

20 August 2014

Tern plc
("Tern" or the "Company")

Interim results for the six months ended 30 June 2014

Tern Plc, the investing company specialising in the cloud and mobile sectors, announces its interim results for the six months to 30 June 2014.

Highlights

- First investment has made significant progress
- Two further investments made
- Board strengthened with new industry expertise and presence in North America

Chairman's Statement

In the six month period Tern Plc continued with its previously announced plan to build a portfolio of investments in the cloud and mobile sectors. We have been offered and have reviewed several very interesting opportunities to expand and diversify the portfolio and, post the period-end, have announced two new investments which are described below and which are available to view on Tern's website www.ternplc.com.

The Board has been strengthened with the appointment of Al Sisto, who is based in California and has extensive experience in top level management of IT companies based in the US and operating globally.

We made our first investment of £100,000 for a 1% interest in Flexiant Ltd. Since then, Flexiant has made several important announcements including the strategic partnerships with Arrows Inc and Parallels Inc, the acquisition of Tapp multi-cloud management software, and several new releases of software. www.flexiant.com

Financial

The comparative figures for the periods ended 30 June 2013 and 31 December 2013 are not directly comparable because most of the material amounts relate to previously discontinued activities

In the period the cost reduction programme implemented last year has started to feed through to the figures; there have been further developments to improve the Income Statement by generating revenues whilst maintaining a tight control of costs. There are three material items in the interim statement which I would like to draw attention to.

First, in the Income Statement there is a charge for reorganisation costs and under International Financial Reporting Standards it is a requirement to show notional interest – these non-cash items amount to a £34,000 charge.

Secondly, in the Statement of Financial Position there are £265,983 of loan notes from shareholders which we now intend to convert into shares. If this occurs the equity will increase by £265,983 with liabilities reducing by the same figure, thus improving the Company's financial position. We are consulting with advisors to find a method to facilitate this conversion.

Thirdly, as we expect investments to be held for a 12 – 36 month period whilst transformational value is created, Tern shows the value of minority holdings in unquoted investments at cost until realised. The value of the investment portfolio would be significantly increased if measured using BVCA criteria.

Post balance sheet events

Tern announced it has made two new investments:

On 17 July 2014 Tern invested £50,000 invested in Push Technology Ltd (“Push”) for < 0.5% of the equity. Push Technology Ltd is the leading provider of data distribution solutions enabling organisations to deliver efficient, high performance, conversational, web and mobile applications. www.pushtechnology.com

On 29 July 2014 Tern invested £50,000 invested in Seal Software Ltd (“Seal”) for < 0.5% of the equity. Seal Software Contract Discovery and Analytics helps companies maximize revenue opportunities and reduce expenses and costs associated with contractual documents, systems and processes. www.seal-software.com

Outlook

We look forward to providing further updates on the business in the next six months as we continue to develop our portfolio.

I would like to thank all shareholders for their support and acknowledge the hard work of the directors and our advisors.

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About Tern:

Tern Plc acquires and invests in privately owned companies with self-owned IP, established products and customer bases. Its investment strategy is focused on taking an active role in its investee companies in order to improve the business model, accelerate growth, expand the business globally, and identify exit opportunities.

**Unaudited Statement of Comprehensive Income
for the 6 months ended 30 June 2014**

	6 months to 30 June 2014 (Unaudited) £	6 months to 30 June 2013 (Unaudited) £	12 months to 31 December 2013 (Audited) £
Revenue	10,000	-	-
Administration costs	(91,849)	(401,975)	(534,183)
Credit arising from CVA	-	-	1,005,209
Loss from subsidiary operations disposed of	-	-	(106,500)
Operating (loss)/profit	<u>(81,849)</u>	<u>(401,975)</u>	<u>364,526</u>
Financial income	-	-	-
Finance costs	(11,230)	(122,503)	(128,571)
(Loss)/profit before tax	<u>(93,079)</u>	<u>(524,478)</u>	<u>235,955</u>
Income tax	-	-	-
(Loss)/profit for the period	<u><u>(93,079)</u></u>	<u><u>(524,478)</u></u>	<u><u>235,955</u></u>
(Loss)/profit per share			
Basic	(0.9p)	(31.0p)	5.0p
Diluted	(0.9p)	(31.0p)	3.8p

**Unaudited Statement of Financial Position
as at 30 June 2014**

	30 June 2014 (Unaudited) £	30 June 2013 (Unaudited) £	31 December 2013 (Audited) £
Note			
Assets			
Investments available for sale	200,000	-	100,000
Investment in subsidiary undertaking	-	262,750	-
Non-current assets	<u>200,000</u>	<u>262,750</u>	<u>100,000</u>
Current assets			
Trade and other receivables	36,260	30,350	50,912
Cash and cash equivalents	48,832	17,973	146,817
	<u>85,092</u>	<u>48,323</u>	<u>197,729</u>
Total assets	<u><u>285,092</u></u>	<u><u>311,073</u></u>	<u><u>297,729</u></u>
Equity attributable to the Company's equity holders			
Share capital	4 1,303,746	1,301,913	1,303,746
Share premium	6,646,376	6,347,374	6,646,376
Loan note equity reserve	29,341	25,274	29,341
Share option and warrant reserve	797,773	795,699	797,773
Retained earnings	(8,845,632)	(9,556,010)	(8,752,553)
	<u>(68,396)</u>	<u>(1,085,750)</u>	<u>24,683</u>
Current liabilities			
Trade and other payables	87,505	1,365,215	118,293
Non-current liabilities			
Borrowings	265,983	31,608	154,753
Total liabilities	<u>353,488</u>	<u>1,396,823</u>	<u>273,046</u>
Total equity and liabilities	<u><u>285,092</u></u>	<u><u>311,073</u></u>	<u><u>297,729</u></u>

**Unaudited Statement of Cash flows
for the 6 months ended 30 June 2014**

	6 months to 30 June 2014 (Unaudited) £	6 months to 30 June 2013 (Unaudited) £	12 months to 31 December 2013 (Audited) £
Cash flows from operating activities			
Cash used in operations	5 (97,985)	(149,438)	(320,548)
Net cash from operating activities	<u>(97,985)</u>	<u>(149,438)</u>	<u>(320,548)</u>
Cash flows from investing activities			
Purchase of investments	(100,000)	-	(100,000)
Investment in oil and gas assets	-	(120,487)	(120,487)
Net cash from investing activities	<u>(100,000)</u>	<u>(120,487)</u>	<u>(220,487)</u>
Cash flows from financing activities			
Proceeds on issue of shares	-	291,400	518,354
Share issue expenses	-	(22,750)	(49,750)
Proceeds from issue of convertible loan notes	100,000	-	200,000
Net cash from financing activities	<u>100,000</u>	<u>268,650</u>	<u>668,604</u>
(Decrease)/increase in cash and cash equivalents	(97,985)	(1,275)	127,569
Cash and cash equivalents at beginning of period	<u>146,817</u>	<u>19,248</u>	<u>19,248</u>
Cash and cash equivalents at end of period	<u><u>48,832</u></u>	<u><u>17,973</u></u>	<u><u>146,817</u></u>

Notes to the unaudited interim statement for the 6 months ended 30 June 2014

1. General information

The Company is a public limited company listed on AIM and is incorporated in England and Wales.

The address of its registered office is 9 Catherine Place, London SW1E 6DX. Items included in the financial statements of the Company are measured in Pound Sterling which is the currency of the primary economic environment in which the entity operates. The financial statements are also presented in Pound Sterling which is the Company's presentational currency.

2. Basis of preparation

The interim financial statements of Tern Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and on the historical cost basis using the accounting policies which are consistent with those set out in the Company's Annual Report and Accounts for the year ended 31 December 2013.

This interim financial information for the six months to 30 June 2014 was approved by the board on 19 August 2014.

The unaudited interim financial information for the period ended 30 June 2014 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2013 are extracted from the audited statutory financial statements for that period.

3. Earnings per share

Earnings per share is calculated by reference to the weighted average shares in issue as follows:

	6 months to 30 June 2014	6 months to 30 June 2013	12 months to 31 December 2013
Weighted average number of ordinary shares (see note below):			
For calculation of basic earnings per share	10,891,700	*1,693,543	4,679,305
For calculation of fully diluted earnings per share	10,891,700	*1,693,543	6,119,657

The same number of shares is used for the calculation of the diluted loss per share as for the basic loss per share for the 6 months to 30 June 2014 and the 6 months to 30 June 2013 as the losses in these periods have an anti-dilutive effect.

*The number of shares used for the calculation of the comparative loss per share for the 6 months to 30 June 2013 has been adjusted to reflect the share consolidation in October 2013.

4. Share capital

	30 June 2014	30 June 2013	31 December 2013
	Number	Number	Number
Issued and fully paid:			
Ordinary shares of £0.0002	10,891,700	-	10,891,700
Ordinary shares of £0.001	-	34,545,072	-
Deferred shares of £29.999	42,247	42,247	42,247
Deferred shares of £0.00099	34,545,072	-	34,545,072
	£	£	£
Issued and fully paid:			
Ordinary shares of £0.0002	2,178	-	2,178
Ordinary shares of £0.001	-	34,545	-
Deferred shares of £29.999	1,267,368	1,267,368	1,267,368
Deferred shares of £0.00099	34,200	-	34,200
	<u>1,303,746</u>	<u>1,301,913</u>	<u>1,303,746</u>

The deferred shares have negligible value, being subject to restrictions as to voting, participation and redemption according to the new Articles of Association then adopted, nor are they quoted on the Stock Exchange.

5. Note to the cash flow statement

	6 months to 30 June 2014 (Unaudited)	6 months to 30 Jun 2013 (Unaudited)	12 months to 31 Dec 2013 (Audited)
	£	£	£
(Loss)/profit for the period	(93,079)	(524,478)	235,955
Adjustments for items not included in cash flow:			
Share-based payment expense	-	-	2,074
Loss on disposal of subsidiary undertaking	-	-	80,780
Finance expense	11,230	122,503	128,571
Credit arising on CVA	-	-	(1,005,209)
Provision for unpaid share capital	-	80,000	-
Operating cash flows before movements in working capital	<u>(81,849)</u>	<u>(321,975)</u>	<u>(557,829)</u>
Adjustments for changes in working capital:			
- Decrease in trade and other receivables	14,652	54,290	33,728
- Decrease/(increase) in trade and other payables	<u>(30,788)</u>	<u>118,247</u>	<u>203,553</u>
Cash used in operations	<u>(97,985)</u>	<u>(149,438)</u>	<u>(320,548)</u>

6. Availability of Interim results

Copies of the report will be available from the Company's office and also from the Company's website www.ternplc.com.