demand side). bidstack secures exclusive access to the native in-game advertising space within video games from their developers or publishers. bidstack sells that advertising space either direct to specific brands or programmatic advertising platforms. bidstack receives advertising revenues and pays an agreed share to relevant video game publishers and/or developers.

bidstack currently has exclusive rights to place direct digital advertising into six games, including Football Manager 2018, Cricket Captain, and Sociable Soccer.

Football Manager is a football management simulation game developed by Sports Interactive and published by Sega. It is one of the most successful games franchises in UK games history having sold over 1m copies of each of its five most recent annual versions including Football Manager 2017. Football Manager 2018 was published in November 2017 and topped the PC software charts for Christmas of that year. bidstack is the sole digital dynamic advertising agency platform for Football Manager 2018, Football Manager 2019 and Football Manager 2020.

bidstack is in discussions with a number of other games publishers with a view to agreeing further exclusive contracts to place advertising in their games.

## Financial Summary

As shareholders would expect, the Directors have focused on the preservation of cash during the period of their search for a suitable business with which to undertake a RTO. As a result the loss for the period was £90,000 which reflects the operating costs of a Rule 15 cash shell.

Trade and other receivables at 30 June 2018 were £73,000, of which a significant proportion relates to VAT. Following the Company's investment of £400,000 in bidstack on 5 June 2018, the cash balance at the end of the period was £328,000.

Trade and other payables at 30 June 2018 were £77,000.

Overall, at the period-end, net assets were £724,000 (2017: (£2,434,000)).

## Prospects

As announced on 16 August 2018, Kin and bidstack continue to work towards a RTO. Negotiations are at a very advanced stage and the Company hopes to make a further announcement in relation to the posting of a circular to shareholders, comprising an Admission Document in relation the RTO, in the near future.

The Directors believe that bidstack is a dynamic young business in a sector which they believe is capable of significant growth, and that the RTO presents the Company and its shareholders with an exciting opportunity to invest in a business with significant potential in a developing technology sector.

The RTO remains subject to contract, additional fundraising and satisfactory completion of the necessary due diligence and, at this stage, there is no guarantee that the RTO will complete. Trading in the Company's Ordinary Shares will remain suspended until such time as the RTO is completed.

Donald Stewart

**Chairman**

22 August 2018

## Statement of comprehensive income for the six months ended 30 June 2018

	Note	Unaudited 6 months ended 30.06.2018 £'000	Unaudited 6 months ended 30.06.2017 £'000	Audited 12 months ended 31.12.2017 £'000
<b>Gross profit</b>		-	-	-
Operating and administrative expenses - normal		(90)	(154)	(231)
Operating and administrative expenses - exceptional	2	-	(2,346)	(117)
Operating loss		(90)	(2,500)	(348)

Finance costs		-	(36)	(36)
<b>Loss before taxation</b>		<b>(90)</b>	<b>(2,536)</b>	<b>(384)</b>
Taxation		-	-	-
<b>Loss for the period and total comprehensive expense</b>		<b>(90)</b>	<b>(2,536)</b>	<b>(384)</b>
<b>Loss per share - basic and diluted (pence)</b>	3	(0.00)	(7.54)	(0.02)

**Statement of financial position**  
*as at 30 June 2018*

	Note	Unaudited as at 30.06.2018 £'000	Unaudited as at 30.06.2017 £'000	Audited as at 31.12.2017 £'000
<b>Non-current assets</b>				
Investments		400	-	-
<b>Current assets</b>				
Trade and other receivables		73	19	82
Cash and cash equivalents		328	2	836
		401	21	918
<b>Total assets</b>		<b>801</b>	<b>21</b>	<b>918</b>
<b>Non-current liabilities</b>				
Borrowings		-	(2,130)	-
		-	(2,130)	-
<b>Current liabilities</b>				
Trade and other payables		(77)	(250)	(104)
Borrowings		-	(75)	-
		(77)	(325)	(104)
<b>Total liabilities</b>		<b>(77)</b>	<b>(2,455)</b>	<b>(104)</b>
<b>Net assets/(liabilities)</b>		<b>724</b>	<b>(2,434)</b>	<b>814</b>
<b>Equity</b>				
Share capital		4,417	4,274	4,417
Share premium		15,010	14,062	15,010
Retained deficit		(18,708)	(20,644)	(18,618)
Share-based payment reserve		-	(126)	-
Warrant reserve	3	5	-	5

Total equity

724

(2,434)

814

This report was approved by the board of Directors on 22 August 2018 and signed on its behalf by:

**Donald Stewart**

*Chairman of Kin Group Plc*

**Statement of changes in equity**  
*for the six months ended 30 June 2018*

	Share capital £'000	Share premium £'000	Retained deficit £'000	Share-based payment reserve £'000	Warrant reserve £'000	Total equity £'000
<b>Balance as at 31 December 2016 (audited)</b>	<b>3,764</b>	<b>13,543</b>	<b>(19,292)</b>	<b>1,058</b>	-	<b>(927)</b>
Loss and total comprehensive income for the year	-	-	(384)	-	-	(384)
Issue of shares	653	1,595	-	-	-	2,248
Costs of raising funds	-	(128)	-	-	-	(128)
Share-based payments	-	-	-	-	5	5
Reversal of share-based payment charges for forfeited/waived options	-	-	1,058	(1,058)	-	-
<b>Balance as at 31 December 2017 (audited)</b>	<b>4,417</b>	<b>15,010</b>	<b>(18,618)</b>	-	<b>5</b>	<b>814</b>
Loss and total comprehensive income for the year	-	-	(90)	-	-	(90)
<b>Balance as at 30 June 2018 (unaudited)</b>	<b>4,417</b>	<b>15,010</b>	<b>(18,708)</b>	-	<b>5</b>	<b>724</b>

**Statement of cash flows**

*for the six months ended 30 June 2018*

	Unaudited as at	Unaudited as at	Audited as at
	30.06.2018 £'000	30.06.2017 £'000	31.12.2017 £'000
<b>Cash flows from operating activities</b>			
Loss after taxation	(90)	(2,536)	(384)
Adjustments for:			
Directors' remuneration waived	-	-	52
Share-based payments	-	-	3
Finance expense	-	36	36
CVA surplus	-	-	(2,281)
	<hr/>	<hr/>	<hr/>
<b>Cash flows from operating activities before changes in working capital and provisions</b>	(90)	(2,500)	(2,574)
Decrease/(increase) in trade and other receivables	9	43	(20)
(Decrease)/increase in trade and other payables	(27)	36	2
Impairment of intercompany	-	1,175	1,156
Impairment of investment	-	1,171	1,171
	<hr/>	<hr/>	<hr/>
<b>Net cash used in operations</b>	<b>(108)</b>	<b>(75)</b>	<b>(265)</b>
<b>Cash flow from investing activities</b>			
Inter-company loans	-	(1,175)	(1,156)
Investment in bidstack Ltd	(400)	-	-
	<hr/>	<hr/>	<hr/>
<b>Net cash flow used in investing activities</b>	<b>(400)</b>	<b>(1,175)</b>	<b>(1,156)</b>
<b>Cash flow from financing activities</b>			
Issue of ordinary shares for cash	-	1,000	2,000
Costs directly related to issue of shares	-	(71)	(126)
Loan advances	-	315	375
	<hr/>	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>1,244</b>	<b>2,249</b>
<b>(Decrease)/increase in</b>	<b>(508)</b>	<b>(6)</b>	<b>828</b>

<b>cash and cash equivalents in the period</b>			
<b>Cash and cash equivalents at beginning of period</b>	836	8	<u>8</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>328</u>	<u>2</u>	<u>836</u>

## Notes to the interim financial statements

### 1 Basis of preparation and significant accounting policies

The Company is a public limited company which is admitted to trading on AIM and is incorporated and domiciled in the UK. The address of the registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

The registered number of the company is 04466195. The financial information presented in this interim report has been prepared using accounting policies that were applied in the preparation of the financial statements for the year ended 31 December 2017.

The Company disposed of the business and assets of Kin Wellness Limited on 8 September 2017. The unaudited comparative interim results for the six month period ended 30 June 2017 are for Kin Group Plc only for consistency with the current interim period and the financial statements for the year ended 31 December 2017. Given the assets and liabilities of Kin Wellness Limited were presented on a realisation basis in the consolidated interims to 30 June 2017, the impairment of the investment and intercompany balances due from the subsidiary have been reflected in the numbers of Kin Group Plc only, which are the numbers presented here.

These interim statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017, prepared in accordance with IFRS, have been filed with the Registration of Companies. The Auditor's report on these accounts was unqualified, did not include any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under section 498 of the Companies Act 2006.

These policies are in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act applicable to companies reporting under IFRS.



This interim financial report has been prepared under the historical costs convention, as modified for the fair value of certain financial instruments. Furthermore, it has been prepared on a going concern basis, and was approved by the board of directors on 22 August 2018.

## 2 Exceptional items

	Unaudited as at 30.06.2018 £'000	Unaudited as at 30.06.2017 £'000	Audited as at 31.12.2017 £'000
Deal costs	-	-	-
Share-based payment	-	-	3
CVA surplus	-	-	(2,281)
CVA costs	-	-	68
Intercompany loan write off	-	1,175	1,156
Impairment of investment	-	1,171	1,171
<b>Total exceptional items</b>	<b>-</b>	<b>2,346</b>	<b>117</b>

Since becoming a Rule 15 Cash Shell under the AIM Rules, Kin has invested £400,000 in bidstack by way of a convertible loan note.

## 3 Loss per share

The loss per share is based on a loss of £90,000 (2017: loss of £2,536,000) and the weighted average number of ordinary shares in issue for the period of 25,010,280 (2017: 336,385).

### Notes to the interim financial statements (continued)

## 3 Loss per share (continued)

In the year ended 31 December 2017, the Company consolidated every 5,000 ordinary shares of 0.0001p into one new ordinary share of 0.5p (the "Consolidation"). The Consolidation has been applied to the period under review and the year ended 31 December 2017.

There are 7,501,027 shares (2017: nil) that could potentially be issued pursuant to the exercise of warrants that will potentially dilute future earnings per share.

The 7,501,027 warrants comprise 5,000,000 warrants exercisable at 20p per share for three years from 15 November 2017 and 2,501,027 warrants exercisable at 5p for one year from 15 November 2017.

As the Company is loss making, the warrants are currently anti-dilutive, and therefore basic and diluted loss per share are the same.

## 4 Going Concern

These interim financial statements for the six months ended 30 June 2018 have been prepared on the assumption that the company will be able to continue trading as a going concern for the foreseeable future.

## 5 Subsequent Events

There are no subsequent events that the Directors believe need disclosure.

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