

6 September 2016



**1pm plc**  
**(the “Group” or the “Company”)**

**FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016**

**A year of strong organic and strategic growth delivers record revenues, profits and earnings per share;**

1pm plc (AIM: OPM), the AIM listed independent specialist provider of finance facilities to the SME sector, is pleased to announce final results for the year ended 31 May 2016.

The trading results for the year show strong organic growth in revenue and profits at 1pm (UK) Limited (now trading as Onepm Finance (“Onepm”)) plus strong strategic growth from the acquisitions of Academy Leasing Limited (“Academy”), acquired on 25 August 2015 and Bradgate Business Finance Limited (“Bradgate”), acquired on 22 March 2016.

Each of the Group’s three trading subsidiaries, Onepm, Academy and Bradgate, experienced high levels of demand for finance from the SME sector across the range of products offered, being asset finance (finance lease and hire purchase) for ‘hard’ and ‘soft’ assets, business loans and vehicles broking.

**Financial Highlights:**

- Organic revenue at Onepm increased 45% to £8.0m (2015: £5.5m)
- Group revenue of £12.5m including £4.5m from acquired companies
- Group profit before tax and exceptional items increased to £3.7m (2015: £1.6m)
- Basic earnings per share up 58% to 5.87 pence (2015: 3.72 pence)
- Dividend declared of 0.50 pence (2015: 0.35 pence), up 43%
- Consolidated Net Assets at 31 May 2016 of £23.9m (2015: £12.4m)
- Combined assets and loans portfolio of £67.4m, comprising £41.8m (2015: £30.0m) at Onepm, £21.0m at Academy and £4.6m at Bradgate
- Gross bad debt write-offs and provisions were 1.1% of average portfolio (2015: 1.0%)
- £14.3m of deferred income, i.e. future revenue, as at 31 May 2016

**Operational Highlights:**

- An increase in new lease and loan deal origination at Onepm of 47% to £23.7m (2015: £16.1m)
- Total Group asset, loan and vehicle deal origination in the year to 31 May 2016 of £52.6m
- Established flexibility to either fund on ‘own-book’ or generate cash commissions from broking
- Approximately 9,500 live customers to market and cross-sell the Group’s products
- Funding facilities available to the Group of £62.2m, 70% utilised at 31 May 2016, which, taking acquisitions into account is up 2.3 times on 2015 reflecting the confidence our funders have in our business model
- Cost of funds reduced by 10.0% during the year
- Operational progress at each subsidiary in line with management’s expectations and objectives

**Strategic Progress:**

- Increased scale achieved through acquisitions of Academy and Bradgate
- Additional channel and products added
- Risks managed through operating a funder and broker model
- Adherence to strict underwriting and credit control procedures

**John Newman, Non-executive Chairman commented:**

“We are delighted that the Group’s results for the financial year continued the trend of profitable organic growth over recent years at Onepm and delivered the anticipated benefits of strategic growth through selective acquisitions. The Board is committed to delivering sustainable growth and building value for its shareholders. In spite of recent economic uncertainties, the Board remains optimistic in its pursuit of further organic and strategic growth in the current financial year.”

**Ian Smith, CEO, added:**

“Investment in resources at Onepm early in 2015 to enable the organic growth delivered in 2016, together with the acquisitions of Academy and Bradgate completed during the financial year, marked the first successful steps towards achieving our stated strategic objectives. Given current economic uncertainties, it is also pleasing to report that trading in the first quarter of the current financial year to 31 August 2016 is in line with management’s expectations.”

**For further information, please contact:**

**1pm plc**

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**About 1pm:**

The Company was admitted to AIM in August 2006.

1pm plc is a group of established independent finance companies focused on providing SMEs with accessible funding to add value to their businesses. All customers must have good credit histories and proven ability to repay their finance commitments.

Mission Statement – ‘Helping the UK economy grow by supporting SMEs’

More information is available on the Company website [www.1pm.co.uk](http://www.1pm.co.uk)

## **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MAY 2016**

### **Performance and dividend**

On behalf of the Board of Directors it gives me great pleasure in this my first final results statement as Chairman, to report that our business has delivered another year of strong performance. Including acquisitions, the Group's profit before tax and non-recurring exceptional costs was £3.71m (2015: £1.62m), an increase of 2.3 times.

Earnings per share, taking account of the issue of shares during the year to part-finance the acquisition of Academy Leasing, amounted to 5.87p (2015: 3.72p), an increase of 58% and as at 31 May 2016, net assets stood at £23.9m (2015: £12.4m), an increase of 93%. The Group's after tax return on equity was 12.0% (2015: 10.3%) an increase of 16.5%.

It is also encouraging to report that excluding acquisitions, 1pm (UK) Limited, our original business, now trading as Onepm Finance, delivered outstanding results with profit before tax and exceptional costs of £2.19m (2015: £1.62m), an increase of 35%.

The objective of the Group's business model is to drive shareholder returns whilst delivering sustainable growth for the benefit of all our stakeholders. In following this business model, the last twelve months have been noteworthy for the Company in the success of its strategic developments and its operational performance. This success has enabled the Board to declare a dividend of 0.50p per share for the year, an increase of 43% over last year's dividend of 0.35p per share. The dividend of 0.50p per share declared will be paid on 7 October 2016 to members on the register on 16 September 2016. Shares will be marked ex-dividend on 15 September 2016.

### **Our strategy**

The Group Strategic Report which follows the CEO's Review sets out in detail our goals and objectives. An important part of our strategy is the development of our business by acquisitions that conform to our business model and are value enhancing. In this respect our two additions to the Group during the year under review, Academy Leasing and Bradgate Business Finance, have not only broadened our product offering but have also strengthened our management resources in that both businesses have highly experienced and successful management teams. I welcome them to the 1pm Group.

The financial services sector is experiencing innovative changes in business practice brought about by the development of financial technology ("fintech") and we are assessing our own digital capability to ensure that we are able to take full advantage of these developments that will bring benefits to our customers and to our business.

### **Governance and Board changes**

Following the acquisition of Academy Leasing in August last year, Academy's vendors, Michael Nolan and Hazel Jacques, joined the Board as executive directors and Julian Telling and I were appointed as independent non-executive directors. The Board now comprises four executive and three non-executive directors.

At the same time four Board committees, namely Audit, Remuneration, Governance and Risk and Nominations were re-structured with membership comprising either of only, or a majority of, non-executive directors.

During the latter part of 2015 the Nominations Committee, comprising the three non-executive directors, completed a review of the Board structure. The Committee's recommendation was that a CEO should be appointed to lead the management team in the implementation of the Group's strategy and its future development. The outcome was that on 1 February 2016 Ian Smith, formerly Non-executive Chairman, was appointed as CEO and I was appointed as Non-executive Chairman.

As reported with the interim results in January 2016 Maria Lewis, Chief Operating Officer, stood down as a director of both 1pm plc and 1pm (UK) Limited with effect from 31st January 2016. The Board would like to record its appreciation and gratitude to Maria for her operational stewardship of the business and for the part she played in steering 1pm (UK) Limited to a position of financial strength.

### **Our people**

The year under review has been one of significant change for our business. The demands placed on our staff in delivering excellent results while also dealing with the challenges of post-acquisition integration should not be underestimated. It is to their enormous credit that they have met these challenges in such a positive manner and this has

played a vital part in the success that is being attained within the enlarged Group. On behalf of the Board I wish to record our thanks and appreciation for their hard work and commitment.

### **Outlook**

Demand for finance from SMEs, whether it is for their business-critical assets, vehicles or general purpose loans, continues to be strong, irrespective of current economic uncertainties. The Board therefore sees opportunities for further organic growth, both from cross-selling its products into its existing customer base, which now amounts to over 9,500 live accounts, and from new business origination. There are also opportunities for further strategic growth from new product introductions and value enhancing acquisitions. The new financial year has started well, being in line with management's expectations, and your Board looks forward with confidence to the continued success of the business.

John Newman  
Non-executive Chairman  
6 September 2016

## **CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 31 MAY 2016**

The 1pm plc Group now comprises the AIM listed holding company and three FCA accredited trading subsidiaries, namely 1pm (UK) Limited, now trading as Onepm Finance ("Onepm"), Academy Leasing Limited ("Academy") acquired on 25 August 2015 and Bradgate Business Finance Limited ("Bradgate") acquired on 22 March 2016 (the "Group"). The financial results of the Group for the year ended 31 May 2016 therefore comprise periods of twelve months for Onepm, nine months for Academy and two months for Bradgate.

I am delighted to be able to report strong organic growth at Onepm over the past twelve months and strong strategic growth as a result of the acquisitions during the year.

### **Financial results**

Onepm delivered organic growth for the sixth consecutive year with revenue rising to £8.00m (2015: £5.53m) an increase of 45%. Together with the Academy and Bradgate acquisitions, total revenue amounted to £12.55m. Revenue comprises interest and related income from the companies' portfolios of 'own-book' lease and loan deals and, in the case of Academy and Bradgate, commission income from deals which are 'broked-on' to other funders. Commission income is a new revenue stream for the Group and amounted to £1.39m in the acquired companies since acquisition.

Profit before tax at Onepm, before non-recurring exceptional costs of £0.19m was £2.19m (2015: £1.62m), an increase of 35%. Total profit before tax for the Group, again before non-recurring exceptional costs of £0.37m, amounted to £3.71m, a 2.3 times increase. At 31 May 2016, net assets stood at £23.89m (2015: £12.37m) a 93% increase.

### **New Business Origination**

New lease and loan business originated at Onepm during the year amounted to £23.7m (2015: £16.1m) an increase of 47%. This comprises a 17% increase in leases and a 2.2 times increase in business loans, the latter reflecting the young but growing business loan portfolio. This rate of increase is expected to reduce as the portfolio matures.

New asset lease business originated at Academy in the nine months since acquisition amounted to £12.9m. Approximately 49% of deals originated were added to Academy's own-book portfolio and 51% were broked-on to other funders. The decision to either add to own-book, or broke-on is based on a range of underwriting factors including risk, price, quantum, existing exposure and nature of the asset. This intrinsic flexibility in the business model at Academy allows a balance to be achieved between future profits built-in to own-book deals and short term cash generation from broker commissions. In addition to asset leasing, Academy operates a vehicles and fleet management brokerage which generated £0.9m of commission in the nine months since acquisition, which reflects 703 vehicle deals originated with an approximate capital value of £10.9m.

Bradgate operates a similar model to Academy and originated £2.2m of new deals in the two months since acquisition, adding £1.0m to its own-book and broking-on £1.2m for commission. Pre-acquisition, approximately 25% of deals originated by Bradgate were added to its own-book. It is anticipated this proportion will continue to be increased in the current financial year.

In total the Group originated £49.7m of asset, business loan and vehicles transactions in the year to 31 May 2016. On an annualised basis, including a full year for the acquired companies, this equates at present to an approximate run-rate of £70m.

### **Portfolio performance**

The own-book portfolio at Onepm is all 'broker-introduced' deals. It comprises finance lease and hire purchase contracts for 'soft' (i.e. low residual value) business assets used by SMEs and business loans to SMEs. At 31 May 2016, the lease and hire purchase portfolio stood at £29.8m (2015: £25.2m), an increase of 18%. At the same date, the business loan portfolio stood at £12.0m (2015: £4.9m), a 2.4 times increase. Overall, Onepm's portfolio increased 39% to £41.8m.

The own-book portfolios at Academy and Bradgate are all 'vendor-introduced' deals. They too consist of finance lease and hire purchase contracts for business assets used by SMEs and in the case of Academy also consist of 'soft' assets, but in the case of Bradgate are 'hard' assets (i.e. plant and equipment with higher residual value). As at 31 May 2016, the lease portfolio at Academy stood at £20.1m and at Bradgate stood at £4.6m.

In total, at 31 May 2016, the Group's combined asset and loans portfolio stood at £66.5m including £14.6m of deferred interest, i.e. future revenue.

Gross bad debt write-offs and provisions in the year to 31 May 2016 amounted to £0.63m, which represents 1.08% of the averaged portfolio between the start of the financial year (or the date of acquisition) and the end of the financial year. The Group recorded £0.13m of write-backs of previously written off and provided receivables, resulting in net bad debt charges in the financial year of £0.5m, representing 0.8% of the averaged portfolio (2015: 0.9%). Whilst this portfolio performance continues to be strong and the bad debt experience is within accepted industry norms, current economic uncertainty calls for continual review of the incidence of arrears, bad debts and provisioning policy in order to ensure the overall level of provision is adequate as economic conditions change.

### **Funding**

The Group borrows from commercial banking institutions and to a lesser extent from high net worth individuals in order to provide finance to SMEs. As at 31 May 2016, the Group's facilities amounted to £62.2m, of which £46.3m was drawn down. This represented 70% of the total asset and loans portfolio and gearing of 1.9 times the consolidated net assets of the Group as at 31 May 2016

The approximate average cost of this borrowing was 5.7% (2015: 6.3%), a decrease of 10%. This cost of borrowing enabled the Group to generate a net interest margin of approximately 12% compared with 13% in the previous year, a 1 percentage point reduction, which was more than offset by the new commission income revenue stream from the acquired companies.

The Group will continue to seek additional cost-effective funding sources in order to deliver the potential for writing more own-book business (i.e. to profitably gear-up) in order to meet the increasing demand for finance from SMEs.

### **Operations**

Onepm sources its business from a network of approximately 200 finance brokers around the UK, which effectively constitutes the company's salesforce. Academy and Bradgate source their business from equipment vendors and therefore employ in-house sales and account management personnel. Good broker service at Onepm and good customer service at Academy and Bradgate mean the conversion of incoming proposals into an underwriting decision and then a paid-out deal is completed on an efficient and timely basis. This operational service, whilst strictly adhering to the Group's credit policy, is paramount. The Group continues to invest in the personnel and systems to generate new business and to deliver improved customer service. The Group employed 83 personnel at 31 May 2016.

### **Stakeholders**

I congratulate all those involved with the 1pm plc Group on a successful year of trading and a challenging, but equally successful year of change. I would like thank the Group's customers for the business provided, our staff at each location for their hard work, dedication and commitment during this period of change, our debt funders for their continued provision of facilities to each business and our shareholders for their continued support of the Group's growth plans. A dividend in line with the Group's policy, as referred to in the Chairman's statement, has been declared.

Ian Smith  
Chief Executive Officer  
6 September 2016

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2016**

### **Goal and objectives**

The stated goal of the Group's current strategic plan formulated in late 2014 is to achieve a market capitalisation of £100m. The objectives that will enable this goal to be achieved and that shape the strategic plan are:

- operating a model of distributed separate subsidiary entities
- having a multi-channel and multi-product offering for business lending to SMEs
- maintaining risk mitigation through having funding and broking capability
- being 'digitally capable'
- strictly adhering to underwriting policies and credit control procedures
- being geared appropriately with cost-effective funding facilities

The Board is pleased with strategic progress in the year to 31 May 2016 and reports on each of these objectives as follows:

### **Distributed model**

Two key factors in acquiring both Academy and Bradgate were, firstly, their complementary activities to Onepm, but with important differences, namely the vehicles brokerage at Academy and the hard assets focus at Bradgate and, secondly, the quality of the management teams. This has facilitated successful continuity of operations at each of the businesses in the Group whilst creating opportunities to cross-sell products into each of the companies' customer bases. Management is now focussing on delivering further organic growth from cross-selling.

### **Multi-channel and multi-product**

As a result of the acquisitions during the year, the Group's business generation is now both broker-introduced and vendor-introduced, comprising lease, loan and vehicles products covering a wide range of soft and hard asset categories for SMEs. Management will continue to identify 'adjacent' business lending products that are complementary to current activities to generate further growth.

### **Funding and broking model**

Maintaining flexibility to fund lease and loan deals on the Group's own-book and to broke-on to other funders is an essential risk and cash management capability. The Group is now well-placed to optimise profitable organic growth as a result of this flexibility introduced during the year.

### **Digital capability**

This objective covers a broad range of operational activities from increasing the level of automation in the current proposals and underwriting processes through to establishing a true 'fintech' platform for sourcing and deploying capital. A number of initiatives are being considered and this is a particular focus of the 'Junior Board', which comprises a Group of future leaders formed during the year from within the Group's management team.

### **Strict adherence to underwriting policies and credit control procedures**

The Group's objective is to be a responsible lender and to follow strict policy guidelines with regard to treating customers fairly and assessing affordability. The Group adheres to strict lending criteria, thereby minimising the risk of defaults, whilst aiming to meet each individual customer's needs through a personalised underwriting process. Strict adherence to these policies and procedures will continue to be a key part of the governance of the Group's growth aspirations.

### **Funding facilities**

The Group has further increased its block discount facilities during the year. Whilst such facilities will be maintained, in order to fund further growth the intention is to pursue complementary facilities that will reduce the overall cost of borrowing. The Group currently enjoys capacity to increase gearing in relation to its net assets base and intends to prudently use this capacity in relation to organic and strategic growth opportunities as they arise.

In summary, the Board is maintaining an unwavering commitment to support the SME sector, whilst pursuing ambitious, but risk-assessed growth plans to deliver increased shareholder value.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MAY 2016**

|   | Notes | 2016<br>£'000       | 2015<br>£'000       |
|---|-------|---------------------|---------------------|
| <b>CONTINUING OPERATIONS</b>                        |       |                     |                     |
| Revenue   | 2     | 12,554              | 5,534               |
| Cost of sales                                       |       | <u>(4,480)</u>      | <u>(2,503)</u>      |
| <b>GROSS PROFIT</b>                                 |       | <b>8,074</b>        | <b>3,031</b>        |
| Other operating income                              |       | 2                   | -                   |
| Administrative expenses                             |       | (4,290)             | (1,394)             |
| Exceptional items                                   |       | <u>(368)</u>        | <u>-</u>            |
| <b>OPERATING PROFIT</b>                             |       | <b>3,418</b>        | <b>1,637</b>        |
| Finance costs                                       |       | (74)                | (21)                |
| Finance income                                      |       | <u>2</u>            | <u>4</u>            |
| <b>PROFIT BEFORE INCOME TAX</b>                     | 3     | <b>3,346</b>        | <b>1,620</b>        |
| Income tax  |       | <u>(480)</u>        | <u>(349)</u>        |
| <b>PROFIT FOR THE YEAR</b>                          |       | <b><u>2,866</u></b> | <b><u>1,271</u></b> |
| Profit attributable to:<br>Owners of the parent     |       | <b><u>2,866</u></b> | <b><u>1,271</u></b> |
| Earnings per share expressed<br>in pence per share: |       |                     |                     |
|   | 5     |                     |                     |
| Basic   |       | 5.87                | 3.72                |
| Diluted   |       | <u>5.51</u>         | <u>3.72</u>         |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 MAY 2016**

|                                       | 2016<br>£'000        | 2015<br>£'000        |
|---------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                         |                      |                      |
| <b>NON-CURRENT ASSETS</b>             |                      |                      |
| Goodwill                              | 10,289               | -                    |
| Property, plant and equipment         | 1,251                | 239                  |
| Trade and other receivables           | 33,166               | 14,502               |
| Deferred tax                          | 208                  | -                    |
|                                       | <u>44,914</u>        | <u>14,741</u>        |
| <b>CURRENT ASSETS</b>                 |                      |                      |
| Inventories                           | 81                   | -                    |
| Trade and other receivables           | 22,895               | 10,489               |
| Cash and cash equivalents             | 910                  | 12                   |
|                                       | <u>23,886</u>        | <u>10,501</u>        |
| <b>TOTAL ASSETS</b>                   | <u><u>68,800</u></u> | <u><u>25,242</u></u> |
| <b>EQUITY</b>                         |                      |                      |
| <b>SHAREHOLDERS' EQUITY</b>           |                      |                      |
| Called up share capital               | 5,253                | 3,685                |
| Share premium                         | 13,077               | 5,606                |
| Employee shares                       | 90                   | 83                   |
| Retained earnings                     | 5,469                | 2,994                |
| <b>TOTAL EQUITY</b>                   | <u>23,889</u>        | <u>12,368</u>        |
| <b>LIABILITIES</b>                    |                      |                      |
| <b>NON-CURRENT LIABILITIES</b>        |                      |                      |
| Trade and other payables              | 19,664               | 5,685                |
| Financial liabilities - borrowings    |                      |                      |
| Interest bearing loans and borrowings | 399                  | 100                  |
| Deferred tax                          | -                    | 40                   |
| Provisions                            | 1,833                | -                    |
|                                       | <u>21,896</u>        | <u>5,825</u>         |
| <b>CURRENT LIABILITIES</b>            |                      |                      |
| Trade and other payables              | 19,979               | 6,182                |
| Financial liabilities - borrowings    |                      |                      |
| Bank overdrafts                       | 519                  | 357                  |
| Interest bearing loans and borrowings | 729                  | 200                  |
| Provisions                            | 1,245                | -                    |
| Tax payable                           | 543                  | 310                  |
|                                       | <u>23,015</u>        | <u>7,049</u>         |
| <b>TOTAL LIABILITIES</b>              | <u>44,911</u>        | <u>12,874</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u><u>68,800</u></u> | <u><u>25,242</u></u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2016

|                                 | Called up<br>share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Employee<br>shares<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------|--|-------------------------------|---------------------------|-----------------------------|--------------------------|
| <b>Balance at 1 June 2014</b>   | 2,997                                  | 1,723                         | 2,287                     | -                           | 7,007                    |
| <b>Changes in equity</b>        |  |                               |                           |                             |                          |
| Issue of share capital          | 688                                    | -                             | 3,319                     | -                           | 4,007                    |
| Value of employee services      | -                                      | -                             | -                         | 83                          | 83                       |
| Total comprehensive income      | -                                      | 1,271                         | -                         | -                           | 1,271                    |
| <b>Balance at 31 May 2015</b>   | <u>3,685</u>                           | <u>2,994</u>                  | <u>5,606</u>              | <u>83</u>                   | <u>12,368</u>            |
| <b>Transactions with owners</b> |  |                               |                           |                             |                          |
| Dividends                       | -                                      | (391)                         | -                         | -                           | (391)                    |
| <b>Changes in equity</b>        |  |                               |                           |                             |                          |
| Issue of share capital          | 1,568                                  | -                             | 7,471                     | -                           | 9,039                    |
| Value of employee services      | -                                      | -                             | -                         | 7                           | 7                        |
| Total comprehensive income      | -                                      | 2,866                         | -                         | -                           | 2,866                    |
| <b>Balance at 31 May 2016</b>   | <u>5,253</u>                           | <u>5,469</u>                  | <u>13,077</u>             | <u>90</u>                   | <u>23,889</u>            |

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2016**

|   | 2016                        | 2015                        |
|---|-----------------------------|-----------------------------|
|   | £'000                       | £'000                       |
| <b>Cash generated from operations</b>                 |                             |                             |
| Profit before tax                                     | 3,346                       | 1,620                       |
| Depreciation charges                                  | 354                         | 79                          |
| Finance costs   | 74                          | 21                          |
| Finance income  | (3)                         | (3)                         |
| Increase in trade and other receivables               | (12,649)                    | (7,667)                     |
| Increase in trade and other payables                  | <u>11,996</u>               | <u>2,656</u>                |
|   | <b>3,118</b>                | <b>(3,294)</b>              |
| <br><b>Cash flows from operating activities</b>       |                             |                             |
| Interest paid   | (74)                        | (21)                        |
| Tax paid  | <u>(637)</u>                | <u>(297)</u>                |
| Net cash from operating activities                    | <u>2,407</u>                | <u>(3,612)</u>              |
| <br><b>Cash flows from investing activities</b>       |                             |                             |
| Acquisition of subsidiaries                           | (7,588)                     | -                           |
| Purchase of property, plant & equipment               | (547)                       | (246)                       |
| Interest received                                     | <u>3</u>                    | <u>3</u>                    |
| Net cash from investing activities                    | <u>(8,132)</u>              | <u>(243)</u>                |
| <br><b>Cash flows from financing activities</b>       |                             |                             |
| Loan repayments in year                               | (179)                       | (180)                       |
| Share issue   | 6,769                       | 4,090                       |
| Equity dividends paid                                 | <u>(129)</u>                | <u>-</u>                    |
| Net cash from financing activities                    | <u>6,461</u>                | <u>3,910</u>                |
| <br><b>Increase in cash and cash equivalents</b>      | <b>736</b>                  | <b>55</b>                   |
| <b>Cash and cash equivalents at beginning of year</b> | <b>(345)</b>                | <b>(400)</b>                |
|   | <u>                    </u> | <u>                    </u> |
| <b>Cash and cash equivalents at end of year</b>       | <u><u>391</u></u>           | <u><u>(345)</u></u>         |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016

1. ACCOUNTING POLICIES

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Standards Interpretation Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

2. SEGMENTAL REPORTING

The Group has one business segment to which all revenue, expenditure, assets and liabilities relate.

3. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

|   | 2016      | 2015     |
|---|-----------|----------|
|   | £'000     | £'000    |
| Depreciation - owned assets             | 462       | 80       |
| Auditors' remuneration: statutory audit | 19        | 12       |
| other non- audit services               | <u>34</u> | <u>3</u> |

4. **DIVIDENDS**

|                               | 2016<br>£'000 | 2015<br>£'000 |
|-------------------------------|---------------|---------------|
| Ordinary shares of £0.10 each |               |               |
| Final                         | <u>391</u>    | <u>-</u>      |

The company paid a final dividend of £128,990 being 0.35pence per Ordinary £0.10 share relating to the financial year ending 31 May 2015.

The directors have declared a dividend of £262,672 being 0.50 pence per Ordinary £0.10 share for the financial year ending 31 May 2016.

5. **EARNINGS PER SHARE**

The figures for earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

|  | Earnings<br>£'000 | 2016<br>Weighted<br>average<br>number<br>of<br>shares | Per-share<br>amount<br>pence |
|--|-------------------|---|------------------------------|
| <b>Basic EPS</b>                               |                   |   |                              |
| Earnings attributable to ordinary shareholders | 2,866             | 48,850,117  | 5.87                         |
| Effect of dilutive securities                  | <u>-</u>          | <u>3,152,098</u>                                      | <u>(0.36)</u>                |
| <b>Diluted EPS</b>                             |                   |   |                              |
| Adjusted earnings                              | <u>2,866</u>      | <u>52,002,215</u>                                     | <u>5.51</u>                  |
|  |                   |   |                              |
|  | Earnings<br>£'000 | 2015<br>Weighted<br>average<br>number<br>of<br>shares | Per-share<br>amount<br>pence |
| <b>Basic EPS</b>                               |                   |   |                              |
| Earnings attributable to ordinary shareholders | 1,271             | 34,175,928  | 3.72                         |
| Effect of dilutive securities                  | <u>-</u>          | <u>-</u>  | <u>-</u>                     |
| <b>Diluted EPS</b>                             |                   |   |                              |
| Adjusted earnings                              | <u>1,271</u>      | <u>34,175,928</u>                                     | <u>3.72</u>                  |

**6. PUBLICATION OF NON-STATUTORY ACCOUNTS**

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 May 2016 or 31 May 2015. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 May 2016 and 31 May 2015.

The auditors' opinion on those accounts was unmodified and did not contain a statement under section 498 (2) or 498 (3) Companies Act 2006 and did not include references to any matters to which the auditor drew attention by the way of emphasis.

The statutory accounts for the year ended 31 May 2015 have been delivered to the Registrar of Companies, whereas those for the year ended 31 May 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

**7. ANNUAL REPORT AND ANNUAL GENERAL MEETING**

The Annual Report will be available from the Company's website [www.1pm.co.uk](http://www.1pm.co.uk) from 6 September 2016 and will be posted to shareholders on that date. The Annual Report contains notice of the Annual General Meeting of the Company which will be held at the Francis Hotel, Queens Square, Bath, BA1 2HH on 30 September 2016 at 2.00 p.m.