



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

**FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2017**

**A further year of strong organic and strategic growth delivers record revenues and profits.  
Combined Asset and Loans Portfolio of £90m at year-end; Recommended Final Dividend**

1pm plc, 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 2017.

The trading results for the year reflect organic growth in revenue and profits at Onepm Finance, Academy Leasing and Bradgate Business Finance and strategic growth from the acquisitions of Intelligent Financing Limited and Bell Finance Limited towards the end of the financial year.

The Group has continued to experience strong levels of demand for finance from the SME sector across the growing range of products offered. This product range now includes Asset Finance (finance leasing and hire purchase for ‘hard’ and ‘soft’ assets and vehicles), Loans, and subsequent to the year-end, Commercial Finance (invoice discounting and factoring).

**Financial Highlights:**

- Revenue for the year of £16.9m (2016: £12.5m), an increase of 35%
- Profit before tax and exceptional items for the year of £4.3m (2016: £3.7m), up 17%
- Basic earnings per share of 6.09 pence (2016: 5.87 pence), up 4%
- Dividend proposed of 0.5 pence per share on approximately 83.8m shares currently in issue (2016: 0.5 pence per share on approximately 52.5m shares in issue)
- Consolidated net assets at 31 May 2017 of £28.5m (2016: £23.9m), an increase of 19%

The Group’s combined gross lending portfolio amounted to £89.5m at 31 May 2017 (2016: £67.7m), an increase of 32%. Included in the value of this gross portfolio is unearned income, i.e. future revenue, of £18.9m (2016: £14.6m), an increase of 29%. Portfolio write-offs, net of recoveries of previously written off receivables, amounted to £0.9m, representing approximately 1.0% of the portfolio (2016: £0.5m, representing 0.8% of the portfolio).

**Operational Highlights:**

- Combined origination, including acquired entities since their date of acquisition, amounted to £83.0m of new lease, hire and loan agreements (2016: £49.7m), an increase of 67%
- Combined new business origination on a like-for-like basis increased 23%
- Finance provided or lending arranged for over 16,150 customers and end-users
- Funding facilities available of £74.5m of which £49.0m utilised as at 31 May 2017 (2016: £61.5m of which £38.8m utilised)
- Blended cost of borrowings fell to approximately 5.3% (2016: 5.8%).

In addition, integration and cross-selling progress at each entity within the Group following their respective acquisitions is in line with operational expectations and objectives set by management.

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

“We are delighted that the Group’s strong financial results, delivered during another year of strategic change in line with our stated strategy, continue the trend in recent years of profitable organic growth. The Board is optimistic in its pursuit of further growth in the current financial year, is very pleased with the performance of each of its acquisitions and is committed to delivering increasing value for its shareholders from the enlarged group of businesses.”

**Ian Smith, Chief Executive Officer, commented:**

“Each of 1pm’s trading subsidiaries has continued to experience robust levels of demand for finance from across the UK SME sector. This has enabled the Group to deliver another year of operational and strategic progress and strong underlying results. The range of products now offered, plus the flexibility to fund and broke-on, mean that the Group is well positioned to build value for shareholders”.

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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 2017**

### **Performance and dividend**

On behalf of the Board of Directors, I am very pleased to report that our business has delivered another year of strong performance and growth in what has been an exceptional period of change. Including acquisitions, the Group's profit before tax and non-recurring exceptional costs was £4.3m (2016: £3.7m), an increase of 17%.

Earnings per share, taking account of the issue of shares during the year relating to acquisitions, amounted to 6.09p (2016: 5.87p), an increase of 4% and as at 31 May 2017, net assets stood at £28.5m (2016: £23.9m), an increase of 19%. The Group's after tax return on equity was 11.6% (2016: 12.0%) a marginal decrease attributable to the timing of the acquisitions and accounting for their associated goodwill in the final quarter of the year.

The continued success in delivering sustainable growth from the Group's business model with its clear strategic focus on operational performance and value enhancing acquisitions, has once again been noteworthy for the Group during the last year. This success has enabled the Board, subject to Shareholder approval at the Annual General Meeting on 9 October 2017, to propose a dividend for the year. The total dividend we propose to pay is £419,000 up 60% from £262,000 in 2016. This reflects our balancing the significant opportunities to deploy capital across our businesses with increasing the near-term pay-out to shareholders. Given the rise in shares in issue after the year end this dividend equates to 0.5p per share (2016: 0.5p).

### **Our strategy**

The Group Strategic Report which follows the Chief Executive Officer's Review sets out in detail our goals and objectives. The focus of our strategy is for our Group to be recognised as a leading provider of a comprehensive range of business finance products to UK based SMEs.

In moving towards this goal we completed two acquisitions in the last quarter of the financial year, namely Intelligent Financing Limited in March and Bell Finance Limited in April. Our strategic acquisitions continued after the year end and two further businesses, Gener8 Finance Limited and Positive Cashflow Finance Limited joined the Group in June.

As a result of these acquisitions, from June 2017, the Group now comprises three divisions: Asset Finance, Loans and Commercial (Invoice) Finance. Within these divisions the individual businesses, led by skilled and experienced managers, operate semi-autonomously, but with a strong emphasis on collaboration with other Group companies to build on opportunities to provide the full range of our finance products to our expanding customer base.

The innovative changes being brought about in the financial services sector by the development of digital capability and financial technology represent both opportunity and challenge. In our own business we have established a team, including specialist advisers, to ensure that our operating model uses all available financial data for the benefit of customer engagement and service. The focus for our business lies in the development of systems that can provide a common platform for data sharing and rapid decision-making by all the companies within the Group.

### **Board changes and Governance**

There have been a number of Board changes during the financial year. Hazel Jacques, who joined the Board following the acquisition of Academy Leasing in August 2015, left the Group in March, this year to pursue personal business interests and the Board wishes her well for the future. In June 2016 Helen Walker advised the Board that she would be stepping down from her role as CFO with effect from the end of May this year. The Board was appreciative of this long notice period as it allowed for an orderly programme to recruit a replacement and for a handover period with the new CFO, James Roberts, who joined the Group at the beginning of May.

Helen has left with the Board's thanks and gratitude for the contribution she made to the success of the business in recent years. James is a chartered accountant and brings extensive financial and commercial experience to the Group having held senior management positions and directorships within the financial services sector.

Following the announcement on 8 June 2017 of the successful completion of the acquisition of Gener8 Finance Limited, Ed Rimmer joined the Group as Managing Director of the newly formed Commercial Finance Division and joined the 1pm plc Board. Ed has over twenty years' experience in invoice financing and now also has responsibility for Positive Cashflow Finance Limited following its acquisition on 29 June 2017.

As well as continuing in his role as Chief Risk Officer for the Group, Mike Nolan now also carries out the role of Managing Director of the Asset Finance Division.

I welcome both James and Ed to the Board and wish them and Mike every success in their new roles within our enlarged

Group. The Board now comprises four executive and three non-executive directors.

The four Board committees, namely Audit, Remuneration, Governance and Risk and Nominations, which were re-structured in 2016 with membership comprising either of only, or a majority of, non-executive directors, meet on a regular basis. This has been a particularly busy period for the Remuneration Committee in reviewing and then recommending executive directors' pay structures that are commensurate with the increased level of responsibilities arising from the significant extension of the Group's business activities. In addition, the Committee recommended the introduction of a Long Term Incentive Plan to start in the new financial year and this was approved by shareholders at the General Meeting held on 7 June 2017. Further details are included in the Notes to the Consolidated Financial Statements.

Our business operates in a regulated environment and in ensuring that the highest standards are maintained everyone in the Group is required to complete an extensive, module based course of compliance training. This is further enhanced by an annual training allowance that is available to every employee to spend on continuing professional development.

### **Our people**

The Group has grown significantly over the last two years and the demands placed on our staff in delivering excellent results and also dealing with the challenges of post-acquisition integration have been considerable. It is a reflection of the quality of the people within our Group 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**

The widening range of the financial products we are able to offer our customers was accelerated by the acquisitions completed towards the end of the financial year and at the start of the current trading year. Although it is early days in the current financial year the Board is encouraged by the level of demand that is being experienced across all three business divisions.

Following this period of acquisitions, the executive team is now focussed on the opportunities for further organic growth, both from cross-selling its products into an enlarged customer base, which now amounts to over 16,150 customers of which 10,450 are "live" or "own book" accounts, and from new business origination.

The establishment of a clear divisional operating structure offering a comprehensive range of financial products within our market has been a key milestone in our corporate strategy. The Board is confident that this structure provides the platform for sustainable profitable growth for this year and beyond.

**John Newman**  
Chairman

12 September 2017

## **CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 31 MAY 2017**

### **Introduction**

As at 31 May 2017, in addition to 1pm plc, which is the AIM listed holding company, the 1pm plc Group (“the Group”) comprised the following trading entities, each separately accredited by the Financial Conduct Authority:

- 1pm (UK) Limited, trading as Onepm Finance (“Onepm”)
- Academy Leasing Limited (“Academy”), acquired in August 2015
- Bradgate Business Finance Limited (“Bradgate”), acquired in March 2016
- Bell Finance Limited (“Bell”), acquired in April 2017 and now operationally merged into Bradgate
- Intelligent Financing Limited, trading as iLoans (“iLoans”), acquired in March 2017

The consolidated financial results of the Group for the year ended 31 May 2017 therefore consist of the aggregated results of each of these entities, either for the year, or for the period since the date of acquisition, as applicable.

Subsequent to the year-end, the Group also completed the purchases of the respective holding companies of Gener8 Finance Limited and Positive Cashflow Finance Limited, entities which now form the Commercial Finance division within the Group. The financial results of these entities will be consolidated into the Group in the current financial year ending on 31 May 2018.

### **Financial results**

I am delighted to be able to report both strong organic growth over the year to 31 May 2017 and further strategic growth as a result of the acquisitions towards the end of the year.

Revenue amounted to £16.9m (2016: £12.5m) an increase of 35%. This reflects organic growth at Onepm Finance, the original company in the Group, a full year’s contribution from Academy and Bradgate, compared with periods of nine months and two months since their respective acquisitions in the prior year to 31 May 2016, and initial contributions from Bell and iLoans, both acquired towards the end of the financial year. Revenue comprises interest and related income from the companies’ portfolios of ‘own-book’ lease and loan deals, plus commission income from deals ‘broked-on’ to other funders. Within total revenue, commission income amounted to £2.2m (2015: £1.4m) an increase of 57%.

Profit before tax and non-recurring exceptional items amounted to £4.3m (2016: £3.7m) an increase of 17%. Exceptional items principally comprised costs related to acquisitions and amounted to £0.3m (2016: £0.4m). Profit before tax after exceptional items was, therefore, £4.1m (2016: £3.3m) an increase of 24%.

At 31 May 2017, consolidated net assets stood at £28.5m (2016: £23.9m) an increase of 19%. Profit after tax and attributable to shareholders for the financial year of £3.3m (2016: £2.9m) results in a return on net assets of 11.6% (2016: 12.0%), a marginal decrease as explained in the Chairman’s Statement.

At 31 May 2017, there were 54,940,215 shares in issue (2016: 52,534,463). During the year, 1pm plc issued 2,405,752 new ordinary shares in respect of acquisitions in the year, earn-out arrangements relating to acquisitions in the prior year and the exercise of options under the employee share scheme. Earnings per share amounted to 6.09p (2016: 5.87p) an increase of 4%.

### **New Business Origination**

Including broked-on business, in aggregate, the entities in the Group originated £83.0m of new lease, hire and loan agreements (2016: £49.7m) an increase of 67%. On a like-for-like basis, excluding the acquisitions of Bell and iLoans completed towards the end of the financial year and assuming Academy and Bradgate were part of the Group for the entire prior year to 31 May 2016, the organic increase would have been 23%.

Within the aggregate total of new business originated, £40.2m, 48%, was written on ‘own-book’ and £42.8m, 52%, was broked-on to other funders to generate cash commissions (2016: £31.3m, 63%, own-book and £18.4m, 37%, broked-on). The broked-on total consists of £18.0m, of Asset Finance origination (2016: £7.5m), £16.6m of Vehicles origination (2016: £10.9m) and £8.2m of property-backed Loan origination (2016: £nil). 100% of Vehicles deals originated are broked-on; as a policy the Group does not carry residual value risk in Vehicles.

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 to the customer and nature of the asset. This intrinsic flexibility in business model allows a balance to be achieved between future profits built-in to own-book deals and short term cash generation from broker commissions.

Within the aggregate total of £40.2m of own-book new business, Onepm originated £9.9m of loans to SMEs for working capital purposes (2016: £10.1m) a decrease of 2.4%. This decrease reflects a risk-based decision to restrict working capital loans as a proportion of the Group's total lease and loan portfolio. Although such loans attract a higher interest rate than an asset-backed lease and although personal guarantees are obtained from the directors of the SMEs seeking to borrow, these loans are not secured on either a business-critical asset or a property and as such represent a higher risk element of the Group's portfolio. In the current financial year, it is the Group's ambition to increase the Loans division own-book portfolio again, but with any such growth arising through the origination and funding of secured property-backed loans.

### **Portfolio performance**

At 31 May 2017, the Group's combined asset and loans portfolio stood at a value of £89.5m (2016: £67.7m) an increase of 32%. The portfolio value included £18.9m (2016: £14.6m) of deferred income, i.e. future revenue. As at 31 May 2017, £2.5m of the portfolio value, representing 2.9% (2016: £2.9m, representing 4.3%) was in arrears, but not impaired. This is considered to be a normal level of arrears. In addition to the 'live' portfolio, Onepm carried a value of £2.4m (2016: £1.7m) of impaired trade receivables over which guarantees and charging orders are held and which are being collected over time.

In the year to 31 May 2017, impairments to trade receivables, less recoveries against previously written-off receivables through guarantees, charging orders and payment plans, resulted in a net charge to profits in the year of £0.9m, representing 1.0% of the portfolio (2016: £0.5m, representing 0.8%).

As at 31 May 2017, the Group carried £1.2m of bad debt provision against the aggregate total of the 'live' portfolio and impaired receivables, representing a 1.6% provision (2016: £0.8m, representing a 1.3% provision). Whilst this portfolio performance is strong and the Group's bad debt experience is within accepted industry norms, current economic uncertainties call for continual review of the incidence of arrears, impairments and provisioning policy in order to ensure the overall level of provision continues to be adequate as economic conditions evolve.

### **Funding**

In order to provide finance to UK SMEs, the Group borrows primarily from banks, but also from high net-worth individuals. As at 31 May 2017, the Group's aggregate facilities at 31 May 2017 amounted to £74.5m (2016: £61.5m), an increase of 21%, of which £49.0m was being utilised (2016: £38.8m), an increase of 26%. The utilisation represented 70% of the capital value of receivables (2016: 73%) and gearing of 3.6 times the consolidated net assets of the Group, excluding intangible assets (2016: 2.9 times).

The blended cost of the Group's borrowings was approximately 5.3% (2016: 5.8%). The Group continues to seek additional cost-effective funding sources and to reduce the cost of borrowing in order to facilitate writing more own-book business (i.e. to profitably gear-up) to meet the demand for finance from SMEs.

### **Operations**

The trading entities in the Group source their business from a network of brokers and introducers, from equipment vendors and suppliers and direct from end users and borrowers, all of whom constitute the Group's customer base which now amounts to over 16,150 broked and own-book accounts. Good customer service in each Group entity and location means the conversion of incoming proposals into an underwriting decision and then a paid-out, or broked-on, deal on an efficient and timely basis. This operational service, while strictly adhering to the Group's credit policies, is paramount. The Group continues to invest in the systems and personnel to generate new business and to deliver improved customer service. The Group now employs 152 personnel (109 at 31 May 2017 and 83 at 31 May 2016).

### **Business conditions**

The demand for cash from UK SMEs is strong and there is ample availability in the wholesale funding market to be able to supply it. As a result, there is a real opportunity for lenders to grow. These conditions are attracting new entrants to the market, especially for loans and are causing some price competition. At the same time, there are economic uncertainties suggesting a more cautious approach to growth is merited. The Group is pleased with the growth and financial results delivered in the year to 31 May 2017, but has taken a conscious decision to maintain a cautious and prudent approach to top-line growth, credit risk-taking, the spread of sectors to which it lends, the range of products offered, security obtained and provisioning policies adopted.

### **Stakeholders**

I congratulate all those involved with the 1pm plc Group on a further successful year of trading and another year of significant strategic development. I would like to thank the Group's customers, brokers and introducers for the business provided, our staff at each location for their hard work, dedication and commitment, 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. As referred to in the Chairman's statement, a dividend in line with the Group's policy will be declared.

### **Ian Smith**

Chief Executive Officer

12 September 2017

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2017**

### **Goal and Objectives**

The stated goal of the Group's current strategic plan formulated in late 2014 is unchanged and 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:

- building scale through 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 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 the further strategic progress made in the year to 31 May 2017 and reports on each of the above objectives as follows:

### **Distributed model**

The Group now comprises six trading subsidiaries (four as at 31 May 2017 year-end with two acquired post year-end) operating from seven sites in the UK with 152 employees serving circa 16,150 SME businesses. Each of the businesses acquired has a distinct product offering, introducer channel, customer base and industry position and each of the entity management teams has a growth-oriented business plan to execute. As such, the Group's operating model is to enable each entity to pursue its own business plan whilst simultaneously providing efficiency benefits in such matters as funding, IT systems and infrastructure, compliance, marketing, finance and HR integration. Furthermore, management believes that enhanced organic growth can be delivered from cross-selling the Group's products through each of its trading entities.

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

As well as sourcing business from multiple channels; brokers, vendors, suppliers and introducers, a stated strategic aim is to provide multiple finance products to SMEs. This has been achieved through the acquisition of Intelligent Financing Limited during the year, which provides secured second-charge, bridging and commercial property loans and through the acquisitions post year-end of both Gener8 Finance Limited and Positive Cashflow Finance Limited, which offer invoice discounting and factoring, and now form the Group's Commercial Finance division. As a result, from June 2017, the Group now operates three divisions; Asset Finance, Loans and Commercial Finance.

### **Funding and broking capability**

Maintaining flexibility to both fund lease and loan deals on the Group's own-book and to broke-on to other funders is an essential risk, profit and cash management capability. The Group is well-placed to optimise profitable organic growth as a result of this flexibility and has continued to grow both commission-earning and interest-generating business during the year.

### **Digital capability**

IT improvement is now a clear operational focus and is captured in the Group's "Platform1" project, which covers a broad range of initiatives including improvements in process automation, data capture and management, customer interface and management information reporting as well as the use of "FinTech" capability such as artificial intelligence and pattern recognition applications. The Group has formed a "FinTech committee" including external advisers and "thinking partners" to steer developments in this critical project.

### **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 flexibly 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. In current benign credit conditions, the board has taken a conscious decision, despite the potential to realise additional top-line growth, not to relax credit criteria.

### **Funding facilities and managing capital**

The Group's objective when managing capital is to maintain a strong capital base to support its current operations and planned growth as well maintaining an optimal capital structure to reduce the cost of capital to provide returns for shareholders and benefits for other stakeholders.

To meet these objectives the Group has adopted a policy of sourcing different funding instruments appropriate to each of

the financial products it provides:

- In respect of Asset Finance, the Group is continuing to increase its block discount facilities and to pursue complementary credit instruments that will reduce the overall cost of borrowing.
- In respect of Loans, the Group utilises block discount facilities and, during the year, established a Secured Loan Note facility, comprising loans from high net-worth individuals.
- In respect of Commercial Finance, the Group utilises 'back-to-back' bank facilities for lending against client receivables.

In each case security is provided to each lender in the form of an assignment of the underlying lease, loan or invoice receivables.

In order to successfully manage the increased funding lines and capital requirements the Group is implementing a centralised Treasury function. This aims to ensure adequate cash is readily available to fuel expected growth, gearing ratios associated with its funding are met and the cost of capital of the Group continues to reduce. This approach has ensured all funding covenants have been met and are expected to continue to be met and that the Group's aggregate funding facilities provide sufficient headroom to ensure the Group is well-placed to deliver further organic growth.

The Group is not subject to any external regulatory capital requirements and only provides funds to UK SMEs. As such it does not operate in, nor have significant exposure to, currencies other than sterling.

### **Key performance indicators**

The Board and senior management regularly review and monitor key metrics in assessing the performance of the Group. Some of these key metrics to help gauge the Group's meaningful progress are detailed below.

- Revenue – increased 35% to £16.9m (prior year £12.6m)
- Profit Before Tax and Exceptional Items – increased 17% to £4.3m (prior year £3.7m)
- Earnings Per Share – increased 4% to 6.09p (prior year 5.87p)
- New Business Origination - increased 67% to £83.0m (prior year £49.7m)
- Number of 'live' accounts in own-book portfolio – increased 10% to 10,450 (prior year 9,500)
- Funding interest rate – reduced to a range from 4.5% to 8.8% (prior year 4.8% to 12%).

### **Principal risks and uncertainties**

Principal Risks are a risk or a combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially materially threaten the business model, performance, solvency or liquidity, or prevent the delivery of the strategic objectives. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group and, through the Risk Committee, has established the Group's appetite to risk and approved its structure, methodologies, policies, and management roles and responsibilities.

As well as regular external reviews and audits from the Group's statutory auditors and the quarterly audits from its various funding partners, the Group has numerous internal checks and balances. Initial responsibility rests with the business divisions and functions with line managers responsible for identifying and managing risks arising in their business areas. This is augmented by the Group's central and independent compliance and finance functions with responsibility for reporting to the Board. The Group has a Chief Risk Officer who reviews all significant Group credit exposures.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- Credit Risk – the risk of default, potential write off, disruption to cashflow and increased recovery costs on a debt that is not repaid individually or if there is a wider market deterioration. This is mitigated by the Group adopting prescribed lending policies and adhering to strict credit and underwriting criteria specifically tailored to each business area. The Group also has the capacity to 'broke-on' business rather than write it on its own book. As such, any market deterioration impact can be reduced by broking on prospective deals.
- Funding Risk – the risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. The Group currently has funding facilities, across Block discounting, the Secured Loan Note programme and back-to-back invoice finance facilities, in excess of £120m with ample headroom to meet the growth targets for the foreseeable future. The Board is also actively engaged in securing additional facilities to enable it exploit any further business opportunities in the future.
- Acquisition Risk – the risk that the Group's acquisition programme does not deliver value, overstretches resource beyond its capacity or has failed to identify problems within the acquired businesses. The Group has paid appropriate consideration for its acquired businesses with post synergy price to earnings multiples expected to be circa six times. It has also spent considerable time and effort, and will continue to do so, to bolster its central resources and infrastructure to assist in integrating and generating synergies from the acquisitions.



Finally, the Group has conducted thorough and detailed internal and external due diligence on all acquisitions, ensured appropriate warranties, indemnities and lock-in periods are included in the purchase agreements and has purchased well established businesses with successful and respected management teams.

- Regulatory Risk – the risk of legal or regulatory action resulting in fines, penalties and sanctions that could arise from the Group’s failure to identify and adhere to regulatory requirements in the UK. In addition, there is the risk that new or enhanced regulations could adversely impact the Group. The Group has a well-established and independent compliance department with appropriate resources and access to external advisors. The department looks both internally at the Group ensuring its practices are appropriate and externally at future developments to ensure the Group is prepared to adopt any changes in regulation as and when they arise.

### **Summary**

The Board remains confident that it is maintaining its commitment to provide a range of finance solutions to support the UK SME sector, whilst also pursuing growth plans to deliver increased shareholder value.

### **ON BEHALF OF THE BOARD:**

**Ian Smith**

Chief Executive Officer

12 September 2017

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MAY 2017**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>CONTINUING OPERATIONS</b>		
Revenue	<b>16,944</b>	12,554
Cost of sales	<b>(6,094)</b>	(4,480)
<b>GROSS PROFIT</b>	<b>10,850</b>	8,074
Other operating income	<b>3</b>	2
Administrative expenses	<b>(6,469)</b>	(4,290)
Exceptional Items	<b>(263)</b>	(368)
<b>OPERATING PROFIT</b>	<b>4,121</b>	3,418
Finance costs	<b>(82)</b>	(74)
Finance income	<b>41</b>	2
<b>PROFIT BEFORE INCOME TAX</b>	<b>4,080</b>	3,346
Income Tax	<b>(794)</b>	(480)
<b>PROFIT FOR THE YEAR</b>	<b>3,286</b>	2,866
Profit attributable to: Owners of the parent	<b>3,286</b>	2,866
Profit per share attributable to the equity holders of the company during the Period		
Earnings Per Share expressed in pence per share		
Basic	<b>6.09</b>	5.87
Diluted	<b>5.69</b>	5.51

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 MAY 2017**

	2017	2016
	£'000	£'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Goodwill	14,908	10,289
Intangible assets	84	-
Property, plant and equipment	1,744	1,251
Trade and other receivables	49,966	33,166
Deferred tax	411	208
	<u>67,113</u>	<u>44,914</u>
<b>CURRENT ASSETS</b>		
Inventories	135	81
Trade and other receivables	23,989	22,895
Cash and cash equivalents	2,078	910
	<u>26,202</u>	<u>23,886</u>
<b>TOTAL ASSETS</b>	<u><b>93,315</b></u>	<u><b>68,800</b></u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Called up share capital	5,494	5,253
Share premium account	14,170	13,077
Employee shares	91	90
Retained earnings	8,755	5,469
<b>TOTAL EQUITY</b>	<u><b>28,510</b></u>	<u><b>23,889</b></u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	32,097	19,664
Financial liabilities – borrowings:	250	399
Provisions	2,300	1,833
	<u>34,647</u>	<u>21,896</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	26,533	19,979
Financial liabilities – borrowings:		
- Bank overdrafts	-	519
- Interest bearing loans and borrowings	949	729
Tax payable	943	543
Provisions	1,733	1,245
	<u>30,158</u>	<u>23,015</u>
<b>TOTAL LIABILITIES</b>	<u><b>64,805</b></u>	<u><b>44,911</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>93,315</b></u>	<u><b>68,800</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2017**

	<b>Called up Share Capital £'000</b>	<b>Retained Earnings £'000</b>	<b>Share Premium £'000</b>	<b>Employee Shares £'000</b>	<b>Total Equity £'000</b>
<b>Balance at 1 June 2015</b>	3,685	2,994	5,606	83	12,368
<b>Transactions with owners</b>					
Dividends	-	(391)	-	-	(391)
Value of employee services	-	-	-	7	7
Total comprehensive income	-	2,866	-	-	2,866
<b>Changes in equity</b>					
Issue of share capital	1,568	-	7,471	-	9,039
<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>
<b>Transactions with owners</b>					
Dividends	-	-	-	-	-
Value of employee services	-	-	-	1	1
Total comprehensive income	-	3,286	-	-	3,286
<b>Changes in equity</b>					
Issue of share capital	241	-	1,093	-	1,334
<b>Balance at 31 May 2017</b>	<u><u>5,494</u></u>	<u><u>8,755</u></u>	<u><u>14,170</u></u>	<u><u>91</u></u>	<u><u>28,510</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2017**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>Cash generated from operations</b>		
Profit before tax	<b>4,080</b>	3,346
Depreciation and amortisation charges	<b>544</b>	354
Finance costs	<b>82</b>	74
Finance income	<b>(41)</b>	(3)
(Increase) in trade and other receivables	<b>(9,134)</b>	(12,649)
Increase in trade and other payables	<b>11,476</b>	11,996
	<b>7,007</b>	3,118
<b>Cash flows from operating activities</b>		
Interest Paid	<b>(82)</b>	(74)
Tax paid	<b>(615)</b>	(637)
<b>Net cash generated from operating activities</b>	<b>6,310</b>	(2,407)
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	<b>(3,141)</b>	(7,588)
Purchase of software, property, plant and equipment	<b>(1,089)</b>	(547)
Interest received	<b>41</b>	3
	<b>(4,189)</b>	(8,132)
<b>Cash flows from financing activities</b>		
Loan repayments in year	<b>(422)</b>	(179)
Loans issued in year	<b>400</b>	-
Share issue net of costs	<b>(150)</b>	6,769
Equity dividends paid	<b>(262)</b>	(129)
<b>Net cash generated from financing activities</b>	<b>(434)</b>	6,461
<b>Increase in cash and cash equivalents</b>	<b>1,687</b>	736
<b>Cash and cash equivalents at beginning of year</b>	<b>391</b>	(345)
<b>Cash and cash equivalents at the end of the period</b>	<b>2,078</b>	391

## 1. ACCOUNTING POLICIES

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (as adopted by the European Union) and 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 company has one business segment to which all revenue, expenditure, assets and liabilities relate. The directors expect the Group to operate with three distinct business units – Asset Finance, Loan and Commercial Finance – from 1 June 2017.

## 3. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Depreciation - owned assets	<b>529</b>	462
Computer software amortisation	<b>15</b>	-
Auditors' remuneration	<b>40</b>	19
Other non-audit services	<b>20</b>	34
	<u><u>          </u></u>	<u><u>          </u></u>

## 4. DIVIDENDS

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Ordinary shares £0.10 each		
Final	<u><u>          -</u></u>	<u><u>          391</u></u>

Subject to shareholder approval at the Group's Annual General Meeting on 9 October 2017, the Board is recommending the payment of a dividend of 0.5p per share.

## 5. EARNINGS PER SHARE

Earnings per share is 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.

### 2017

	<b>Earnings £'000</b>	<b>Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	<b>3,286</b>	<b>53,939,771</b>	<b>6.09</b>
Effect of dilutive securities	-	<b>3,819,210</b>	<b>(0.40)</b>
<b>Diluted EPS</b>			
Adjusted earnings	<b>3,286</b>	<b>57,758,981</b>	<b>5.69</b>

### 2016

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

Subsequent to the year end, on 8 June 2017 the company issued 28,861,117 Ordinary £0.10 shares in order to fund acquisitions. Had this transaction occurred before the end of the reporting period it would have significantly changed the number of ordinary shares used for the purpose of these calculations.

## 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 2017 and 31 May 2016. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 May 2017 and 31 May 2016.

The auditors' opinion on those accounts was unmodified and did not contain a statement under section 498 (1) 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 2016 have been delivered to the Registrar of Companies, whereas those for the year ended 31 May 2017 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.lpm.co.uk](http://www.lpm.co.uk), from 12 September 2017 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 Cenkos Securities plc, 6 7 8 Tokenhouse Yard, London, EC2R 7AS on 9 October 2017 at 1pm.