Press Release 14 March 2017

STM Group Plc

("STM", "the Company" or "the Group")

Final Results for the
12 months ended 31 December 2016

STM Group Plc (AIM: STM), the multi-jurisdictional financial services group, is pleased to announce its audited final results for the 12 months ended 31 December 2016.

Financial Highlights:

- Revenue for the period up 8% at £17.4 million (2015: £16.2 million)
- EBITDA for the period of £3.1 million (2015: £3.1 million)
- Profit before tax for the period of £2.8m million (2015: £2.7 million).
- Earnings per share of 3.99 pence (2015: 3.99p pence)
- Strong balance sheet with cash and cash equivalents balance up 49% at £11.9 million (31 December 2015: £8.0 million)
- Final dividend of 1.0 pence per ordinary share recommended giving a total dividend for the year of 1.5p

Operational Highlights:

- Acquisition of UK SIPP business and a life assurance company, London & Colonial Holdings Ltd (LCH), for up to £5.385m, which completed on 21 October 2016
- Smooth integration of LCH businesses generating cost savings – on track to save £500,000
- Significant organic growth rate in STM Life of 32% compared to 2015
- Review of QROPS pricing structure resulting in enlarged long term client base and almost 11,000 QROPS pension members as at 31 December 2016 (2015: 9,688)
- Strengthening of main Board and senior management to support future growth – two new non-executives and new Head of Enterprise Risk Management

Outlook After Spring Budget Announcement

- New QROPS business impaired by budget announcement for non-European clients
- STM's existing 11,000 QROPS members unaffected and this recurring revenue generates over 90% of pensions total revenue
- UK SIPP offering expected to be used by intermediary network as an alternative to QROPS
- STM's other business units which generate 50% of Group revenue are not affected by the budget changes

Commenting on the results and prospects for STM, Alan Kentish, Chief Executive Officer, said:

"2016 has been a significant year for the STM Group, delivering solid results and two strategically important developments.

"The 2017 spring budget certainly has thrown a curve ball into our expectations for new QROPS business. However, our business model is based on a robust recurring revenue stream and thus, whilst profits for 2017 will have been impacted, we still expect a growth in profit compared to 2016."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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Notes to editors:

STM is a multi jurisdictional financial services group which is listed on the AIM Market of the London Stock Exchange. The Group specialises in the delivery of a wide range of financial service products to professional intermediaries and the administration of assets for international clients in relation to retirement, estate and succession planning and wealth structuring.

Today, STM has operations in Gibraltar, Malta, Jersey, Spain and UK, through its acquisition of London & Colonial Holdings Ltd in September 2016. The Group is looking to expand through the development of additional products and services that its ever more sophisticated clients demand. STM has developed a specialist international pensions division which specialises in Qualifying Recognised Overseas Pension Schemes (QROPS), Qualifying Non UK Pension Schemes (QNUPS) and UK SIPPs. STM has a Gibraltar Life Insurance Company, STM Life plc, which provides life insurance bonds – wrappers in which a variety of investments, including investment funds, can be held.

Further information on STM Group can be found at www.stmgroupplc.com

Chairman's statement

I am pleased to present the Group's financial results for the year ended 31 December 2016 which continue to show a solid performance and which provide the foundation to underpin the Board's confidence in the future.

in 2016, the positive effect of the Board's decision to change our QROPS pricing structure, with the temporary suspension of the establishment fees on new business, increased our recurring revenue streams, thus delivering a stronger cash generation. This allows the business to continue its dividend policy, meet the repayment terms of the London & Colonial Holdings Ltd ("LCH") acquisition, and still leave strong cash balances.

This year has seen a number of changes to the composition of the Board and the further strengthening of the Group's senior management structure through the creation of the Head of Distribution, Head of Pensions and Head of Enterprise Risk Management roles which will support future growth and stability. Through this strengthening of the Board and management, the acquisition of LCH and the pursuit of our business development plans, we are confident that STM will continue to improve its product offering and broaden its revenue streams.

I would like to take this opportunity to personally thank all of the Group's directors, executive and staff for their efforts in delivering the growth in our business while expanding our product offerings.

The Board believes that the Group has taken significant steps in 2016 to advance its growth and profitability strategy. Notwithstanding the impact of the UK's Spring Budget we look forward with optimism to further delivering on STM's potential in the forthcoming years.

Michael Riddell

Chairman

Chief Executive's statement

Introduction

It gives me great pleasure to present the annual results for STM Group Plc for the year ended 31 December 2016. There is no doubt that my first year as CEO has been an exciting and a busy one, albeit with some challenges, which pleasingly were overcome to bring financial performance back in line with management's revised expectation.

One of these challenges was the effect of external influences producing lower than expected numbers of new QROPS applications during the first four months of the year, Whilst this was not envisaged or expected by the business at the start of the year, management was able to swiftly address this by significantly changing the pricing structure for new QROPS business by temporarily waiving the establishment fee for new policies. Whilst this resulted in forgoing some revenue for this year, the vision was to generate increased long-term recurring revenue, thus a short term pain for the sake of longer-term benefits.

I am pleased to say this initiative paid off and has resulted in 1,500 new pension clients in the year, thus bringing the annual run rate for new business back in line with the second half of the previous year and bringing the total number of QROPS policies under management to almost 11,000 as at 31 December 2016.

In October 2016, STM saw the realisation of an important strategic objective by way of the acquisition of London & Colonial Holdings Limited ("LCH"). The Board viewed the acquisition of a small UK SIPP business as very complementary to our existing pensions operations.

The new pensions administration office in the United Kingdom continues to help STM position itself as a truly international pensions administrator, and builds on our administrative offices in Malta and Gibraltar. In addition, the Group has also expanded its worldwide presence by opening a further sales office in Australia to access a significant UK expatriate community for its Australian tax office approved Gibraltar based QROPS. This sales office follows the same concept as STM's business development offices in Dubai, Hong Kong, South Africa and Europe.

STM continues to invest both human and financial resources in its product development team for both enhancing existing product offerings for short term profitability as well as in new pension and life assurance products for the medium term.

Acquisition of London & Colonial Holdings Limited (LCH) during the year

STM Group had been reviewing ways to enter the UK SIPP market for some time as we believed this to be a highly complementary addition to our existing international pensions business, in that it would allow us to offer a solution for those expatriates returning to the UK.

The acquisition of LCH in late 2016, which included a SIPP operation, ticked this box; but in reality brought much more to the Group than a SIPP business alone. Aside from the UK SIPP business, LCH has two further companies in Gibraltar, between them offering QROPS and life assurance products. This acquisition has therefore contributed towards the increased revenues in the year both in the pensions and life assurance segments.

Since its acquisition the integration has proceeded smoothly with the Gibraltar businesses having relocated to STM's existing offices, thus realising cost savings, as expected, with effect from 1 January 2017.

In addition to the cost savings, which are expected to be in the region of £0.5 million for 2017, I am pleased to note that the management team has been retained by STM, thus providing continuity to our clients and staff. Furthermore, whilst it is still early days, management of both STM and LCH are working on various initiatives which could result in a redeployment of regulated capital.

Operational Overview

Pensions

Our pensions business continued to show solid growth from new business, with turnover in the year amounting to £9.2 million (2015: £8.6 million). This 7.5% increase in revenues is as a result, in equal measure, of both organic growth and the acquisition of the SIPP and QROPS businesses which form part of the LCH acquisition. Our pensions business this year accounted for 52% of the Group's turnover (2015: 53%), with this slight decrease being as a result of the significant growth seen in the life assurance segment.

As a result of the pricing initiative taken in April 2016, whereby we waived our establishment fees on new QROPS business, we saw this one off fee revenue fall from £1.4 million in 2015 to £0.3 million in 2016. However, as anticipated, this saw an acceleration in new business introductions that will have a longer term contribution to profitability through increased annual recurring fees from an enlarged client base.

As a percentage, the organic growth in the pensions business for 2016 has been noted equally in Gibraltar and Malta. However, in terms of client numbers and revenues generated, the increase is considerably higher in Malta. As noted in prior years, this was primarily due to our Malta based US Plan continuing to gain traction.

Consequently, Malta remains the larger of our two jurisdictions with pension turnover of £6.5 million (2015: £6.3 million), with Gibraltar having generated £2.4 million (2015: £2.3 million) of turnover in the year. Annual recurring revenue for 2016 amounted to £8.5 million (2015:

£7.1 million) which represents 93% (2015: 82%), giving a highly visible and predictable future revenue stream.

The pensions business acquired as part of the LCH Group has generated circa £0.3 million of revenues during the 3 months that LCH was successfully integrated into the Group.

Life assurance

The acquisition of LCH and with it the Gibraltar based life assurance company (LCA) will give STM Life critical mass and result in considerable cost savings. That said, I am pleased to note that the organic growth for STM Life during the year has delivered a significant 32% uplift, to generate turnover for 2016 of £1.9 million (2015: £1.4 million). Furthermore, within the revenue figure reported, annual fees and investment income amounted to £1.4 million compared to £0.8 million in 2015. This provides a steady and highly visible annuity income stream going forward.

Since the acquisition, LCA has generated regular revenues of £0.5 million as per management's expectations. However, in addition, as a result of the cost saving initiatives put in place for 2017, the cost per policy of running this business has decreased. As such we have been able to release part of the insurance technical expense reserve. This release of £0.5 million has resulted in increased surplus on the long term business fund and thus increased revenues for the Group.

Corporate and Trustee Services

Turnover from the Corporate and Trustee Services (CTS) division for the year was £4.4 million (2015: £5.1 million) thus accounting for 25% of the Group's total turnover (2015: 31%). This business is generated in Jersey and Gibraltar, with Jersey revenue accounting for circa 56% (2015: 54%) of the CTS business at £2.5 million (2015: £2.7 million) and Gibraltar generating turnover of £1.9 million (2015: £2.3 million).

As noted in last year's report, the decrease in Gibraltar based revenues was expected as this was driven by a loss of client structures having closed down during 2015. As such, management reacted accordingly and adjusted its cost base to ensure profitability going forward was maintained. Similarly, initiatives have taken place in Jersey to maintain profitability levels.

Other trading divisions and new initiatives

Trading in other divisions, which are mainly insurance management and the Spanish office, was broadly in line with management expectations. These are expected to continue at similar levels going forward having generated revenue of £1.1 million in the year (2015: £1.1 million).

Financial Review

Performance in the year

Whilst profitability remained fairly consistent with 2015, revenues for the Group increased in the year by over 8% to £17.4 million (2015: £16.2 million). This is predominantly as a result of the LCH acquisition which was acquired for the prospect of the synergies but which at the time of acquisition was very much a break-even business. Thus, whilst this has resulted in increased revenues, it will be 2017 before we see steady contributions to monthly profit.

As expected, given the nature of the pension business, the amount of recurring annuity revenue business continues to increase and now accounts for 75% of 2016 total revenues (2015: 66%).

EBITDA has remained consistent with 2015 at £3.1 million (2015: £3.1 million).

Finance costs for the year were slightly lower at £0.1 million which was to be expected given the only borrowing in place for the Group was taken out towards the end of the year for the purposes of the acquisition of LCH. The depreciation and amortisation charge has in turn increased as a result of amortising the client portfolio acquired with LCH. This is £0.3 million in 2016 (2015: £0.2 million).

Profit before tax was £2.8 million for the year (2015: £2.7 million) with earnings per share remaining consistent at 3.99p. Diluted earnings per share takes into consideration the long-term incentive plan approved by the Company as approved by the shareholders at the Annual General Meeting on 18 May 2016 which stipulates a maximum dilution factor of 5%.

The effective tax rate in the year remained fairly consistent at 14% with the prior year (2015: 15%). The charge for the year was £0.4 million (2015: £0.4 million).

Cashflows

Overall cash balances at the year end have increased by £3.7 million (2015: £2.4 million) resulting in cash and cash equivalents balance of £11.9 million at 31 December 2016 (2015: £8.0 million). Cash generated from operating activities during the year after the LCH acquisition amounted to £1.4 million (2015: £3.2 million). Whilst the Company has made two cash payments for the acquisition during the year totalling £4.2 million it sought bank borrowings of £3.3 million and acquired £5.0 million of cash and cash equivalents.

The bank borrowings of £3.3 million taken out in October 2016 for the purposes of the acquisition is capital repayment free for the first year, at a rate of 4% above LIBOR. Repayments are then quarterly over years 2 and 3.

In line with most services businesses, the Group had accrued income in the form of work performed for clients but not yet billed at the year end of £1.2 million (2015: £1.8 million). The Group's accounting policy for accrued income in relation to its pensions business is based on the number of applications received but for which an invoice has not yet been raised. Invoices are raised once the pension funds are received and the fees can be taken. The decrease in accrued income primarily relates to the abolishment of the establishment fees on new business and the reduced CTS client portfolios.

Deferred income (a liability in the statement of financial position), representing fees billed in advance yet to be credited to the statement of total comprehensive income, has increased to £3.8 million, as compared to the balance as at 31 December 2015 of £2.6 million. The main reason for this increase of £1.2 million is the acquisition of LCH which has deferred income at the year end of £1.1 million.

Both the accrued and deferred income will be invoiced and earned in 2017 thus providing visibility on fees for the forthcoming year.

Trade and other receivables as at 31 December 2016 has increased to £5.2 million (2015: £4.2 million). Trade receivables at the year end stood at £3.4 million (2015: £3.1 million) and the increase in this is in part due to the acquisition (£0.1 million) with the balance being as a result of increased pensions business. Other receivables amount to £1.8 million (2015: £1.1 million). This increase of £0.7 million in other receivables is due to the acquisition (£0.3 million) and increased prepayments.

Dividend Policy

Following the reinstatement of the Group's dividend policy in March 2016 I am pleased to advise that the Board is recommending the payment of a final dividend of 1.0p per share (2015: 0.9p per share). This together with the interim dividend paid of 0.5p in November 2016 (2015: nil) makes a proposed total dividend for the year of 1.5p per share (2015: 0.9p).

The Board remains committed to enhancing shareholder value by growing the dividend subject to the working capital requirements and planned investment in the business. If approved, the final dividend will be paid on 28 June 2017 to shareholders on the register at the close of business on 2 June 2017. The ordinary shares will become ex-dividend on 1 June 2017.

Outlook

2016 was a year that presented some early challenges however which ended strongly and met revised expectations. The pricing policy decision and the acquisition of London & Colonial Holdings Ltd resulted in a solid and steady increase in new pensions applications for the latter half of 2016, and this was expected to continue into 2017.

However, in the UK Government's Spring budget speech on the 8 March 2017, the Chancellor indicated that there will be significant charges and tax implications for some individuals considering taking out a QROPS transfer from a UK pension scheme.

This change is likely to have an impact on STM's ability to significantly grow the number of QROPS policies it administers; however it is not anticipated that this tax change will impact the Group's existing QROPS business, which generated recurring revenue from annual management charges of approximately £8.5 million in 2016.

Whilst it is very early days to fully understand the exact impact, it would appear that some 20% of anticipated new QROPS business will be unaffected. The other 80% of anticipated new business, which is generated outside of the EEA, may be at risk. However, we believe that some of this potential loss of QROPS business will manifest itself into new UK SIPP applications, as a result of the proposed legislation.

It is still too early to quantify the exact potential impact on our new QROPS business, which the Directors anticipate will be somewhat mitigated by an increase in UK SIPP applications. We have however taken a prudent approach to revising our expectations for the growth in Group revenue from 2016 to 2017 and assumed that on a worst case scenario the potential reduction in new QROPS applications will result in our Group revenue expectation for 2017 being reduced by some £1.1 million compared to our previous expectations. This worst case scenario still represents double digit revenue growth from 2016 to 2017 and does not yet reflect changes in the Group's cost base which management will focus on, where appropriate, to ensure that margins can be maintained.

In turn, it is anticipated that this proposed legislation will stagnate some of the QROPS market in Gibraltar and Malta, and that this will lead to some consolidation in the marketplace. STM, with strong cash balances, would be well placed to capitalise on this opportunity.

In relation to the LCH acquisition, management expectations are that the full integration will be achieved during the course of 2017, achieving the synergy benefits and, in turn, resulting in a solid and steady profit contributor to the Group.

The Board remains focussed on bringing new products to market, and the shortly-to-be launched Australian product will bring about a further revenue stream, unaffected by the UK Spring Budget proposals..

The main Board and senior management appointments made in 2016 strengthen the Group's focus on risk management and service level functionality. As the business continues to grow, the Board is conscious of the necessity to ensure sufficient management bandwidth to maintain corporate governance standards, as well as striving for excellence in our service levels for all stakeholders.

STM is an ambitious business with a growth strategy and first mover advantage in some relatively untapped markets. The STM management team is conscious that the market expectations for 2017 will come down from the previous significant uplift in profitability anticipated, but management are confident that there will continue to be growth in profitability in 2017.

I look forward to updating the market on our achievements during the course of the year.

Alan Kentish

Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

	Notes	**Year ended 31 December 2016 £000**	Year ended 31 December 2015 £000
Revenue	4	**17,433**	16,179
Administrative expenses	5	**(14,318)**	(13,078)
Profit before other items		**3,115**	3,101
OTHER ITEMS			
Finance costs		**(87)**	(147)
Depreciation and amortisation		**(273)**	(249)
Profit before taxation		**2,755**	2,705
Taxation		**(382)**	(409)
Profit after taxation		**2,373**	2,296
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations		**282**	(41)
Total other comprehensive income		**282**	(41)
Total comprehensive income for the year		**2,655**	2,255
Earnings per share basic (pence)	9	**3.99**	3.99
Earnings per share diluted (pence)	9	**3.87**	3.79

There have been no discontinued activities in the year. Accordingly, the above results relate solely to continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	**31 December 2016 £000**	31 December 2015 £000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**889**	837
Intangible assets		**18,544**	16,832
Investments		**792**	708
Total non-current assets		**20,225**	18,377
Current assets			
Investments		**4,239**	—
Accrued income		**1,214**	1,809
Trade and other receivables		**5,193**	4,193
Cash and cash equivalents	7	**11,869**	8,036
Total current assets		**22,515**	14,038
Total assets		**42,740**	32,415
EQUITY			
Called up share capital	8	**59**	59
Share premium account	8	**22,372**	22,372
Reserves		**5,231**	3,614
Total equity attributable to equity shareholders		**27,662**	26,045
LIABILITIES			
Current liabilities			
Liabilities for current tax		**1,070**	1,271
Trade and other payables		**10,708**	5,099
Total current liabilities		**11,778**	6,370
Non current liabilities			
Other payables		**3,300**	—
Total non-current liabilities		**3,300**	—
Total liabilities and equity		**42,740**	32,415

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

	Notes	**Year ended 31 December 2016 £000**	Year ended 31 December 2015 £000
Reconciliation of operating profit to net cash flow from operating activities			
Profit for the year before tax		**2,755**	2,705
ADJUSTMENTS FOR:			
Depreciation and amortisation		**262**	246
Loss on sale of fixed asset	6	**11**	3
Taxation paid		**(583)**	(199)
Unrealised loss in investments		**(291)**	29
Share based payments		**34**	—
(Increase)/decrease in trade and other receivables		**(472)**	582
Decrease in accrued income		**595**	349
Decrease in trade and other payables		**(1,154)**	(506)
Net cash from operating activities		**1,157**	3,209
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	**(204)**	(66)
Consideration paid on acquisition	3	**(4,235)**	—
Cash acquired on acquisition	3	**5,018**	—
Acquisition of treasury shares		**(45)**	—
Increase in intangibles		**(113)**	(68)
Net cash used in investing activities		**421**	(134)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loan		**3,300**	—
Loan note repayments		**(300)**	(700)
Dividends paid	8	**(832)**	—
Net cash from financing activities		**2,168**	(700)
Increase in cash and cash equivalents		**3,746**	2,375
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Analysis of cash and cash equivalents during the year			
Increase in cash and cash equivalents		**3,746**	2,375
Translation of foreign operations		**87**	(50)
Balance at start of year		**8,036**	5,711
Balance at end of year	7	**11,869**	8,036

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR THE YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

	Share Capital £000	Share premium £000	Retained earnings £000	Treasury Shares £000	Translation reserve £000	Share based payments reserve £000	Total £000
Balance at 1 January 2015	53	20,828	1,583	(206)	(9)	—	22,249
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	—	—	2,296	—	—	—	2,296
Other comprehensive income							
Foreign currency translation differences	—	—	—	—	(41)	—	(41)
Transactions with owners, recorded directly in equity							
Shares issued in the year	6	1,544	—	—	—	—	1,550
Dividend paid	—	—	—	—	—	—	—
Exchange gain on equity	—	—	—	—	(9)	—	(9)
Treasury shares purchased	—	—	—	—	—	—	—
At 31 December 2015	**59**	**22,372**	**3,879**	**(206)**	**(59)**	**—**	**26,045**
Balance at 1 January 2016	59	22,372	3,879	(206)	(59)	—	26,045
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	—	—	2,373	—	—	—	2,373
Other comprehensive income							
Foreign currency translation differences	—	—	—	—	282	—	282
Transactions with owners, recorded directly in equity							
Shares issued in the year	—	—	—	—	—	—	—
Dividend paid	—	—	(832)	—	—	—	(832)
Exchange gain on equity	—	—	—	—	(195)	—	(195)
Share based payments	—	—	—	—	—	34	34
Treasury shares purchased	—	—	—	(45)	—	—	(45)
At 31 December 2016	**59**	**22,372**	**5,420**	**(251)**	**28**	**34**	**27,662**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

1. Reporting entity

STM Group Plc (the "Company") is a company incorporated and domiciled in the Isle of Man and was admitted to trading on the London Stock Exchange AIM on 28 March 2007. The address of the Company's registered office is 18 Athol Street, Douglas, Isle of Man, IM1 1JA. The Group is primarily involved in financial services.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with Isle of Man company law.

3. Acquisition of subsidiary

On 21 October 2016, the Company acquired 100% of the ordinary shares and voting interest in London & Colonial Holdings Limited (LCH).

LCH is a service led independent financial services group with its head office in Haywards Heath, UK, offering SIPP products in the United Kingdom; Qualifying Recognised Overseas Pension Schemes ("QROPs") in Gibraltar and a life assurance business in Gibraltar. The acquisition is highly complementary to STM's existing business and strategy and will contribute to the growth of STM. It provides critical mass for STM's life assurance business as well as establishing STM in the UK SIPP market, the successful realisation of an important strategic objective of the Company. It will also benefit from cost synergies, economies of scale and a good quality management team that has been retained by the Company. All of these factors contribute to the goodwill recognised.

The acquisition has been accounted for using the acquisition method. Transaction costs incurred on the acquisition total £88,549 and have been expensed within administrative expenses in the consolidated statement of comprehensive income.

Consideration for the acquisition is broken down as follows:

	£'000s
Initial cash payment	4,135
Second cash payment	100
Contingent consideration	1,150
Total	**5,385**

3. Acquisition of subsidiary cont.

The contingent consideration is payable within the first year following acquisition and is dependent on certain regulatory capital requirements being met and standard indemnities provided by the Sellers. Whilst it is not possible to determine the exact amount of the contingent consideration, the Group estimates the fair value of this to be the maximum amount payable, being £1,150,000.

The fair value of the identifiable assets and liabilities of LCH as at the date of the acquisition was:

	Fair value recognised on acquisition £'000s	Fair value adjustments £'000s	Previous carrying value £'000s
Investments	4,032	—	4,032
Property, plant and equipment	79	—	79
Client portfolio	1,000	1,000	—
Product development	106	—	106
Cash at bank	5,018	—	5,018
Trade and other receivables	528	—	528
Insurance technical reserves	(3,305)	—	(3,305)
Accruals and deferred income	(1,907)	—	(1,907)
Trade and other payables	(701)	—	(701)
Total identifiable net assets at fair value	**4,850**	**1,000**	**3,850**

As at the reporting date the actuarially calculated insurance technical reserve was £2,805,000.

From the date of acquisition LCH has contributed £1,258,000 to revenue and £670,000 to the Group profit. If the acquisition had occurred on 1 January 2016, management estimates that consolidated revenue would have been £4,118,000 and consolidated profit would have been £393,000.

Goodwill arising from the acquisition has been recognised as follows:

	£'000s
Total acquisition cost	5,385
Fair value of identifiable net assets	(4,850)
Goodwill	**535**

4. Revenue

	31 December 2016 £000	31 December 2015 £000
Revenue from administration of assets	**17,433**	16,179
Total revenues	**17,433**	16,179

5. Administrative expenses

	31 December 2016 £000	31 December 2015 £000
Wages and salaries	**7,078**	6,353
Social insurance costs	**396**	330
Pension contributions	**110**	61
Share based payments	**34**	—
Total personnel expenses	**7,618**	6,744

Average number of employees

Group	**31 December 2016 Number**	31 December 2015 Number
Average number of people employed (including executive directors)	**173**	163

6. Property, plant and equipment

Group	Motor Vehicles £000	Office Equipment £000	Leasehold Improvements £000	Total £000
Costs				
As at 1 January 2015	12	1,543	876	2,431
Additions at cost	—	66	—	66
Disposals	—	(10)	—	(10)
As at 31 December 2015	**12**	**1,599**	**876**	**2,487**
As at 1 January 2016	12	1,599	876	2,487
Acquired through business combination	3	58	18	79
Additions at cost	15	189	—	204
Disposals	(15)	(32)	—	(47)
As at 31 December 2016	**15**	**1,814**	**894**	**2,723**
Depreciation				
As at 1 January 2015	10	814	633	1,457
Charge for the year	1	118	81	200
Disposals	—	(7)	—	(7)
As at 31 December 2015	**11**	**925**	**714**	**1,650**
As at 1 January 2016	11	925	714	1,650
Charge for the year	3	136	81	220
Disposals	(11)	(25)	—	(36)
As at 31 December 2016	**3**	**1,036**	**795**	**1,834**
Net Book Value				
As at 31 December 2016	**12**	**778**	**99**	**889**
As at 31 December 2015	1	674	162	837

7. Cash and cash equivalents

Group	**31 December 2016 £000**	31 December 2015 £000
Bank balances	**11,869**	8,036
Cash and cash equivalents in the statement of cash flow	**11,869**	8,036

8. Capital and reserves

	31 December 2016 £000	31 December 2015 £000
Authorised, called up, issued and fully paid		
59,408,087 ordinary shares of £0.001 each (2015: 59,408,087 ordinary shares of £0.001 each)	**59**	59

Treasury shares
The treasury shares relate to those shares purchased by the STM Group EBT for allocation to executives. The trustees held 641,902 (2015: 530,513) shares at 31 December 2015, amounting to £250,818 (2015: £205,776).

Share premium
There were no new shares issued during the year. During 2015 a total of 5,961,538 shares were issued for a total share premium of £1,544,039.

Translation
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends
The following dividends were declared and paid by the Group during the year:

	31 December 2016 £000	31 December 2015 £000
1.4 pence per qualifying ordinary share (2015: nil)	**832**	—

After the respective reporting dates the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	31 December 2016 £000	31 December 2015 £000
1.0 pence per qualifying ordinary share (2015: 0.9 pence)	**594**	535

9. Earnings per share

Earnings per share for the year from 1 January 2016 to 31 December 2016 is based on the profit after taxation of £2,373,000 (2015: £2,296,000) divided by the weighted average number of £0.001 ordinary shares during the year of 59,408,087 basic (2015:- 57,562,460) and 61,250,387 dilutive (2015:- 60,598,814) in issue.

A reconciliation of the basic and diluted number of shares used in the year ended 31 December 2016 is:

	31 December 2016 £000	31 December 2015 £000
Weighted average number of shares	**59,408,087**	57,562,460
Share incentive plan / convertible loan note	**1,842,300**	3,036,354
Diluted	**61,250,387**	60,598,814