28 September 2023

STM Group Plc

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

Unaudited Interim Results for the six months ended 30 June 2023

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 2023.

Financial Highlights:

	2023 (reported)	**2023 (underlying)****	**2022 (reported)**	**2022 (underlying)****
Revenue	£13.2m	£13.2m	£11.3m	£11.3m
Profit before other items*	£1.5m	£1.8m	£1.4m	£1.7m
Profit before taxation ("PBT")	£0.1m	£0.4m	£0.5m	£0.8m
Profit before other items margin	11%	14%	12%	15%
Earnings per share	0.17p	N/A	0.62p	N/A
Cash at bank (net of borrowings)	£13.8m		£16.9m	
Interim dividend	-		0.60p	

* defined as revenue from continuing operations less operating expenses i.e. profit from continuing operations before taxation, net finance costs, depreciation, amortization, and non-operating items such as bargain purchase gain and loss on the sale of investments

** Underlying statistics are net of certain transactions which are either non-recurring or exceptional and thus do not form part of the normal course of business.

Operating Highlights:

- Recurring revenue resilient at 95% of total revenues, similar to prior periods
- Successful integration of Mercer SIPP and SSAS businesses acquired in the second half of 2022
- Completion of first part of the strategic review
- The strategic review led in turn to a Group-wide technology review as part of a drive to improve efficiencies and margins
- Significant upfront work completed as part of being Consumer Duty ready
- Appointment of new Head of Business Development, leading to increased volumes of illustrations for our flexible annuity products
- Successful implementation of new client interest sharing policy

Post-period Highlights:

- On 11 July 2023, the boards of STM, and PSF Capital GP II Limited as general partner of PSF Capital Reserve LP ("Pension SuperFund Capital"), announced that they had reached agreement in principle on the key terms of a possible cash offer (the "Offer") for the entire issued and to be issued share capital of the Company at a price of 70 pence per share.
- On 5 September 2023, the Company announced revised terms for a possible cash offer at a price of 67 pence per share that would be conditional upon the completion of a disposal of certain parts of the Group that are non-core to the strategy of Pension SuperFund Capital (the "Revised Possible Offer"). It was also announced that Alan Kentish (a director and shareholder of the Company) had signed heads of terms with STM and Pension SuperFund Capital to acquire certain parts of the Group, comprising the UK SIPP businesses and entities connected with the 'funder' of the Master Trust.
- On 27 September 2023, the Company announced it had received a revised proposal, being an offer price of up to 67 pence per share, comprising 60 pence per share payable in cash upon completion of the possible offer and a further 7 pence per share by way of an unsecured loan note, repayable 12 months following the date on which a firm intention to make an offer is announced in accordance with Rule 2.7 of the City Code on Takeovers and Mergers (the "Code"), with repayment contingent on certain conditions that are being discussed between Pension SuperFund Capital and the Company. It also announced discussions with Alan Kentish (a director and shareholder of the Company) with respect to the acquisition of certain parts of the Group had been revised such that it is now proposed that Mr Kentish will only acquire the Group's UK SIPP businesses.

- The Company has also announced in accordance with Rule 2.6(a) of the Code, that a further extension to the date by which Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company had been granted by the Takeover Panel, in order to allow further time for these discussions to be completed. Consequently, Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company by not later than 5.00pm on 11 October 2023.
- There can be no certainty that any offer will ultimately be made for the Company.

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, Australia 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 focused on both organic initiatives and strategic acquisitions.

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

Chief Executive's Review

Overview

I am pleased to present the results for the half year ended 30 June 2023. To say it has been a busy period would be an understatement, firstly with the strategic review and more recently in dealing with the possible offer by Pension SuperFund Capital for the entire issued and to be issued share capital of the Company, as first announced on 11 July 2023. During the recent months, the management has been heavily focused on facilitating Pension SuperFund Capital's due diligence workstreams. Despite the exceptional circumstances, all colleagues and teams have worked hard to ensure continued delivery of service to customers and value to shareholders.

In this respect, and as previously announced, certain changes to the policy on interest income were put into effect on 1 July 2023. This allowed for better rate negotiations on client cash balances with banks, and changes were made to how this was shared with customers. Whilst the first half of the year has seen the benefits of increased market interest rates and the income that can be generated from funds held on behalf of clients, the second half of the financial year is particularly expected to see the significant benefits from the change in policy, as well as from the materially rising interest rate environment which the Company has benefited from during 2023. This increased interest income compensated for income from new business generation across the Group being slower than anticipated. With recurring operating revenue continuing to hold up well when compared to the first half of 2022, the overall revenue for the period was 17% higher than the prior period.

Operational expenses for the period were £11.7 million (2022: £10.0 million), broadly in line with management expectations, with overruns in certain expense categories, mainly legal and professional costs, being compensated for by savings in personnel costs. Non-operational expenses, classified as "other items" on the income statement, increased in comparison with the prior period, particularly in relation to finance costs (£302,000, 2022: £99,000) and the non-cash item of amortisation of the client portfolios (£672,000, 2022: £445,000). The increases were expected following the acquisition of the additional SIPP and SSAS portfolios from Mercer Ltd.

Financial review

Financial performance in the period

The Group delivered total revenue in the six months to 30 June 2023 of £13.2 million (2022: £11.3 million), of which £0.9 million was interest income (2022: £0.08 million). The current period also saw the benefit of £1.4 million of income from the Mercer portfolios which were acquired in September 2022 and which therefore did not contribute to the revenues reported in the prior period.

Recurring revenues at 95% of total revenues for the period remained consistent and in line with the prior period (2022: 94%). Recurring revenues for the current period were £12.6 million, as compared to £10.6 million in the prior period, with £1.4 million being the contribution from the Mercer portfolios.

Profit before other items for the period was £1.5 million (2022: £1.4 million), with reported profit before tax of £0.1 million (2022: £0.5 million). A number of one-off and non-recurring costs, including legal and professional costs associated with a strategic review of the business and other contractual matters, were incurred during the period under review. Adjusting for these non-recurring costs results in underlying profit before other items of £1.8 million (2022: £1.7 million) and underlying profit before tax of £0.4 million (2022: £0.8 million).

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**	
	2023	2022	**2023**	2022	**2023**	2022
	£m	£m	**£m**	£m	**£m**	£m
Reported measure	**13.2**	11.3	**1.5**	1.4	**0.1**	0.5
Add: non-recurring costs	**–**	–	**0.3**	0.3	**0.3**	0.3
Underlying measure	**13.2**	11.3	**1.8**	1.7	**0.4**	0.8

Cashflows

Cash and cash equivalents as at 30 June 2023 were £18.9 million (2022: £18.1 million), with cash generated from operating activities being £1.6 million (2022: £1.2 million), thus exceeding the reported profit before tax.

During the period the Group also repaid £0.3 million of the secured bank loan and the outstanding balance as at 30 June 2023 was £5.1 million. As a result, net cash and cash equivalents as at 30 June 2023 amounted to £13.8 million (2022: £16.9 million).

As would be expected for a group which is regulated in several jurisdictions, a significant proportion of the cash balances forms part of the Group's regulatory and solvency requirements. It is not possible to determine the exact amount of cash and cash equivalents required for solvency purposes, as other assets can also be used to support the regulatory solvency requirements. However, the aggregated regulatory capital requirement across the Group as at 30 June 2023 was £15.7 million (2022: £16.9 million) largely due to the increase in market interest rates resulting in a higher discount rate being applied to the life assurance solvency capital requirement.

Accrued income, in the form of work performed for clients but not billed, as at 30 June 2023 amounted to £2.6 million (2022: £1.6 million). This increase was largely because of the accrued income on the Mercer portfolios acquired in September 2022, and which would therefore not have been present at the previous period end, and increased interest income accruals because of market rate movements. This gives some visibility of revenue still to be billed and subsequently collected as cash at bank.

Additionally, deferred income relating to annual fees invoiced but not yet earned at 30 June 2023 amounted to £4.1 million (2022: £3.9 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 2023 were £3.5 million (2022: £3.4 million).

Prepayments increased by £0.6 million to £1.3 million (2022: £0.7 million) as at the period end as compared to prior year largely as a result of legal fees, claims excesses and Financial Ombudsman Services fees incurred but recoverable from other parties.

Other creditors and accruals increased by £2.0 million to £6.7 million (2022 (restated): £4.7 million) as a result of the Mercer portfolios acquisition and incremental movements in operational accruals across the Group.

As more fully explained in Note 12, the comparative figures in the Statement of Financial Position as at 30 June 2022 have been restated to correct allocations previously made in the prior year's interim financial statements in respect of liabilities for current tax, trade and other receivables, and trade and other payables.

The reallocations had no impact on either the net asset position of the Group as at 30 June 2022 or the income statement of the Group for the six months ended on that date, both as previously reported.

Dividend

Given the ongoing discussions with PSF in respect to a possible offer, the Board has taken the decision not to declare an interim dividend for the current period (2022: interim dividend of 0.6p declared and subsequently paid).

Review of operations

Pensions

The pensions administration businesses continue to be the cornerstone of our operations.

Pensions revenue for the period was £11.0 million (2022: £9.1 million) representing 83% (2022: 80%) of total Group revenues, with the Mercer portfolios accounting for £1.4 million (£2022: £Nil) of the £1.9 million of increased revenue. Total pensions revenue arose as follows: £4.6 million (2022: £4.9 million) from QROPS, £3.7 million (2022: £1.8 million) from the SIPP and SSAS businesses and a further £2.1 million (2022: £1.8 million) from the workplace pensions business. In addition, the Group also achieved a revenue contribution of £0.6 million (2022: £0.6 million) from third party administration and Group Pension Plans.

The recurring revenue percentage for this operating segment increased to 96% of all pensions revenues (2022: 95%), which, when combined with the relatively low attrition rates, remains a solid predictor of future divisional profitability.

With our new Group Head of Business Development having joined earlier in the year and a new business development team now in place, management believes that the pension businesses are now better positioned to drive organic growth. The independent strategic review commissioned in the period also identified areas for focus in technology and processes, which the Group has continued to explore during this period. Subject to the outcome of the possible Offer and related management buy-out, there will be an ongoing focus on these areas to enhance margins. Internationally, the focus is on increasing revenue through our Malta occupational pension schemes for international businesses.

Life Assurance

Revenue for the combined Life Assurance businesses amounted to £1.9 million, which was consistent with the revenue generated in the same period in 2022 (£1.9 million). In a similar manner to the pensions operating segment, the life assurance businesses also had high levels of recurring fees, which remained stable at 94% of total life assurance revenues (2022: 94%).

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, albeit with our new Business Development team fully embedded the pipeline based on illustrations issued is now considerably higher. The continuing effort to expand our intermediary base is an important part of improving our new business numbers.

Regulatory Developments and Consumer Duty

Consumer Duty, which is a framework set out by the Financial Conduct Authority ("FCA") for providers and adviser firms of all sizes providing financial products or adviser to consumers to measure whether they are delivering good outcomes for UK consumers, came into force on 31 July 2023. This framework puts greater focus on firms to ensure they are actively assessing, improving and evidencing how they are support UK consumers in making good financial decisions about their future. Consumer duty applies to firms operating in the UK, so it applies both to our UK SIPP companies and to our Gibraltar companies that provide products and service to UK residents and financial advisers.

Across the UK and Gibraltar, we implemented a Consumer Duty working party project to oversee the implementation and review our products and service. Various areas of our businesses, products and services were reviewed with changes made to simplify our product range as well as ensuring documentation, processes, procedures and policies were all updated to reflect the regulatory changes. We are pleased with the progress made and, whilst there are areas for improvement, management are of the view that we are meeting our regulatory requirements and our products and services are designed to deliver good customer outcomes.

Outlook

Since 30 June 2023 (being the date to which STM's interim results were drawn up), the Group has continued to demonstrate resilience in its underlying business through the continuing high levels of recurring revenues, supplemented by strengthening interest income from its interest sharing model. As a result, the Group expects to be in line with management's internal expectations for the year ending 31 December 2023.

Possible Offer for the Company

The latest update on the possible offer was announced on 27 September 2023, when the Company updated that it had received a revised proposal, being an offer price of up to 67 pence per share, comprising 60 pence per share payable in cash upon completion of the possible offer and a further 7 pence per share by way of an unsecured loan note, repayable 12 months following the date on which a firm intention to make an offer is announced in accordance with Rule 2.7 of the Code, with repayment contingent on certain conditions that being discussed between Pension SuperFund Capital and the Company. It also announced discussions with Alan Kentish (a director and shareholder of the Company) with respect to the acquisition of certain parts of the Group had been revised such that it is now proposed that Mr Kentish will only acquire the Group's UK SIPP businesses.

The Company has also announced in accordance with Rule 2.6(a) of the Code, that a further extension to the date by which Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company had been granted by the Takeover Panel, in order to allow further time for these discussions to be completed. Consequently, Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company by not later than 5.00pm on 11 October 2023. The Board also notes that there can be no certainty that any offer will ultimately be made for the Company.

In the meantime, STM's executive management has continued to focus on developing the underlying businesses of the Group.

Alan Kentish

Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2023 to 30 June 2023

	Notes	Unaudited 6 months to 30 June 2023 £'000	Unaudited 6 months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Revenue	5	13,208	11,323	24,094
Administrative expenses		(11,729)	(9,966)	(20,773)
Profit before other items		**1,479**	**1,357**	3,321
OTHER ITEMS				
Bargain purchase gain		–	–	327
(Loss)/gain on revaluation of financial instruments		(36)	–	11
Loss on disposal of subsidiaries		–	–	(162)
Finance costs		(302)	(99)	(322)
Depreciation and amortisation		(995)	(778)	(1,597)
Profit before taxation		**146**	**480**	1,578
Taxation		(46)	(111)	(724)
Profit after taxation		**100**	**369**	854
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit and loss				
Foreign currency translation differences for foreign operations		(11)	13	12
Total other comprehensive (loss)/income		**(11)**	**13**	12
Total comprehensive income for the period/year		**89**	**382**	866
Profit attributable to:				
Owners of the Company		100	305	844
Non-controlling interests		–	64	10
		100	**369**	854
Total comprehensive income attributable to:				
Owners of the Company		**89**	**318**	856
Non-controlling interests		–	64	10
		89	**382**	866
Earnings per share basic (pence)	6	0.17	0.62	1.42
Earnings per share diluted (pence)	6	0.17	0.62	1.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 Restated (Note 12) £'000	Audited 31 December 2022 £'000
ASSETS				
Non-current assets				
Property and office equipment		933	1,317	1,161
Intangible assets		21,745	19,437	22,125
Financial assets		1,728	881	1,762
Deferred tax asset		51	76	58
Total non-current assets		**24,457**	**21,711**	25,106
Current assets				
Accrued income		2,576	1,550	860
Trade and other receivables	9	6,901	6,804	8,461
Receivables due from insurers		488	24,130	488
Cash and cash equivalents	8	18,931	18,118	19,234
Total current assets		**28,896**	**50,602**	29,043
Total assets		**53,353**	**72,313**	54,149
EQUITY				
Called up share capital	12	59	59	59
Share premium account		22,372	22,372	22,372
Retained earnings		14,482	14,734	14,382
Other reserves		(2,322)	(467)	(1,843)
Equity attributable to owners of the Company		**34,591**	**36,698**	34,970
Non-controlling interests		–	(388)	(68)
Total equity		**34,591**	**36,310**	34,902
LIABILITIES				
Current liabilities				
Liabilities for current tax		568	–	788
Trade and other payables	10	12,813	10,366	12,517
Provisions		488	24,130	488
Total current liabilities		**13,869**	**34,496**	13,793
Non-current liabilities				
Other payables	11	4,566	1,074	5,050
Deferred tax liabilities		327	433	404
Total non-current liabilities		**4,893**	**1,507**	5,454
Total liabilities and equity		**53,353**	**72,313**	54,149

STATEMENT OF CONSOLIDATED CASHFLOW
For the period from 1 January 2023 to 30 June 2023

	Notes	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 Restated (Note 12) £'000	Audited 31 December 2022 £'000
Operating activities				
Profit for the period/year before tax		146	480	1,578
Adjustments for:				
Depreciation of property and office equipment		323	333	673
Amortisation of intangible assets		672	445	924
Loss on disposal of property and office equipment		50	–	4
Unrealised loss/(gain) on financial instruments at FVTPL		36	–	(11)
Bargain purchase gain		–	–	(327)
Taxation paid		(337)	(1,037)	(619)
Decrease/(increase) in trade and other receivables		1,560	1,150	(1,396)
Decrease in receivables due from insurers		–	–	23,642
(Increase)/decrease in accrued income		(1,716)	(239)	558
Increase in trade and other payables		857	116	2,428
Decrease in provisions		–	–	(23,642)
Net cash generated from operating activities		**1,591**	**1,248**	3,812
Investing activities				
Purchase of property and office equipment		(143)	(13)	(165)
Increase in intangible assets		(292)	(527)	(937)
Disposal of investments		–	–	1,477
Purchase of financial instrument		–	–	(1,734)
Acquisition of non-controlling interests		(400)	–	(120)
Consideration paid on acquisition of subsidiaries and portfolio		(220)	–	(3,454)
Net cash absorbed by investing activities		**(1,055)**	**(540)**	(4,933)
Financing activities				
Proceeds from bank loan		–	–	4,463
Repayment of bank loan		(275)	(275)	(550)
Interest paid on bank loan		(190)	(62)	(162)
Lease liabilities paid		(363)	(473)	(724)
Dividends paid	7	–	–	(891)
Net cash (absorbed by)/generated from financing activities		**(828)**	**(810)**	2,136
(Decrease)/increase in cash and cash equivalents		**(292)**	**(102)**	1,015
Reconciliation of net cash flow to movement in net funds				
Analysis of cash and cash equivalents during the period/year				
(Decrease)/increase in cash and cash equivalents		(292)	(102)	1,015
Effect of movements in exchange rates on cash and cash equivalents		(11)	13	12
Balance at start of period/year	8	19,234	18,207	18,207
Balance at end of period/year	8	**18,931**	**18,118**	19,234

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
For the period from 1 January 2023 to 30 June 2023

	Share Capital £000	Share Premium £000	Retained Earnings £000	Treasury Shares £000	Foreign Currency Translation Reserve £000	Share Based Payments Reserve £000	Other Reserve £000	Total £000	Non-Controlling Interests £000	Total Equity £000
Balance at 1 January 2022	**59**	**22,372**	**14,429**	**(549)**	**(93)**	**162**	**–**	**36,380**	**(452)**	**35,928**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the year	–	–	844	–	–	–	–	844	10	854
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	12	–	–	12	–	12
Transactions with owners, recorded directly in equity										
Acquisition of non-controlling interests	–	–	–	–	–	–	(1,375)	(1,375)	374	(1,001)
Dividend paid	–	–	(891)	–	–	–	–	(891)	–	(891)
At 31 December 2022 and 1 January 2023	**59**	**22,372**	**14,382**	**(549)**	**(81)**	**162**	**(1,375)**	**34,970**	**(68)**	**34,902**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD										
Profit for the period	–	–	100	–	–	–	–	100	–	100
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	(11)	–	–	(11)	–	(11)
Transactions with owners, recorded directly in equity										
Acquisition of non-controlling interests	–	–	–	–	–	–	(468)	(468)	68	(400)
At 30 June 2023	**59**	**22,372**	**14,482**	**(549)**	**(92)**	**162**	**(1,843)**	**34,591**	**–**	**34,591**

NOTES TO THE CONSOLIDATED RESULTS
For the period from 1 January 2023 to 30 June 2023

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 AIM, a market operated by London Stock Exchange plc, on 28 March 2007. The address of the Company's registered office is 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man, IM8 1GB. The Group is primarily involved in financial services.

2. Basis of preparation

Results for the period from 1 January 2023 to 30 June 2023 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 2022. No changes in accounting policies are expected to be reflected in the Group's consolidated financial statements for the year ended 31 December 2023.

4. Segmental information

STM Group has three reportable segments: Pensions, Life Assurance 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 believes 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 2023 £'000**	**Unaudited 6m 2022 £'000**	**Audited 2022 £'000**
Pensions	10,978	9,072	18,421
Life Assurance	1,937	1,910	5,001
Other Services	293	341	672
Total	**13,208**	**11,323**	24,094

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

Geographical Segment	**Unaudited 6m 2023 £'000**	**Unaudited 6m 2022 £'000**	**Audited 2022 £'000**
Gibraltar	2,945	2,976	7,324
Malta	3,588	3,755	7,178
United Kingdom	6,425	4,251	9,110
Other	250	341	482
Total	**13,208**	**11,323**	24,094

5. Revenue

	Unaudited 6m 2023 £'000	**Unaudited 6m 2022 £'000**	**Audited 2022 £'000**
Revenue from administration of assets	12,275	11,244	23,563
Interest and investment income	933	79	531
Total	**13,208**	**11,323**	24,094

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6. Earnings per share

Earnings per share for the period from 1 January 2023 to 30 June 2023 is based on the profit after taxation of £100,000 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 2023 and 30 June 2022 is as follows:

	2023	**2022**
Weighted average number of shares	59,408,088	59,408,088
Share incentive plan (issued but not fully allocated)	–	–
Diluted	**59,408,088**	59,408,088

7. Dividends

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

	Unaudited 30 June 2023 £'000	**Unaudited 30 June 2022 £'000**	**Audited 31 December 2022 £'000**
0.0 pence (2022: 1.5 pence) per qualifying ordinary share	–	–	891

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 £18,931,000 (2022: £18,118,000).

9. Trade and other receivables

	Unaudited 30 June 2023 £'000	**Unaudited 30 June 2022 Restated £'000**	**Audited 31 December 2022 £'000**
Trade receivables	3,543	3,421	4,266
Prepayments	1,296	723	999
Other receivables	2,062	2,660	3,196
Total	**6,901**	**6,804**	8,461

10. Trade and other payables

	Unaudited 30 June 2023 £'000	**Unaudited 30 June 2022 Restated £'000**	**Audited 31 December 2022 £'000**
Deferred income	4,139	3,869	3,842
Trade payables	1,069	547	882
Bank loan (secured)	550	550	552
Lease liabilities	335	638	570
Contingent consideration	–	56	56
Other creditors and accruals	6,720	4,706	6,615
Total	**12,813**	**10,366**	12,517

The Company signed a credit facility with Royal Bank of Scotland (International) Ltd for £5.50 million in 2020, with drawn down being completed in September 2022 to fund the acquisition of the Mercer portfolios. The facility has a 5-year term from November 2020, with capital repayments structured 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, the balance outstanding on this facility was £5.1 million. Interest on the loan is charged at 3.5% per annum over the Sterling Relevant Reference Rate on the outstanding balance. Prior to fully drawing down the loan, interest was paid on the undrawn balance at a 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 (profit before other items) 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 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Lease liabilities	28	273	143
Bank loan (secured) (Note 10)	4,538	625	4,811
Other payables	–	176	96
Total	**4,566**	**1,074**	**5,050**

12. Reclassification – reallocation of prior year corporate tax and payroll tax obligations

The comparative figures in the Statement of Financial Position as at 30 June 2022 have been restated to correct allocations previously made in the prior year's interim financial statements.

The Statement of Financial Position as at 30 June 2022 disclosed £786,000 as a corporate tax liability whereas this liability was in relation to payroll obligations due but not paid. Similarly, other creditors and accruals previously reported as at 30 June 2022 included a recoverable of £255,000 in relation to a refund of corporation tax due from the Malta authorities.

The above reallocations had no impact on either the net asset position of the Group as at 30 June 2022 or the income statement of the Group for the six months ended on that date, both as previously reported. The tables below reflect the impact of this change in presentation.

	Unaudited as at 30 June 2022		
	As previously reported £'000	**Reallocation £'000**	**As restated £'000**
ADJUSTMENTS IN RELATION TO CURRENT ASSETS			
Trade and other receivables			
Other receivables	2,405	255	2,660
Trade and other receivables	6,549	255	6,804
CURRENT ASSETS	**50,347**	**255**	**50,602**

	Unaudited as at 30 June 2022		
	As previously reported £'000	Reallocation £'000	As restated £'000
ADJUSTMENTS IN RELATION TO CURRENT LIABILITIES			
Liabilities for current tax	786	(786)	–
Trade and other payables			
Other creditors and accruals	3,665	1,041	4,706
Trade and other payables	9,325	255	10,366
TOTAL CURRENT LIABILITIES	**34,241**	**255**	**34,496**
TOTAL LIABILITIES AND EQUITY	**72,058**	**255**	**72,313**

13. Called up share capital

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'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

14. Subsequent events

On 11 July 2023, the boards of STM, and Pension SuperFund Capital", announced that they had reached agreement in principle on the key terms of a possible cash offer (the "Offer") for the entire issued and to be issued share capital of the Company at a price of 70 pence per share.

On 5 September 2023, the Company announced revised terms for a possible cash offer at a price of 67 pence per share that would be conditional upon the completion of a disposal of certain parts of the Group that are non-core to the strategy of Pension SuperFund Capital (the "Revised Possible Offer"). It was also announced that Alan Kentish (a director and shareholder of the Company) had signed heads of terms with STM and Pension SuperFund Capital to acquire certain parts of the Group, comprising the UK SIPP businesses and the businesses connected with and including the Master Trust.

On 27 September 2023, the Company announced it had received a revised proposal, being an offer price of up to 67 pence per share, comprising 60 pence per share payable in cash upon completion of the possible offer and a further 7 pence per share by way of an unsecured loan note, repayable 12 months following the date on which a firm intention to make an offer is announced in accordance with Rule 2.7 of the Code, with repayment contingent on certain conditions that are under negotiation between Pension SuperFund Capital and the Company. It also announced discussions with Alan Kentish (a director and shareholder of the Company) with respect to the acquisition of certain parts of the Group had been revised such that it is now proposed that Mr Kentish will only acquire the Group's UK SIPP businesses.

The Company has also announced in accordance with Rule 2.6(a) of the Code, that a further extension to the date by which Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company had been granted by the Takeover Panel, in order to allow further time for these discussions to be completed. Consequently, Pension SuperFund Capital is required either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company by not later than 5.00pm on 11 October 2023. The Board also notes that there can be no certainty that any offer will ultimately be made for the Company.