Press Release 14 September 2021

STM Group Plc

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

Unaudited Interim Results for the six months ended 30 June 2021
& Investor Presentation

STM Group Plc (AIM: STM), the multi-jurisdictional financial services group, is pleased to announce its unaudited interim results for the six months ended 30 June 2021.

Financial Highlights:

	2021 (reported)	2021 (underlying)**	2020 (reported)	2020 (underlying)**
Revenue	£11.4m	£11.4m	£11.8m	£11.8m
Profit before other items*	£1.5m	£1.7m	£1.8m	£1.9m
Profit before taxation ("PBT")	£0.9m	£0.8m	£1.0m	£1.1m
Profit before other items margin	13%	15%	15%	16%
Earnings per share	1.28p	N/A	1.33p	N/A
Cash at bank (net of borrowings)	£16.5m		£17.6m	
Interim dividend	0.60p		0.55p	

* Profit before other items is defined as revenue less operating expenses i.e. profit before taxation, finance income and costs, depreciation, amortisation, bargain purchase gain and gain on the call options

** Underlying statistics are net of certain transactions which do not form part of the regular operations of the business as further detailed in the table below

Highlights:

- Recurring revenue remains predictable and a cornerstone of the business, and now represents 88% of the Group's reported revenue
- Disinvestment of both CTS businesses allowing the Board to concentrate on growing our core activities
- Strategic focus on updating and revising operating model to drive increased "topline" growth
- Three of four IT projects now gone "live" with intention of having two core administration systems – improving operating margins
- Adapted to a "hybrid" working environment to keep our colleagues safe and maximise flexibility and efficiencies
- The Berkeley Burke acquisition of August 2020 is now fully integrated and delivering the profit that was anticipated
- Acquisitions are a core pillar of our growth strategy

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

"The first six months of the year have been busy with two disposals and three of the four key IT projects having gone "live". As one would expect with our business model, the recurring revenue nature of our pensions and life assurance businesses underpins the predictability of our performance, with some 88% of total revenue meeting this classification.

"The simplification of our overall Group structure and our business lines remains a focus of the Plc board, and we are pleased to be able to state that we have now exited the Trust and Corporate Services sector, having found good homes for both the Gibraltar and Jersey clients and colleagues. The Berkeley Burke acquisition of August last year is now fully integrated and delivering the profit that was anticipated.

"There continues to be a strong appetite for further acquisitions as a key pillar for revenue and profit growth, to sit alongside the organic growth opportunities.

"We look forward to updating shareholders with our progress in the near future."

Investor Presentation: 1.30pm on Wednesday 15 September 2021

The Directors will hold a presentation to introduce STM Group Plc to investors and cover the Interim Results and prospects at 1.30 p.m. on Wednesday 15 September 2021.

The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company and add to meet STM Group Plc via the following link https://www.investormeetcompany.com/stm-group-plc/register-investor.

For those investors who have already registered and added to meet the Company, they will automatically be invited.

Questions can be submitted pre-event to STM@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018).

For further information, please contact:

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Notes to editors:

STM is a multi-jurisdictional financial services group traded on AIM, a market operated by the London Stock Exchange. The Group specialises in the administration of client assets in relation to retirement, estate and succession planning and wealth structuring.

Today, the Group has operations in the UK, Gibraltar, Malta and Spain. STM has developed a range of pension products for UK nationals and internationally domiciled clients and has two Gibraltar life assurance companies which provide life insurance bonds – wrappers in which a variety of investments, including investment funds, can be held.

STM's growth strategy is focussed on both organic initiatives and strategic acquisitions.

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

Chairman's Statement

I am pleased to present the results for the first six months of 2021. It has been a period of considerable actual and ongoing evolution within the Group against a backdrop of the continuing challenges of the pandemic, where we continue to support all our colleagues, clients and stakeholders. This backdrop has been made all the more challenging as it has coincided with us finalising a number of major IT migration projects, which will ultimately move the Group to a healthier operating margin.

The recurring revenue base has held up well and continues to form our foundation stone for building our new business revenues, which is our stated strategic priority. Revenue (excluding discontinued operations) grew year on year by 3.9% although the first half of 2021 was relatively disappointing with regards to new business volumes in certain areas, with some partnership arrangements being slower to come to fruition than expected. The Group has, however, maintained its overall profitability through prudent and agile attention to our resourcing and cost base.

We continue to realign our business to be more focused on revenue growth and are now making real tangible changes to our operating model to support this strong ambition. The investment that we have made in the infrastructure over the last few years gives us confidence that we are able to cope with accelerating our revenue growth and improve operating margins by sweating our existing infrastructure and capability.

Board Evolution

Going into the second half of 2021, our operating model changes further as we move down to a two-person Plc executive team, and the creation of a dedicated senior Group role for business development, which will be a non-Board post. We will continue to proactively review our top to toe governance structure and also our stated risk appetite profile so as to ensure that it is conducive to our stated top and bottom line growth expectations.

I must express my deepest thanks to Therese Neish and Pete Marr for their huge contribution to the Group over the years, both of whom will be stepping down from the Board before my next Chairman's report.

Finally, I would like to take the opportunity to thank all my STM colleagues for their continuing hard work in a complicated and unpredictable working environment.

Duncan Crocker

Chairman

Chief Executive's Review

Overview

The first six months of the year have been busy with two disposals and the completion of some important IT projects. In operational terms the business has, overall, performed in line with management's expectations.

Our UK workplace pensions business delivered higher than anticipated revenues, although new business revenue overall was slower than was expected, particularly around UK SIPP business and our flexible annuity product. In addition, our cost base was managed accordingly.

As one would expect with our business model, the recurring revenue nature of our pensions and life assurance businesses underpins the predictability of our performance, with some 88% of total revenue meeting this classification.

The delivery of our key IT projects is now well underway, with three of the four projects now having gone "live". Whilst there is still development work to be completed, we have moved a very significant step forward to our strategic aim of having one administration platform for our private pensions and life businesses, and one platform for our workplace and occupational pensions. We believe that moving into 2022, we will see improved operating margins as a result of these administration platforms, and that they will help the Group to differentiate itself from others in the marketplace.

The simplification of our overall Group structure and our business lines remains a focus of the Plc board, and we are pleased to be able to state that we have now exited the Trust and Corporate Services sector, having found good homes for both the Gibraltar and Jersey clients and colleagues. The Berkeley Burke acquisition of August last year is now fully integrated and delivering the profit that was anticipated at the time of acquisition.

Financial review

Financial performance in the period

The Group delivered revenue growth from continuing operations of 3.9% from £10.2 million in 2020 to £10.6 million) with growth in revenues from our Pensions division offset by a slight reduction in our Life assurance division. Reported revenues for the first half of the year were £11.4 million (2020: £11.8 million) with the main reason for the decrease being as a result of the disposals of the Group's corporate & trustee services ("CTS") businesses earlier in the year. Revenue contribution from these businesses accounted for £1.6 million in 2020 as compared to £0.8 million in the period from 1 January 2021 to the respective dates of disposal.

Recurring revenues for the period have remained consistent at £10.0 million (2020: £10.0 million), representing 88% of total revenues (2020: 85%). The sale of the CTS business has contributed to a higher percentage given that CTS businesses had a high proportion of transactional based revenue which was not considered recurring as this was less predictable than the fixed fees generated from the pensions and life assurance businesses. These high levels of recurring revenues remain an important key performance measure for the business and demonstrate the quality of the Group's revenues.

Profit before other items for the period is £1.5 million (2020: £1.8 million) with reported profit before tax of £0.9 million (2020: £1.0 million). However, during the period there have been a number of one-off and non-recurring costs such as costs associated with internal restructures and a capital management review engagement. Thus, the underlying profit before other items is £1.7 million (2020: £1.9 million) and underlying profit before tax of £0.8 million (2020: £1.0 million).

In line with revenue, the reason for the decrease in profitability is largely down to the sale of the CTS businesses. Whilst not significant these sales have resulted in the loss of profit contribution and in addition to this some of the centralised costs having to be absorbed by the wider Group.

The reconciliation of reported measures to underlying measures is made up of items which are either non-recurring or exceptional and thus do not form part of the normal course of business. This reconciliation for all three key financial measures is shown in the table below:

RECONCILIATION OF REPORTED TO UNDERLYING MEASURES						
	REVENUE		**PROFIT BEFORE OTHER ITEMS**		**PROFIT BEFORE TAX**	
	2021	2020	**2021**	2020	**2021**	2020
	£m	£m	**£m**	£m	**£m**	£m
Reported measure	**11.4**	11.8	**1.5**	1.8	**0.9**	1.0
Add: integration and acquisition costs for H1	**–**	–	**–**	0.1	**–**	0.1
Add: other non-recurring costs	**–**	–	**0.2**	–	**0.2**	–
Less: gain on sale of investments	**–**	–	**–**	–	**(0.1)**	
Less: bargain purchase gain and derivative asset	**–**	–	**–**	–	**(0.2)**	–
Underlying measure	**11.4**	11.8	**1.7**	1.9	**0.8**	1.1

Cashflows

Cash and cash equivalents at 30 June 2021 were £18.6 million (2020: £18.3 million) with cash generated from operating activities being £1.2 million (2020: £1.7 million) thus exceeding our reported profit before tax.

Whilst cash balances have remained fairly consistent as compared to the same period for the prior year they have increased since the year end. This is largely as a result of the sales of the two CTS businesses earlier in the year. These disposals generated net cash inflows of £1.6 million.

During the period we also repaid £0.3 million of our bank loan with £1.3 million still outstanding. Net cash and cash equivalents as at 30 June 2021 were therefore £17.3 million (2020: £17.6 million). The Group has a credit facility in place with £3.9 million available to be drawn down for acquisitions and other growth opportunities.

As would be expected for a Group regulated in a number of jurisdictions, a significant proportion of our cash balance forms part of the regulatory and solvency requirements. It is not possible to determine exactly how much of the cash and cash equivalents are required for solvency purposes as other assets can also be used to support the regulatory solvency requirement. However, the total regulatory capital requirement across the Group as at 30 June 2021 is £16.9 million.

The balance sheet also gives visibility of future revenue and cash generation and, in line with all administration services businesses, the Group had accrued income in the form of work performed for clients but not yet billed of £1.4 million as at the period end (2020: £1.7 million). This gives some visibility of revenue still to be billed and collected as cash at bank.

Additionally, deferred income relating to annual fees invoiced but not yet earned stood at £4.0 million (2020: £4.4 million). This figure also gives good visibility of revenue that is still to be earned through the Income Statement in the coming months.

Trade receivables as at 30 June 2021 were £3.1 million (2020: £3.2 million).

Dividend

I am pleased to announce that the Board has declared an interim dividend of 0.60 pence per share representing a 9% increase on last year (2020: 0.55 pence). The interim dividend is expected to be paid on 17 November 2021 to those shareholders on the register on 22 October 2021. The ordinary shares will become ex-dividend on 21 October 2021.

Subject to trading continuing to perform in line with our revised expectations, the Board expects to propose a final dividend for the full year.

Review of operations

Pensions

The pensions administration businesses continue to be the cornerstone of our operations with this half-year period being the first full 6 month contribution from the Berkeley Burke acquisition made in August 2020.

Overall, the pensions revenue for the period was £8.7 million (2020: £7.9 million) representing 76% (2020: 67%) of total Group revenues. Total revenue is split between £4.9 million for QROPS (2020: £5.1 million), £1.7 million (2020: £1.9 million) for the SIPP and SSAS businesses and a further £1.5 million (2020: £1.0 million) for the workplace pensions business. In addition, this year the Group also has a revenue contribution of £0.6 million from third party administration and Group Pension Plans.

The recurring revenue percentage for this operating segment remains at 93% in line with that of the same period for 2020. This combined with the relatively low attrition rates means that it remains a solid predictor of future divisional profitability.

The new business applications for QROPS and SIPPs have seen a decrease from the same period last year at 372 (2020: 473).

The final pensions revenue stream within the Group is the auto-enrolment business acquired as part of the Carey acquisition, now branded Options Corporate. Whilst this business started the year with a higher number of members than budgeted, the number of new members in the first six months has been lower than expected at circa 30,000. However, July and August have seen some of the transfers expected in the first half of the year with a total of circa 17,500 in these two months alone. Management is therefore confident that this revenue stream will deliver as expected.

Life assurance

Revenue for the combined life assurance businesses amounted to £1.6 million as compared to £1.9 million in 2020. This decrease is largely due to lower investment income and AUA based fees as a result of the lower interest rates and markets following the global pandemic as previously reported.

In a similar manner to the pensions operating segment, our life assurance business also has high recurring fees. A total of 98% of total revenues for the period are recurring (2020: 95%). The reason for the increase in as a result of lower new business than the prior year, thus lower establishment fees.

Our flexible annuity products aimed at the UK market remain the key focus for sustainable organic growth within our life businesses. Conversion times for new business remain slow and unpredictable, and continued effort to expand our intermediary base is an important part of improving our new business numbers.

In addition, we have relaunched our short term annuity product during the second half of 2021, and we believe that this will deliver additional revenue and profit going into 2022.

Corporate and Trust Services ("CTS")

Revenue from the Corporate and Trustee Services divisions are included up to the date of disposal. In the case of the Gibraltar business this is for the period from 1 January to 23 March 2021 contributing £0.3 million of revenue (2020: £0.8 million). The Jersey business contributed £0.4 million in the period from 1 January to 8 May 2021 (2020: £0.8 million).

Outlook

The Board has built an infrastructure that will allow for scalability and accelerated organic growth going forward, and the focus of the management team must be to deliver on that proposition. Investment in the revenue generating part of the business is a commitment of the Plc board. As part of this drive, the newly created role of Group Director of Business Development Strategy will initially be taken by Christine Hallett on a secondment basis. Christine, who was previously managing director of our Options SIPP and Options Corporate businesses, has a proven track record in delivering organic growth. The non-board role will ensure that a stronger emphasis on new business and product initiatives are implemented across the Group, as well as capitalizing on cross selling opportunities.

In addition, the more streamlined Group post the disposal of the CTS businesses, and the stronger and deeper infrastructure that we have created has allowed the Plc board to revise its operating model. Part of this review has seen the decision to move down to a two person executive team at Plc board level. Pete Marr has agreed to step down as COO during the latter part of the year having made a significant contribution to the reshaping of the Group operating model, handing over his reporting lines to the two remaining executives. Nicole Coll, the incoming CFO from 1 October, will receive an orderly handover from Therese Neish during the last quarter of the year.

There continues to be a strong appetite for further acquisitions as a key pillar for revenue and profit growth, to sit alongside the organic growth opportunities.

We look forward to updating shareholders with our progress in the near future.

Alan Kentish

Chief Executive Officer

CONSOLIDATED INCOME STATEMENT
For the period from 1 January 2021 to 30 June 2021

	Notes	Unaudited 6 months to 30 June 2021 £'000	Unaudited 6 months to 30 June 2020 £'000	Audited Year to 31 December 2020 £'000
Revenue	4	11,386	11,810	23,982
Administrative expenses		(9,869)	(10,002)	(20,412)
Profit before other items		**1,517**	**1,808**	3,570
OTHER ITEMS				
Bargain purchase gain		120	–	–
Gains on revaluation of financial instruments		222	–	59
Finance costs		(152)	(126)	(246)
Depreciation and amortisation		(760)	(669)	(1,363)
Profit before taxation		**947**	**1,013**	2,020
Taxation		(187)	(224)	(413)
Profit after taxation		**760**	**789**	1,607
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit and loss				
Foreign currency translation differences for foreign operations		(37)	16	(1)
Total other comprehensive income/(loss)		(37)	**16**	(1)
Total comprehensive income for the period/year		**723**	**805**	1,606
Profit attributable to:				
Owners of the Company		800	861	1,777
Non-Controlling interests		(40)	(72)	(170)
		760	**789**	1,607
Total comprehensive income attributable to:				
Owners of the Company		763	877	1,776
Non-Controlling interests		(40)	(72)	(170)
		723	**805**	1,606
Earnings per share basic (pence)	5	1.28	1.33	2.70
Earnings per share diluted (pence)	5	1.28	1.33	2.70

The results for the period from 1 January 2021 to 30 June 2021 include both continuing and discontinued activities. The results for the period from 1 January 2020 to 31 December 2020 relate to continuing activities (see Note 6).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		1,692	2,596	1,970
Intangible assets		20,066	20,634	19,912
Financial assets		697	416	475
Deferred tax asset		85	84	75
Total non-current assets		**22,540**	**23,730**	22,432
Current assets				
Accrued income		1,447	1,692	1,319
Trade and other receivables	9	7,619	5,062	9,073
Cash and cash equivalents	8	18,574	18,279	16,409
Assets held for sale		–	–	5,988
Total current assets		**27,640**	**25,033**	32,779
Total assets		**50,180**	**48,763**	55,211
EQUITY				
Called up share capital	12	59	59	59
Share premium account		22,372	22,372	22,372
Retained earnings		13,836	12,951	13,541
Other Reserves		(482)	(430)	(447)
Equity attributable to owners of the Company		**35,785**	34,952	35,525
Non-controlling interests		**(485)**	(347)	(445)
Total equity		**35,300**	**34,605**	35,080
LIABILITIES				
Current liabilities				
Liabilities for current tax		890	1,216	1,197
Trade and other payables	10	11,681	10,944	14,974
Liabilities directly associated with assets held for sale		–	–	1,154
Total current liabilities		**12,571**	**12,160**	17,325
Non-current liabilities				
Other payables	11	2,309	1,998	2,806
Total non-current liabilities		**2,309**	**1,998**	2,806
Total liabilities and equity		**50,180**	**48,763**	55,211

CONSOLIDATED CASH FLOW STATEMENT
For the period from 1 January 2021 to 30 June 2021

	Notes	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Operating Activities				
Profit for the period/year before tax		947	1,013	2,020
Adjustments for:				
Depreciation of property, plant and equipment		369	398	793
Amortisation of intangible assets		391	271	570
Write-off of intangible assets		–	–	–
Loss on sale of fixed asset		–	–	–
Taxation paid		(447)	(100)	(299)
Bargain purchase gain		–	–	–
Unrealised gains on financial instruments at FVTPL		(222)	–	(59)
Share based payments		–	–	–
(Increase)/decrease in trade and other receivables		(996)	703	(215)
Decrease/(increase) in accrued income		291	(506)	(485)
Increase/(decrease) in trade and other payables		817	(96)	(12)
Net cash from operating activities		**1,150**	**1,683**	2,313
Investing activities				
Disposal of investments		2,369	–	–
Cash disposed of as part of investment disposal		(39)		
Purchase of property, plant and equipment		(193)	(40)	(70)
Increase in intangible assets		(546)	(417)	(875)
Consideration paid on acquisition of subsidiary		–	–	(1,447)
Cash acquired on acquisition of Subsidiary		–	–	27
Reclassification to assets held for sale		–	–	(725)
Net cash used in investing activities		**1,591**	**(457)**	(3,090)
Cash flows from financing activities				
Proceeds from Bank loans		500	–	1,600
Bank loan repayment		(138)	(500)	(1,200)
Lease liabilities paid		(437)	(444)	(843)
Treasury shares purchased		–	–	–
Dividends paid	7	(505)	(446)	(772)
Net cash from financing activities		**(580)**	**(1,390)**	(1,215)
Increase/(decrease) in cash and cash equivalents		**2,161**	**(164)**	(1,992)
Reconciliation of net cash flow to movement in net funds				
Analysis of cash and cash equivalents during the period/year				
Increase/(decrease) in cash and cash equivalents		2,161	(164)	(1,992)
Effect of movements in exchange rates on cash and cash equivalents		4	37	(5)
Balance at start of period/year		16,409	18,406	18,406
Balance at end of period/year		**18,574**	**18,279**	16,409

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
For the period from 1 January 2021 to 30 June 2021

	Share Capital £000's	Share Premium £000's	Retained Earnings £000's	Treasury Shares £000's	Foreign Currency Translation Reserve £000's	Shares Based Payments Reserve £000's	Total £000's	Non-Controlling Interests £000's	Total Equity £000's
Balance at 1 January 2020	**59**	**22,372**	**12,536**	**(549)**	**(59)**	**162**	**34,521**	**(275)**	**34,246**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD									
Profit for the year	–	–	1,777	–	–	–	1,777	(170)	1,607
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(1)	–	(1)	–	(1)
Transactions with owners, recorded directly in equity									
Dividend paid	–	–	(772)	–	–	–	(772)	–	(772)
Treasury shares purchased	–	–	–	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–	–	–	–
Changes in ownership interest									
31 December 2020 and 1 January 2021	**59**	**22,372**	**13,541**	**(549)**	**(60)**	**162**	**35,525**	**(445)**	**35,080**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD									
Profit for the year	–	–	**800**	–	–	–	**800**	(40)	**760**
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(35)	–	(35)	–	(35)
Transactions with owners, recorded directly in equity									
Dividend paid	–	–	(505)	–	–	–	(505)	–	(505)
Treasury shares purchased	–	–	–	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–	–	–	–
Changes in ownership interest									
At 30 June 2021	**59**	**22,372**	**13,836**	**(549)**	**(95)**	**162**	**35,785**	**(485)**	**(35,300)**

NOTES TO THE CONSOLIDATED RESULTS
For the period from 1 January 2021 to 30 June 2021

1. Reporting entity

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

2. Basis of preparation

Results for the period from 1 January 2021 to 30 June 2021 have not been audited.

The consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with Isle of Man law and IAS 34, Interim Financial Reporting.

3. Significant accounting policies

The accounting policies in these consolidated results are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2020. No changes in accounting policies are expected to be reflected in the Group's consolidated financial statements for the year ended 31 December 2021.

4. Segmental Information

STM Group has four reportable segments: Pensions, Life Assurance, Corporate Trustee Services and Other Services. Each segment is defined as a set of business activities generating a revenue stream and offering different services to other operating segments. The Group's operating segments have been determined based on the management information reviewed by the CEO and Board of Directors.

The Board assesses the performance of the operating segments based on turnover generated. The performance of the operating segments is not measured using costs incurred as the costs of certain segments within the Group are predominantly centrally controlled and therefore the allocation of these is based on utilisation of arbitrary proportions. Management believe that this information and consequently profitability could potentially be misleading and would not enhance the disclosure above.

The following table presents the turnover information regarding the Group's operating segments:

Operating Segment	**Unaudited 6m 2021 £'000**	**Unaudited 6m 2020 £'000**	**Audited 2020 £'000**
Pensions	8,690	7,930	16,488
Life Assurance	1,638	1,945	3,709
Corporate Trustee Services	774	1,613	3,167
Other Services	284	322	618
	11,386	**11,810**	23,982

Analysis of the Group's turnover information by geographical location is detailed below:

Geographical Segment	Unaudited 6m 2021 £'000	Unaudited 6m 2020 £'000	Audited 2020 £'000
Gibraltar	3,172	4,080	7,999
Malta	445	3,855	7,625
United Kingdom	3.670	2,828	6,379
Jersey	3,822	773	1,483
Other	277	274	496
	11,386	**11,810**	23,982

5. Earnings per Share

Earnings per share for the period from 1 January 2021 to 30 June 2021 is based on the profit after taxation of £760,000 divided by the weighted average number of £0.001 ordinary shares during the period of 59,408,088 basic.

A reconciliation of the basic and diluted number of shares used in the period ended 30 June 2021 and 30 June 2020 is as follows:

	2021	**2020**
Weighted average number of shares	59,408,088	59,408,088
Share incentive plan	–	–
Diluted	**59,408,088**	59,408,088

6. Discontinued operation

On 23 March 2021 the Group disposed of its Gibraltar company and trustee services ("CTS") and tax compliance businesses. On 8 May 2021 the Group disposed of its Jersey based CTS businesses. These businesses were previously classified as held-for-sale and are now discontinued operations.

There results for the discontinued operation included in the six month period ended 30 June 2021 are shown below. There are no results for discontinued operations included in the six month ended 30 June 2020 and the year ended 31 December 2020**:**

	£'000
Revenue	785
Expenditure	(720)
Results from operating activities	65
Income tax	–
Results from operating activities, net of tax	65
Gain on sale of discontinued operation	120
Profit from discontinued operation	185

The profit from the discontinued operation is attributable entirely to the owners of the Company.

7. Dividends

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

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
0.85 pence (2020: 0.75 pence) per qualifying ordinary share	505	446	772

8. Cash and cash equivalents

Cash at bank earns interest at floating rates based on prevailing rates. The fair value of cash and cash equivalents in the Group is £18,574,000.

9. Trade and other receivables

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Trade receivables	3,077	3,236	3,450
Receivables due from insurers	–	–	3,600
Prepayments	581	879	634
Other receivables	3,962	947	1,389
Total	**7,620**	**5,062**	9,073

10. Trade and other payables

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Deferred income	4,014	4,369	3,647
Provision	–	–	3,600
Trade payables	549	659	368
Bank loan	552	700	552
Lease liabilities	651	788	783
Contingent consideration	700	–	700
Other creditors and accruals	5,215	4,428	5,324
	11,681	**10,944**	14,974

In November 2020 the Company signed a credit facility with Royal Bank of Scotland (International) Ltd for £5.50 million. The facility has a 5-year term with capital repayments structure over ten years and a final instalment to settle the outstanding balance in full at the end of the 5 years. At the period-end £1.6 million of this facility had been drawn down with £1.3 million outstanding. Interest on the drawn funds is charged at 3.5% per annum over the Sterling Relevant Reference Rate, with the undrawn balance charged at an interest rate of 1.75% per annum over the Sterling Relevant Reference Rate.

The facility is subject to customary cashflow to debt service liability ratios and EBITDA to debt service liability ratio covenants tested quarterly and is secured by a capital guarantee provided by a number of non-regulated holding subsidiary companies within the Group and debenture over these companies.

11. Other payables – amounts falling due in more than a year

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Lease liabilities	831	1,508	1,070
Bank loan	773	–	1,048
Deferred tax liabilities	535	279	522
Provisions for dilapidation costs	170	211	166
	2,309	**1,998**	**2,806**

12. Called up share capital

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Authorised			
100,000,000 ordinary shares of £0.001 each	100	100	100
Called up, issued and fully paid			
59,408,088 ordinary shares of £0.001 each	59	59	59