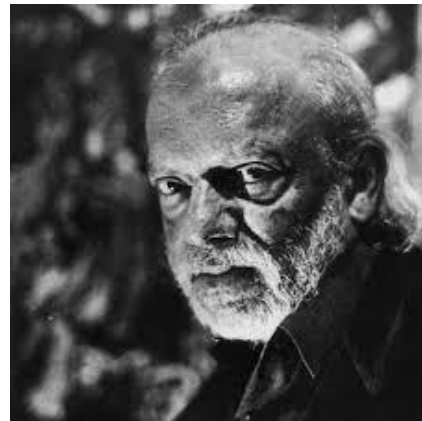
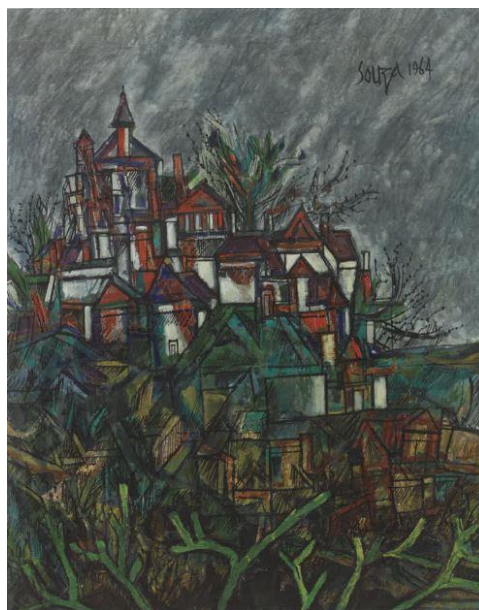


Souza's painting owned by Colart Auction result

As part of a review of the asset-base of the business, and prompted by a discussion with Erik Urnes (our owner's husband), we identified a few months ago that Colart owned a potentially valuable painting by an artist called FN Souza.



In the early 1960s Souza was an up-and-coming yet penniless Indian artist living in London. He had connections with Reeves & Sons, who donated to him the materials with which to paint, in return for which Souza gifted a painting, a depiction of Hampstead village.



Erik recalled that over ten years ago, when he was the CEO of Colart, we had the painting valued by Christie's auction house at around £60,000 – £80,000.

The painting resided in Colart's factory premises in Wealdstone until the move to Shepherds Bush in 2012, where it was placed in storage and forgotten about. It was a happy chance that a few months ago Erik suggested we have the painting valued by an expert with a view to realising its value as part of Colart's cash drive. Having located the painting in the 3rd floor storage area of Head Office (Dennis himself made the discovery!) we engaged SaffronArt to value and eventually auction the painting. SaffronArt's valuation was in the range US\$250,000 – USD350,000, and this became the floor price in the subsequent auction.



Over the past few months the painting has been exhibited in a number of high-profile art venues as part of the marketing process for the eventual auction. SaffronArt produced a very glossy auction brochure which included a detailed feature on Souza's painting and his relationship with Colart. Last week the process came to a conclusion when Colart included the painting in a high-profile online auction of Indian artworks. Over the course of the 2-day auction, the bids slowly and steadily increased, culminating in a rapid increase in bidding prices in the final few minutes of the auction. It was very exciting to view the live auction online and to see the final outcome - a winning bid of US\$550,000, greatly exceeding our expectations!

Whilst we knew of the potential value of the painting when preparing FC1, we excluded it from the forecast as we were not certain of making a sale. As such this represents an upside to FC1 and will now be reviewed in the context of the 5+7 forecast to determine to what extent we have scope to re-invest this gain in priority growth drivers. We are also reviewing what other pieces of art we own to determine if there are any more hidden gems!!