



1PM PLC
Interim Results
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 1PM PLC
 19 January 2017

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1pm plc
(the "Group" or the "Company")

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2016
Further profitable organic and strategic growth delivered;
Revenue increased 52%; Profit before tax increased 23%;
Positive outlook for the full year

1pm plc (AIM: OPM), the AIM listed independent specialist provider of finance facilities to the SME sector, announces financial results for the six month period ended 30 November 2016 ("Interim Results").

The Interim Results consolidate the results for 1pm (UK) Limited (trading as Onepm Finance ("Onepm")), Academy Leasing Limited ("Academy") and Bradgate Business Finance Limited ("Bradgate"). Each of the Group's three trading subsidiaries continue to experience high levels of demand for finance from the SME sector across the range of products offered, comprising asset finance (finance lease and hire purchase) for 'hard' and 'soft' assets, business loans and vehicles broking.

Financial Highlights:

- Group revenue increased 52% to £7.99m (H1 2016: £5.25m)
- Group profit before tax increased 23% to £2.05m (H1 2016: £1.66m)
- Basic earnings per share increased 5.8% to 3.08 pence (H1 2016: 2.91 pence)
- Net Assets at 30 November 2016 increased 12.1% to £26.8m (31 May 2016: £23.9m)
- Bad debt write-offs in the period were £0.25m (H1 2016: £0.15m)
- At period end, total bad debt provisions were £1.22m representing 1.64% of total receivables (H1 2016: £0.92m representing 1.57% of total receivables)
- £15.1m of deferred income, i.e. future revenue, as at 30 November 2016 (31 May 2016: £14.3m)

Operational Highlights:

- Total Group asset, loan and vehicles business origination in the six-month period to 30 November 2016 increased 82% to £36.4m (H1 2016: £20.0m)
- Maintained flexibility to either fund on 'own-book' or generate cash commissions from broking; approximately 24% of new lease contracts brokered for commission income at Academy and Bradgate.
- Combined 'own-book' assets and loans portfolio of £71.8m (31 May 2016: £66.5m),
- Funding facilities available to the Group of £62.0m at 30 November 2016 (31 May 2016: £62.2m)
- Operational progress at each subsidiary in line with management's expectations and objectives

Commenting on the Interim Results, John Newman, Chairman, said:

"These Interim Results demonstrate the continuing trend of profitable organic growth at Onepm finance, the original company within the Group and the anticipated strong growth from Academy and Bradgate, the acquired businesses. The Board is committed to increasing shareholder value by delivering sustainable growth and is actively pursuing further organic and strategic opportunities in the current financial year. Accordingly, the Board looks forward to the second half of the financial year with optimism and confidence."

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

CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 NOVEMBER 2016

Financial Results

I am pleased to report that the Group continued to make good progress during the first half of the current financial year. The financial results achieved for the six months ended 30 November 2016 ("the period") give cause for optimism in the outcome of the full year to 31 May 2017.

Group revenue amounted to £7.99m (H1 2016: £5.25m). This comprised £4.23m (H1 2016: £3.74) at Onepm Finance, an organic increase of 13.1% and £3.76m at the acquired subsidiaries, Academy and Bradgate (H1 2016: £1.51m). Included in revenue at Academy and Bradgate is £1.03m of commission income in respect of the broking-on of equipment and vehicle contracts.

Profit before tax increased to £2.05m (H1 2016: £1.66m). Profit after tax in the period rose to £1.64m (H1 2016: £1.31m). Earnings per share ("EPS") increased 5.8% to 3.08p (H1 2016: 2.91p). EPS has been calculated on a weighted average basis taking into account the issue of 1,960,270 new ordinary shares on 6 October 2016 in connection with the earn-out arrangements relating to the acquisition of Academy Leasing Limited in 2015. At the period end a total of 54,523,771 ordinary shares were in issue.

The Group paid a single final dividend in respect of the financial year ended 31 May 2016. It is the Board's intention to continue this policy in the current financial year with one dividend payment, being a final dividend, in respect of the current financial year ending 31 May 2017.

At the period end, the Group's consolidated net assets stood at £26.8m (31 May 2016: £23.9m), an increase of 12.1%.

Operations

In the period, the Group continued to experience strong demand across its product range from its core SME customer base. It originated £36.4m of new lease, hire purchase, loan and vehicles contracts, an 82% increase over the same period last year (H1 2016: £20.0m). This comprises the net effect of increases in lease and vehicles contracts and the anticipated reduction in loan contracts origination, which amounted to £1.7m. All of the vehicles contracts and approximately 24% of new lease and hire purchase contracts originated in the period by the Group were broked-on to generate commission income at Academy and Bradgate.

At the period-end the Group's combined 'own-book' lease and loan portfolios stood at £71.8m, comprising £42.0m at Onepm Finance, £20.5m at Academy and £9.3m at Bradgate. The average contract value in the portfolio in the period was £14.2k (H1 2016: £10.8k) with no single customer representing more than 0.35% of the total portfolio value (H1 2016: 0.21%). During the period, the Group's strict credit and underwriting controls were maintained, with £0.25m written off as bad debt (H1 2016: £0.15m). Total provisions at 30 November 2016 were £1.22m, representing 1.64% of total receivables (H1 2016: £0.92m representing 1.57% of total receivables).

Strategy

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 which 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 both funding and broking capability
- being 'digitally capable'
- strictly adhering to underwriting policies and credit control procedures
- being geared appropriately with cost-effective funding facilities

Current levels of business activity throughout the Group give the Board confidence in pursuing its further strategic growth plans. These will include the addition of complementary products, further development of financial technology, an expanded funding mix to include a wider range of borrowing facilities and consideration of potential further acquisitions.

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.

Board Changes

As announced on 22 June 2016, Helen Walker will be leaving the Company's employment on 31 May 2017. The Company has made significant progress towards the recruitment of a Chief Financial Officer to replace Helen and anticipates being able to provide a specific market update in the near future.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 May 2016. A detailed explanation of the risks summarised below, and how the Group seeks to mitigate the risks, can be found on page 37 of the annual report which is available at www.onepmfinance.co.uk.

Credit Risk:

The directors believe that credit risk is limited due to debts being spread over a large number of receivables contracts.

Interest rate and liquidity risk:

No liabilities are subject to variable rates of interest.

Going Concern

As stated in note 1 to the condensed financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b) the interim management report includes a fair view of the information required by Disclosure and Transparency Rules ("DTR") 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair view of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Outlook

Demand for finance from SMEs, whether it is for their business-critical assets, vehicles or general purpose loans, continues to be strong. The Board sees opportunities for further organic growth, both from cross-selling its products into its expanding customer base, and from new business origination. There are also opportunities for further strategic growth from new product introductions, the application of financial technology and value enhancing acquisitions. Your Board looks forward with confidence to the continued success of the business in the remainder of the current financial year.

By order of the Board,

Ian Smith
Chief Executive Officer, 1pm plc

Independent Review Report to 1pm PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2016 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and related notes 1 to 8. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Moore Stephens
Chartered Accountants and Statutory Auditor
30 Gay Street
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18 January 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 30 NOVEMBER 2016

	Independently Reviewed 6 months to 30 November 2016 £'000	Independently Reviewed 6 months to 30 November 2015 £'000	Audited 12 months to 31 May 2016 £'000
REVENUE	7,988	5,253	12,554
Cost of sales	(2,924)	(1,860)	(4,480)
GROSS PROFIT	5,064	3,393	8,074
Other operating income	-	-	2

Administrative expenses		<u>(2,990)</u>	<u>(1,604)</u>	<u>(4,290)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEM		2,074	1,789	3,786
Exceptional items		<u>-</u>	<u>(99)</u>	<u>(368)</u>
OPERATING PROFIT AFTER EXCEPTIONAL ITEM		2,074	1,690	3,418
Finance income		13	1	2
Finance expense		<u>(40)</u>	<u>(32)</u>	<u>(74)</u>
PROFIT BEFORE TAXATION		2,047	1,659	3,346
Taxation		<u>(412)</u>	<u>(344)</u>	<u>(480)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME		<u>1,635</u>	<u>1,315</u>	<u>2,866</u>
Attributable to equity holders of the company		<u>1,635</u>	<u>1,315</u>	<u>2,866</u>
Profit per share attributable to the equity holders of the company during the Period		Pence per share	Pence per share	Pence per share
- basic	6	<u>3.08</u>	<u>2.91</u>	<u>5.87</u>
- diluted	6	<u>2.84</u>	<u>2.91</u>	<u>5.50</u>

All of the above amounts are in respect of continuing operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS TO 30 NOVEMBER 2016**

	Independently Reviewed 6 months to 30 November 2016 £'000	Independently Reviewed 6 months to 30 November 2015 £'000	Audited 12 months to 31 May 2016 £'000
NON CURRENT ASSETS			
Intangible assets - goodwill	10,289	8,805	10,289
Property, plant and equipment	1,325	1,052	1,251
Trade and other receivables	43,555	28,517	33,166
Deferred tax	<u>363</u>	<u>244</u>	<u>208</u>
	<u>55,532</u>	<u>38,618</u>	<u>44,914</u>
CURRENT ASSETS			
Inventories	45	-	81
Cash and cash equivalents	1,052	470	910
Trade and other receivables	<u>17,392</u>	<u>19,175</u>	<u>22,895</u>
	<u>18,489</u>	<u>19,645</u>	<u>23,886</u>
TOTAL ASSETS	<u>74,021</u>	<u>58,263</u>	<u>68,800</u>
EQUITY			
Called up share capital	5,452	5,253	5,253
Share premium account	14,128	13,064	13,077
Employee shares	95	133	90
Retained earnings	<u>7,104</u>	<u>4,181</u>	<u>5,469</u>
TOTAL EQUITY	26,779	22,631	23,889
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	22,030	15,777	19,664
Financial liabilities - borrowings:			
Interest bearing loans and borrowings	484	533	399
Provisions - contingent consideration	<u>-</u>	<u>1,307</u>	<u>1,833</u>
	<u>22,514</u>	<u>17,617</u>	<u>21,896</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS TO 30 NOVEMBER 2016
(CONTINUED)

	Independently Reviewed 6 months to 30 November 2016 £'000	Independently Reviewed 6 months to 30 November 2015 £'000	Audited 12 Months to 31 May 2016 £'000
CURRENT LIABILITIES			
Trade and other payables	21,267	15,386	19,979
Financial liabilities - borrowings:			
Bank overdrafts	584	-	519
Interest bearing loans and borrowings	633	614	729
Provisions - contingent consideration	1,833	1,307	1,245
Tax payable	411	708	543
	<u>24,728</u>	<u>18,015</u>	<u>23,015</u>
TOTAL LIABILITIES	<u>47,242</u>	<u>35,632</u>	<u>44,911</u>
TOTAL EQUITY AND LIABILITIES	<u>74,021</u>	<u>58,263</u>	<u>68,800</u>

CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR
THE SIX MONTHS TO 30 NOVEMBER 2016

	Independently Reviewed 6 months to 30 November 2016 £'000	Independently Reviewed 6 months to 30 November 2015 £'000	Audited 12 months to 31 May 2016 £'000
Cash generated from operations			
Profit before tax	2,047	1,659	3,346
Depreciation charges	249	125	354
Finance costs	40	32	74
Finance income	(13)	(1)	(3)
Increase in trade and other receivables	(4,850)	(7,934)	(12,649)
Increase in trade and other payables	3,548	6,910	11,996
	<u>1,021</u>	<u>791</u>	<u>3,118</u>
Cash flows from operating activities			
Interest Paid	(40)	(32)	(74)
Tax paid	(325)	-	(637)
Net cash generated from operating activities	<u>656</u>	<u>759</u>	<u>2,407</u>
Cash flows from investing activities			
Interest received	13	1	3
Acquisition of subsidiaries	-	(6,099)	(7,588)
Purchase of tangible fixed assets	(318)	(82)	(547)
Net cash generated from investing activities	<u>(305)</u>	<u>(6,180)</u>	<u>(8,132)</u>
Cash flows from financing activities			
Repayment of loans	(11)	-	(179)
Issue of shares net of costs	-	6,365	6,769
Dividends paid	(263)	(129)	(129)
Net cash generated from financing activities	<u>(274)</u>	<u>6,236</u>	<u>6,461</u>
Increase in cash and cash equivalents	<u>77</u>	<u>815</u>	<u>736</u>
Cash and cash equivalents at the beginning of the period	<u>391</u>	<u>(345)</u>	<u>(345)</u>
Cash and cash equivalents at the end of the period			

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 NOVEMBER 2016**

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2016	5,253	13,077	5,469	90	23,889
Issue of share capital	199	1,051		(18)	1,232
Credit to equity	-	-	-	23	23
Total comprehensive income	-	-	1,635	-	1,635
Balance at 30 November 2016	5,452	14,128	7,104	95	26,779
Balance at 31 May 2015	3,685	5,606	2,995	83	12,369
Issue of share capital	1,568	7,458	-	-	9,026
Credit to equity	-	-	-	50	50
Total comprehensive income	-	-	1,315	-	1,315
Dividend paid	-	-	(129)	-	(129)
Balance at 30 November 2015	5,253	13,064	4,181	133	22,631

1 BASIS OF PREPARATION

The financial information set out in the interim report does not constitute statutory accounts as defined in section 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 May 2016 prepared in accordance with IFRS as adopted by the European Union and with the Companies Act 2006 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These interim financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies set out in the most recently available public information, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 May 2016. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information for the six months ended 30 November 2015 and the six month period 30 November 2016 are unaudited and do not constitute the Groups statutory financial statements for these periods. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2 SEGMENTAL REPORTING

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

3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4 TAXATION

Taxation charged for the period ended 30 November 2016 is calculated by applying the directors' best estimate of the annual tax rate to the result for the period.

5 SHARE CAPITAL

The Articles of Association of the company state that there is an unlimited authorised share capital.

Each share carries the entitlement to one vote.

On 6 October 2016 the Company issued 1,960,270 ordinary shares of nominal value 0.10p at 0.635p per share in deferred consideration for the acquisition of MH Holdings (UK) Limited.

On 15 November 2016 the Company issued 29,038 ordinary shares of nominal value 0.10p at 0.61p per share in relation to the employee share scheme.

6 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share has been calculated using the profit for the period and the weighted average number of ordinary shares in issue during the period. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months to 30-Nov-16 £'000	6 months to 30-Nov-15 £'000	12 months to 31-May-16 £'000
Earnings attributable to ordinary shareholders	1,635	1,315	2,866
Basic EPS			
Weighted average number of shares	53,137,025	45,165,770	48,850,117
Per-share amount pence	3.08	2.91	5.87
Diluted EPS			
Weighted average number of shares	57,662,332	45,193,568	52,132,369
Per- share amount pence	2.84	2.91	5.50

7 DIVIDENDS

	6 months to 30-Nov-16 £'000	6 months to 30-Nov-15 £'000	12 months to 31-May-16 £'000
Ordinary shares of £0.10 each			
Final	-	-	391

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

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

8 COPIES OF THE INTERIM REPORT

Copies of the Interim Report are available from www.onepmfinance.co.uk and the Company Secretary at the registered office: 2nd Floor, St James House, The Square, Lower Bristol Road, Bath BA2 3BH

This information is provided by RNS
The company news service from the London Stock Exchange

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