15 March 2017

StatPro Group plc

Strong growth in StatPro Revolution drives revenue

StatPro Group plc, ("StatPro", "the Group", AIM:SOG), the AIM listed provider of cloud-based portfolio analysis and asset pricing services for the global asset management industry, today announces its unaudited preliminary results for the year ended 31 December 2016.

	2016	2015	Change	Constant currency (1)
Revenue	**£37.55 m**	£30.19 m	24%	16%
Annualised Recurring Revenue (2)	**£39.27 m**	£28.70 m	37%	18%
(Loss)/profit before tax	**£(10.12) m**	£2.41 m	n/a	n/a
Adjusted EBITDA (3)	**£5.10 m**	£4.04 m	26%	5%
(Loss)/earnings per share – basic	**(15.4)p**	2.4p	n/a	
– adjusted (3)	**3.5p**	2.6p	35%	
Dividend per share – total for year	**2.9p**	2.9p	-	

Financial highlights:

- Group revenue increased by 24% to £37.55 million (2015: £30.19 million)
- Group Annualised Recurring Revenue ("ARR") (2) increased by 18% at constant currency to £39.27 million (2015: £33.36 million (1))
- Adjusted EBITDA (3) up 26% to £5.10 million (2015: £4.04 million)
- Goodwill impairment, acquisition, restructuring costs and other one-off adjusting items of £11.38 million (2015: nil) impacted the reported profit and earnings per share
- Net cash inflow from operating activities before acquisition and restructuring costs increased to £8.91 million (2015: £6.55 million)
- Adjusted earnings per share up 35% to 3.5p from 2.6p
- Full year dividend maintained at 2.9 pence per share

Operational highlights

- Positive adjusted EBITDA contributions from 2016 acquisitions
  - US-based Investor Analytics ("IA"), leading cloud-based complementary risk solution business, now fully integrated and marketed as *Revolution Alpha*
  - Majority shareholding (now 72.7%) in South African Infovest Consulting, software business specialising in data warehouse and reporting solutions
- Successful launch of *StatPro Revolution Performance* module in September 2016
- Achieved record value of new contracts for *StatPro Revolution* adding ARR of £3.78 million (2015: £3.17 million (1)), including two banner deals signed in H1 2016 by large fund administrators
- *StatPro Revolution* ARR grew 32% at constant currency excluding acquisitions

(1) At constant currency based on restating the prior year at the closing or average currency rate.
(2) Annualised Recurring Revenue is the annual value of revenue contractually committed at year end.
(3) Adjusted EBITDA and adjusted earnings per share are EBITDA and earnings per share after adjustment for amortisation of acquired intangible assets, goodwill impairment, acquisition and restructuring costs, negative goodwill, fair value movement in non-controlling interest put option, movements in contingent consideration and share based payments (notes 5, 6 and 8).

Justin Wheatley, Chief Executive of StatPro, commented:
"2016 was a pivotal year for us. We made two acquisitions, successfully launched Revolution Performance, won significant new business for this core new service and achieved our best year ever for new contracts for StatPro Revolution. Revenue and profitability were in line with our expectations.

"The market for portfolio risk management and analytics is rapidly changing as technology evolves and asset managers streamline their businesses by outsourcing infrastructure, software and data to service providers.

"We have positioned our products to benefit from these changes and to service them directly or via our many fund administration clients.

"Our total forward order book of contracted revenue is now £46 million and the current financial year has started well. We aim to continue our steady accretion of annualised recurring revenue whilst benefiting from the operational leverage inherent within our business."

- Ends -

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 (MAR).

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A briefing for analysts on the results will be held at 9.30am today at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ

About StatPro

StatPro is a global provider of award winning portfolio analytics solutions for the investment community. The Group's cloud-based platform provides vital analysis of portfolio performance, attribution, risk and compliance. This multi-asset class analytics platform helps StatPro's clients increase assets under management, improve client service, meet tough regulations and reduce costs.

The Group's integrated and global data coverage includes over 3.2 million securities such as equities, bonds, mutual funds, FX rates, futures, options, OTCs, sector classifications and much else besides. StatPro also covers most families of benchmarks including MSCI, FTSE, Russell, NASDAQ and the open source Freedom Index.

StatPro has grown its Annualized Recurring Revenue from less than £1 million in 1999 to around £39 million at the end of December 2016. The Group has operations in Europe, North America, South Africa, Asia and Australia, with hundreds of clients in 36 countries around the world. Approximately 80% of recurring revenues are generated outside the UK. StatPro Group plc shares are listed on AIM.

Overview

2016 saw total revenue increase by 24% to £37.55 million (2015: £30.19 million) and adjusted EBITDA rose 26% to £5.10 million (2015: £4.04 million). This growth in revenue was driven by strong underlying growth in *StatPro Revolution* of 48% at constant currency (60% at actual rates), combined with the positive impact of the acquisitions. On a constant currency basis, excluding revenue from acquisitions, revenue increased 2%.

Adjusted earnings per share rose 35% to 3.5p (2015: 2.6p). Net cash inflow from operating activities before acquisition and restructuring costs increased to £8.91 million (2015: £6.55 million).

Group ARR rose 37% to £39.27 million (2015: £28.70 million). Excluding acquisitions on a constant currency basis, Group ARR increased by 6%. Excluding acquisitions on a constant currency basis, *StatPro Revolution* ARR rose 32%.

The Group reviewed the goodwill on historic transactions, which resulted in a non-cash impairment charge of £9.72 million, which impacted the reported profits and earnings per share.

The Board is recommending that the full year dividend is maintained at 2.9p per share (2015: 2.9p).

The launch of *Revolution Performance* in September 2016 was well received with over 500 people attending 12 launch events around the world, including around 200 people in London.

As a result of the marketing and sales effort, the Group fully expects to convert a significant number of its client contracts during 2017, as well as win new business from prospects.

Strategic positioning

Having positioned StatPro early as a true cloud-based service, the Group has developed a significant commercial advantage in its market. StatPro's investment in *StatPro Revolution* has put the Group in a strong position for the coming years. No other company in the sector has the cloud-based technology StatPro has developed.

StatPro's objective is to expand the functionality offered in *StatPro Revolution* so that it becomes the broadest-based portfolio risk and performance platform in the market. Most services available in the market have a bias towards either risk or performance, but none has managed to be the best in both areas. However, risk and performance use materially the same data sources and the resultant duplication of effort facing most asset managers makes them extremely inefficient.

Regardless of how markets are performing, asset managers need to understand their performance and risk and report it to their clients.

The Group's collective knowledge across many markets in multiple analytics disciplines has helped build a very broad range of highly sophisticated analytics, designed to suit the needs of all types of asset managers across all the major markets.

StatPro believes it can offer a best in class solution for both areas from a functional perspective. In addition, because of its cloud-based technology, the superior processing power of *StatPro Revolution* means that clients can process more information at a much faster rate.

The Group will continue to consider making acquisitions to widen its customer base and/or increase its product portfolio.

Current trading and outlook

With the full suite of Revolution services launched, StatPro is in a strong position to capitalise on the investments it has made in its cloud-based technology. StatPro now has more than ten clients using *Revolution Performance* and more than 30 clients scheduled to review the service in the coming months. The huge potential improvements in productivity they can achieve due to the scalability of *StatPro Revolution* are compelling.

The total forward order book of contracted revenue increased by 9% to £46.00 million of which £21.40 million relates to *StatPro Revolution.*

The Group achieved its best level ever for new contracts signed in the year for *StatPro Revolution* (including IA sales) adding ARR of £3.78 million (2015: £3.17 million at constant currency).

Trading in 2017 has started well. In March 2017, the Group signed a six-year contract for *StatPro Revolution* with a leading European asset manager for a minimum value of approximately €3 million. The Group expects another year of good growth in sales of *StatPro Revolution.*

Acquisitions

The Group's acquisition in January 2016 of Investor Analytics ("IA") has augmented this strategy. IA offers clients broader risk functionality, as well as a multi-tenant technology. The Group's challenge has been to make IA available to clients directly within the Revolution platform.

The Group has recently completed the first part of the physical integration of IA into *StatPro Revolution* with the latest release in February 2017. The service has been renamed *Revolution Alpha*. This means that StatPro can now start actively marketing *Revolution Alpha* to its broad client base.

The Group is also investing in expanding the capability of *Revolution Alpha*, adding Fundamental Factor Models, which simplify client access to core risk information and combines it with performance data in reports for their own clients.

IA made a positive contribution to adjusted EBITDA in 2016. Net ARR reduced to $4.0 million at the end of 2016 from $4.8 million on acquisition in January 2016 as new sales were impacted by IA not being fully integrated into StatPro and also there were a number of hedge fund clients closing down.

The Group's investment in Infovest has also proven profitable, with revenues and profits rising strongly during 2016. As a result, the Group has raised its shareholding in Infovest to 72.7% on 22 February 2017.

Infovest will remain as a separate brand that offers StatPro's clients data management solutions. These solutions enable a more rapid implementation of the *StatPro Revolution* Service and ensure customisable dissemination of reports. StatPro provides the standardised analytics and data service and Infovest provides the customised integration service. The combination is already proving to be very effective for clients.

Operational review

StatPro had its best year yet for sales of *StatPro Revolution* with organic revenue growth up £2.95 million (48%) on a constant currency basis (2015: £2.23 million or 64%). The two biggest deals of the year occurred in the first half, with State Street and National Australia Bank ("NAB") committing to *Revolution Performance* before its official launch. Both these client contracts are likely to expand significantly in value over the coming years.

Fund administrators are winning a growing share of the performance and risk analytics market as asset managers seek to outsource data management and production of standard reports. However, asset managers want to keep the most sophisticated analysis in house. *StatPro Revolution* is ideally suited to serve this objective as its cloud-based technology allows collaboration between the fund administrator and the asset manager, where the fund administrator manages the data and the asset manager accesses the results on a self-service basis.

As the Group completes the implementation for these two significant clients, it believes that they will serve as excellent references for its many prospects. NAB spoke at two of StatPro's launch events, endorsing *StatPro Revolution* with eight clients live on the system by 1 October 2016, having only signed with StatPro in May 2016. They are planning to have all 36 clients live by the end of 2017.

StatPro Revolution now represents 38% of ARR (2015: 27%). Revenue from *StatPro Seven* that can be converted to *Revolution* is now £7.53 million and most of the new growth in *Revolution* revenues is coming from new sales rather than converted *StatPro Seven* contracts.

StatPro Seven ARR was £19.74 million at the end of 2016, down 5% excluding acquisitions on a constant currency basis. *StatPro Seven* Composites experienced growth of 5% at constant currency as the Group saw increased interest in GIPS® (Global Investment Performance Standards) from clients in the UK and the US.

The element of *StatPro Seven* software not scheduled for conversion to a cloud-based solution, and which is still being developed, represents £12.21 million in ARR. StatPro believes that this revenue will remain resilient for the foreseeable future.

Data contracts represent £4.49 million of ARR and grew 6% at constant currency during 2016. The Group has taken measures to streamline and improve the efficiency of its data service over the last two years. The benefits of this exercise are showing in greater client satisfaction and retention.

A large part of the Group's data operation is integral to *StatPro Revolution's* data service, providing millions of prices for assets and indexes each day.

All regions have seen improvements in performance, especially Australia, following the NAB contract signing. Overall, the best performing region was the UK followed by continental Europe. South Africa had a good year and remains one of the strongest markets. The addition of Infovest consolidates this position. In the US, the main success was the State Street contract and the acquisition of IA, bringing with it an office with talented risk experts in New York City.

Financial review

Group revenue increased by 24% to £37.55 million (2015: £30.19 million). The revenue contribution from the two acquisitions made in 2016 was £4.15 million. The underlying revenue increase at constant currency was 2%.

Revenue growth was driven by strong underlying growth in *StatPro Revolution* of 48% at constant currency (60% at actual rates), combined with the positive impact of the acquisitions, offset by the expected reduction in revenue for *StatPro Seven* of 13% at constant currency (5% at actual rates).

Revenue bridge		**£m**	
2015 at actual rates		30.19	
Underlying growth			Change year on year at constant currency
StatPro Revolution	2.95		48%
StatPro Seven	(2.70)		(13%)
Data	0.10		3%
Professional fees	0.22		12%
	0.57		2%
Impact of acquisitions and currency			
Acquisitions	4.15		
Currency impact	2.64		
		7.36	
2016 at actual rates		37.55	

93% of Group revenue in 2016 was recurring revenue (2015: 95%).

Contracted revenue
The total forward order book of contracted revenue increased by 9% to £46.00 million at 31 December 2016 (2015 at constant currency: £42.10 million). The value of contracted revenue signed during 2016 was £14.01 million (2015: £11.71 million).

The proportion by value of recurring software licences and data clients secured to the end of 2017 or beyond amounted to 69% (2015: 71%); the weighted average length of contracts committed was 15 months (2015: 16 months).

The Group achieved its best level yet for new contracts signed in the year for *StatPro Revolution* (including IA sales) adding ARR of £3.78 million (2015: £3.17 million at constant currency), which increased the forward order book of contracted revenue for *StatPro Revolution* by 28% to £21.40 million (2015 at constant currency: £16.67 million).

This record level of contracted sales was underpinned by two banner deals, which were signed in H1 2016, demonstrating the endorsement of StatPro's platform solution, including *StatPro Revolution Performance* by large fund administrators.

Excluding the contracts acquired from IA, the forward order book of contracted revenue for *StatPro Revolution* increased by 14% to £19.05 million.

Professional services revenue increased by 44% at constant currency (56% at actual rates) to £2.56 million (2015: £1.64 million), including £0.57 million in Infovest. Excluding the impact of the acquisition, professional services revenue grew by 12% at constant currency.

Recurring revenue
The Group's SaaS business model of recurring revenue contracts continues to provide excellent visibility of revenue. The ARR at the end of December 2016 increased by 37% over the previous 12 months to £39.27 million (2015: £28.70 million).

Excluding the impact of acquisitions and currency rates, the organic growth in Group ARR was 6%. Approximately 83% of new recurring contracted revenue came from existing clients (2015: 85%).

The net growth rate for *StatPro Revolution's ARR* was 68% (2015: 46%). The organic growth in *StatPro Revolution* ARR was 32%, excluding the impact of acquisitions and currency rates (see note 3).

The ARR for *StatPro Seven* reduced by 2% overall at constant currency to £19.74 million (2015: £20.17 million), as expected. Excluding the impact of acquisitions, *StatPro Seven's* ARR reduced by 5% at constant currency.

StatPro Seven ARR can be split into two parts: those modules that are set to be converted to *Revolution* over the next few years, amounting to £7.53 million (SPA, SFI & SRM), and the balance of £12.21 million is for modules that are still being marketed (primarily SC, SPM and SPC).

The ARR from cloud services *(StatPro Revolution* and IA) is now £15.04 million, representing 38% of the Group total (2015: 27%) and has grown at a higher rate than other services.

There has been an increase of 54% in average revenue per *StatPro Revolution* client to £50,100 (2015: £32,500 at constant currency), including the impact of IA, where average revenue per IA client is approximately £82,400.

The organic growth of average ARR per client for *StatPro Revolution* was 39%. Further analysis on revenue and ARR is provided in note 3.

Acquisitions
During 2016, StatPro completed two acquisitions.

Investor Analytics
On 21 January 2016, StatPro acquired the entire share capital of Investor Analytics LLC for cash consideration of US$10 million (including deferred consideration). The restructuring and integration of the business including simplifying and reducing data feeds, administrative services and other costs, and moving to a smaller office in New York, was achieved as planned. Acquisition and restructuring costs of £1.06 million, including transaction fees, were incurred in 2016.

The Group has made good progress on the product integration (now marketed as *Revolution Alpha*) with Alpha accessible by single sign-on on the Revolution platform, which makes it possible to market *Alpha* to StatPro's large *Revolution* client base.

During 2016, IA experienced a higher rate of cancellations than normal due to seven of its hedge fund clients unexpectedly closing their funds. Nevertheless, the adjusted EBITDA contribution from Investor Analytics was in line with the Board's expectations.

Acquisition of majority control of Infovest
With effect from 1 March 2016, StatPro South African (Pty) Ltd acquired a 51% shareholding (increased to 72.7% on 22 February 2017) in Infovest Consulting (Pty) Ltd, a South African headquartered software provider, specialising in data warehouse, ETL and reporting software for the asset management industry.

The consideration was made via the transfer of StatPro Portfolio Control ("SPC") licence agreements to Infovest, which Infovest supports on behalf of StatPro. Infovest is managed on a standalone basis and the Board is pleased to report that the revenue and profit growth were in line with expectations.

The non-controlling interest since acquisition amounted to £0.09 million (representing the non-controlling interest share of net profit after tax). Further details on these acquisitions are in note 15.

SaaS-based KPIs
The Group has been a leading pioneer in the use of SaaS metrics within AIM quoted companies. One such measure is the cost of acquiring each customer ("CAC") in comparison with the Lifetime Value of the customer contracts ("LTV").

Having introduced these new KPIs in 2015, and following a review, StatPro have refined the methodology for the calculation using three year averages for retention rates (and the exclusion of conversions from sales and cancellations) as the Group believes this is a fairer measure, compared to a one year calculation.

	2016	2015
Average Cost of Acquiring Customer ("CAC") (£'000s)	**98.0**	85.8
Implied Customer Lifetime (years)	**14.3**	12.6
Average ARR per customer (£'000s)	**88.6**	80.0
Implied Customer Lifetime Value ("LTV") (£'000s)	**1,267**	1,005
LTV: CAC	**12.9**	11.7

Generally a value of three or higher for the ratio of LTV:CAC is considered the industry benchmark for a successful SaaS business and for StatPro it is well above this figure.

Operating expenses
Operating expenses, before amortisation of intangible assets and other adjusting items, increased by 28% (20% at constant currency) to £30.25 million (2015: £23.72 million). Excluding the impact of

acquisitions and currency movements, the underlying increase was 6%. The average number of employees increased to 266 (2015: 242) as a result of the acquisitions.

Goodwill impairment

As part of the annual review of goodwill impairment, StatPro identified an impairment charge of £9.72 million. Goodwill is assessed against the business cash flows as one cash generating unit. The Group reassessed and reduced future cashflows of legacy revenue as part of its strategy of converting to cloud revenue, due to changes in perceived market conditions. This impairment charge has been allocated to goodwill arising from the Group's acquisition of FRI, a Canadian business, acquired in October 2006 and whose value had increased significantly in 2016 as a result of the strength of the Canadian dollar. There is no cash or tax impact of this charge.

Movements on contingent consideration

Included in the fair value of purchase consideration was a provision of £0.19 million for contingent consideration for Investor Analytics, but as the conditions for this payment were not met, the provision has now been released. The Group also resolved the dispute with non-controlling interests in SiSoft resulting in a net release of a provision for contingent consideration amounting to £0.09 million.

Non-controlling interest put option

There is a liability based on the fair value at 31 December 2016 of the non-controlling interest in Infovest, in the event that StatPro is required by a put option to buy out those interests. This liability has increased by £0.63 million since the half-year value in June 2016.

Acquisition related, restructuring charges and negative goodwill

Acquisition related and restructuring charges amounting to a total of £1.48 million were incurred. These include: £1.06 million for acquisition of IA, of which £0.47 million are for transaction costs and the remainder reorganisation costs, redundancies and onerous leases. £0.42 million relate to a reorganisation of the Paris office including redundancy costs and onerous leases. There was also a credit of £0.18 million negative goodwill arising on the Infovest acquisition.

Finance income and expense

Net finance expense was £0.79 million (2015: £0.29 million), which is mainly due to the finance costs of the Group's credit facility. Non-cash interest charges amounted to £0.12 million. The debt has arisen following the acquisition of Investor Analytics and the share buyback.

Profitability

The loss before taxation was £10.12 million (2015: profit £2.41 million), which was impacted by the goodwill impairment and other adjusting items including amortisation of acquired intangible assets, acquisition and restructuring costs, movements in contingent consideration and share based payments. The adjusted EBITDA was up 26% at actual rates (5% at constant currency) to £5.10 million (2015: £4.04 million). The impact of currency movements on the adjusted EBITDA was £0.86 million. Gross profit margin (see note 6) was 61.1% (2015: 61.4%).

Adjusted profit before taxation increased by 4% to £2.68 million (2015: £2.56 million).

The reconciliation from adjusted EBITDA to loss before taxation is shown below.

		2016	2015	Change
		£'000s	£'000s	%
Adjusted EBITDA		**5,104**	4,044	26%
Depreciation of property, plant and equipment		**(1,327)**	(996)	
Amortisation on purchased intangible assets		**(316)**	(196)	
Adjusted operating profit		**3,461**	2,852	21%
Amortisation on acquired intangible assets		**(1,060)**	(32)	
Share based payments		**(361)**	(121)	
Goodwill impairment	**(9,724)**			
Other one-off adjusting items	**(1,654)**			
Total one-off adjusting items		**(11,378)**	-	
Operating (loss)/profit		**(9,338)**	2,699	n/a
Net finance expense		**(786)**	(290)	
(Loss)/profit before taxation		**(10,124)**	2,409	n/a

Taxation

The tax credit was £0.07 million (2015: charge £0.79 million). The underlying effective tax rate on adjusted profit before tax was approximately 16% (2015: 33%). The Group tax rate is lower than the prior year primarily due to the benefits of R&D tax credits in the UK and South Africa and the utilisation of historic tax losses not previously recognised.

(Loss)/earnings per share

Actual loss per share was 15.4p (2015: earnings 2.4p) and diluted loss per share was 15.1p (2015: earnings 2.4p), primarily driven by the impact of goodwill impairment and other one-off charges.
Adjusted earnings per share increased by 35% to 3.5p (2015: 2.6p).

Dividends

The Directors are recommending maintaining the final dividend of 2.05p per share (2015: 2.05p) making a total dividend for 2016 of 2.9p per share (2015: 2.9p).

The final dividend will be paid on 26 May 2017 to all shareholders on the register at the close of business on 28 April 2017.

Total dividends paid in 2016 were £1.88 million (2015: £1.96 million), which was lower than the prior year as a result of the share buyback in March 2016. The dividend cover, calculated as adjusted eps: dividends per share, was 1.21 times (2015: 0.90).

Balance sheet

The Group's net assets at the year-end reduced to £32.59 million (2015: £41.52 million), the reduction being primarily due to the goodwill impairment of £9.72 million and the increase in financial liabilities. Net assets were also impacted by the goodwill and assets acquired with the two acquisitions in 2016.

The main increase in the liabilities was the increase in borrowings related to the acquisition of IA and share buy-back. Deferred income, which is a non-cash liability, increased to £17.60 million (2015: £13.31 million) and the deferred tax liability increased to £1.42 million (2015: £0.23 million).

Cash flow and financing

StatPro continues to be cash generative with cash generated from operations before acquisition and restructuring costs of £8.91 million (2015: £6.55 million); after payment for acquisition and restructuring costs, cash generated from operations was £7.45 million.

The Group ended the year with net debt of £10.06 million (2015: net cash £1.28 million). The increase in net debt arose as a result of the financing of the IA acquisition and share buyback using the Group's debt facilities.

The free cash flow, before acquisition and restructuring payments, was £0.65 million (2015: £0.62 million inflow). The free cash flow was impacted by higher levels of investment in property, plant and equipment and intangibles, tax and interest payments.

The Group also makes use of finance leases for certain IT projects where there are commercial advantages to do so. Total finance leases (included in the net debt figure above) amounted to £1.23 million (2015: £0.27 million).

Share buyback
On 11 March 2016, the Company purchased 2,873,713 shares at a price of 72p per share. This was financed by its debt facility with Wells Fargo.

Research and development and capex
The research and development team is now focused almost entirely on the Group's cloud-based solutions, the *StatPro Revolution* platform. The Group committed a similar proportion (16%) of its revenue to R&D expenditure compared to the prior year at £5.94 million (2015: £4.93 million). This was an increase of 14% at constant currency and the increase was driven by Revolution Performance and the IA integration.

Development costs of £4.57 million were capitalised in the year (2015: £4.05 million) and amortisation on internal development was £3.88 million (2015: £3.54 million).

Expenditure on other intangible assets was £0.37 million (2015: £0.08 million) and total capital expenditure on property, plant and equipment was £1.52 million (2015: 0.88 million).

Post balance sheet events
Deferred consideration relating to acquisition of Investor Analytics
As planned, a further deferred payment of US$ 2.0 million was paid to former IA shareholders on 23 January 2017.

Acquisition of further shares in InfoVest
On 22 February 2017, StatPro South Africa (Pty) Ltd. purchased a further 21.7% shares in Infovest for ZAR 19.1 million (£1.2 million) taking the total Group interest in Infovest to 72.7%. The Directors believe that the purchase of this additional interest will be earnings enhancing in the current year (see note 15).

Financing facility
The Group has a financing facility with Wells Fargo for acquisitions, share buy backs and general corporate purposes. As part of the acquisition of Investor Analytics in January 2016, the financing facilities were increased.

At 31 December 2016, the Group had net debt of £10.06 million and total credit facilities of £25.2 million available, of which £17.7 million was committed.

In February 2017, the Group took the option to convert £4 million of the uncommitted £7.5 million facility to a committed element. The detailed components of the current total facilities available are:

- £10 million committed revolving credit facility
- £4 million committed term loan
- US$8.475 million committed term loan
- US$1 million committed deferred drawdown loan
- £3.5 million uncommitted additional facility available

The facility is committed to July 2020, subject to compliance with agreed covenants, primarily linked to recurring revenue, adjusted EBITDA and available liquidity. The financing costs are being amortised over the original five year term. This facility strengthens the Group's long-term financial structure and therefore the Board believes that the Group is well positioned to manage the business risks.

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000s Existing operations	2016 £'000s Acquisitions	2016 £'000s Total	2015 £'000s
Revenue	3	**33,392**	**4,153**	**37,545**	30,187
Operating expenses before amortisation of intangible assets and other adjusting items		**(26,676)**	**(3,578)**	**(30,254)**	(23,722)
Amortisation of acquired intangible assets		**-**	**(1,060)**	**(1,060)**	(32)
Amortisation of other intangible assets		**(4,191)**	**-**	**(4,191)**	(3,734)
Goodwill impairment	5	**(9,724)**	**-**	**(9,724)**	-
Fair value movement on non-controlling interest put option	5	**-**	**(628)**	**(628)**	-
Movements in provisions for contingent consideration		**86**	**186**	**272**	-
Acquisition related, restructuring costs and negative goodwill	5	**(415)**	**(883)**	**(1,298)**	-
Operating expenses	4	**(40,920)**	**(5,963)**	**(46,883)**	(27,488)
Operating (loss)/profit		**(7,528)**	**(1,810)**	**(9,338)**	2,699
Finance income				**33**	9
Finance expense				**(819)**	(299)
Net finance expense				**(786)**	(290)
(Loss)/profit before taxation	6			**(10,124)**	2,409
Taxation	7			**74**	(788)
(Loss)/profit for the year				**(10,050)**	1,621
Profit attributable to non-controlling interests				**94**	-
(Loss)/profit attributable to equity shareholders				**(10,144)**	1,621
				(10,050)	1,621
(Loss)/earnings per share – basic	8			**(15.4)p**	2.4p
– diluted	8			**(15.1)p**	2.4p

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £'000s	2015 £'000s
(Loss)/profit for the year	**(10,050)**	1,621
Other comprehensive income to be reclassified to the income statement:		
Net exchange differences	**6,606**	(4,012)
Total comprehensive loss for the year	**(3,444)**	(2,391)
Attributable to:		
Non-controlling interests	**139**	-
Equity shareholders	**(3,583)**	(2,391)
Total comprehensive loss for the year	**(3,444)**	(2,391)

BALANCE SHEET AT 31 DECEMBER 2016

	Notes	Group 2016	Group 2015
		£'000s	£'000s
Non-current assets			
Goodwill		**44,759**	42,460
Other intangible assets		**10,937**	6,153
Property, plant and equipment		**2,742**	2,233
Other receivables	9	**134**	147
Deferred tax assets		**516**	807
		59,088	51,800
Current assets			
Trade and other receivables	9	**12,051**	8,264
Current tax assets		**2,674**	198
Cash and cash equivalents		**4,356**	2,203
		19,081	10,665
Liabilities			
Current liabilities			
Financial liabilities - borrowings		**(8,459)**	(118)
Financial liabilities - non-controlling interest put option		**(2,557)**	-
Financial instruments - other		**(32)**	(41)
Trade and other payables	10	**(7,573)**	(4,654)
Current tax liabilities		**(485)**	(1,106)
Deferred income		**(17,534)**	(13,217)
Provisions	11	**(680)**	(642)
		(37,320)	(19,778)
Net current liabilities		**(18,239)**	(9,113)
Non-current liabilities			
Financial liabilities - borrowings		**(5,961)**	(801)
Other creditors and accruals	10	**(819)**	(47)
Deferred tax liabilities		**(1,416)**	(233)
Deferred income		**(67)**	(89)
		(8,263)	(1,170)
Net assets		**32,586**	41,517
Shareholders' equity			
Share capital		**678**	678
Share premium		**23,537**	23,537
Shares to be issued		**63**	63
Treasury shares		**(2,328)**	(249)
Other reserves		**7,324**	2,692
Retained earnings		**3,018**	14,796
Total shareholders' equity		**32,292**	41,517
Non-controlling interests		**294**	-
Total equity		**32,586**	41,517

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 £'000s	Group 2015 £'000s
Operating activities			
Cash generated from operations	12	**7,454**	6,548
Finance income		**30**	9
Finance costs		**(530)**	(93)
Tax received		**453**	-
Tax paid		**(1,747)**	(832)
Net cash flow from operating activities		**5,660**	5,632
Investing activities			
Acquisition of subsidiaries (net of cash acquired)		**(4,786)**	-
Investment in intangible assets		**(4,940)**	(4,127)
Purchase of property, plant and equipment		**(1,518)**	(881)
Proceeds from the disposal of property, plant and equipment		**13**	9
Net cash flow used in investing activities		**(11,231)**	(4,999)
Financing activities			
Net proceeds from bank loans and derivatives		**11,685**	639
Net (payments to)/proceeds from finance leases		**(330)**	269
Proceeds from issue of ordinary shares		**-**	64
Purchase of own shares		**(2,079)**	-
Dividends paid to shareholders		**(1,877)**	(1,960)
Net cash flow from/(used in) financing activities		**7,399**	(988)
Net increase/(decrease) in cash and cash equivalents		**1,828**	(355)
Cash and cash equivalents at 1 January		**2,203**	2,692
Effect of exchange rate movements		**325**	(134)
Cash and cash equivalents at 31 December		**4,356**	2,203

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Share premium	Shares to be issued	Treasury shares	Other reserves	Retained earnings	Non-controlling interests	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2015	677	23,474	63	(249)	6,704	15,016	-	45,685
Profit for the year	-	-	-	-	-	1,621	-	1,621
Other comprehensive income	-	-	-	-	(4,012)	-	-	(4,012)
Total comprehensive income	-	-	-	-	(4,012)	1,621	-	(2,391)
Transactions with owners:								
Share based payment transactions	-	-	-	-	-	121	-	121
Tax relating to share option scheme	-	-	-	-	-	(2)	-	(2)
Shares issued	1	63	-	-	-	-	-	64
Dividends	-	-	-	-	-	(1,960)	-	(1,960)
	1	63	-	-	-	(1,841)	-	(1,777)
At 31 December 2015	**678**	**23,537**	**63**	**(249)**	**2,692**	**14,796**	**-**	**41,517**

	Share capital	Share premium	Shares to be issued	Treasury shares	Other reserves	Retained earnings	Non-controlling interests	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2016	678	23,537	63	(249)	2,692	14,796	-	41,517
Profit for the year	-	-	-	-	-	(10,144)	94	(10,050)
Other comprehensive income	-	-	-	-	6,561	-	45	6,606
Total comprehensive income	-	-	-	-	6,561	(10,144)	139	(3,444)
Transactions with owners:								
Put option relating to non-controlling interests	-	-	-	-	(1,929)	-	-	(1,929)
Non-controlling interests	-	-	-	-	-	-	155	155
Purchase of own shares	-	-	-	(2,079)	-	-	-	(2,079)
Share based payment transactions	-	-	-	-	-	220	-	220
Tax relating to share option scheme	-	-	-	-	-	23	-	23
Shares issued	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,877)	-	(1,877)
	-	-	-	(2,079)	(1,929)	(1,634)	155	(5,487)
At 31 December 2016	**678**	**23,537**	**63**	**(2,328)**	**7,324**	**3,018**	**294**	**32,586**

Other reserves include merger reserves of £2,369,000 (2015: £2,369,000), translation reserve of £6,884,000 (2015: £323,000) and a reserve for the put option held by non-controlling interest of a debit balance of £1,929,000 (2015: nil). The merger reserve arose on acquisitions and represents the difference between the fair value of shares issued and the nominal value of the shares. The translation reserve incorporates the gains and losses on revaluation of the net assets and liabilities of subsidiary undertakings and other currency gains and losses that are treated as part of equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Announcement

This announcement was approved by the Board of directors on 14 March 2017. The preliminary results for the year ended 31 December 2016 are unaudited. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 31 December 2015. The financial information set out in the announcement has been prepared on the basis of the accounting policies set out in the statutory accounts of StatPro Group plc for the year ended 31 December 2015. This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The auditor's report on the financial statements for the year ended 31 December 2015 was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The financial statements for the year ended 31 December 2015 have been delivered to the Registrar of Companies.

2 Segmental information

The Group's operating segments have been determined based on the information regularly reviewed by the Group Executive Board, which has been identified as the Chief Operating Decision Maker ("CODM"). With the strategic focus of the business to move fully to cloud technology solutions, and following an analysis of the management information reviewed by the Chief Operating Decision Maker, the Board considers the business operates with one cash generating unit ("CGU").

All revenue, profit/(loss) before taxation and total assets are attributable to the principal activity of the Group, being the development, marketing and distribution of software, data solutions and related professional services to the global asset management industry. Additional disclosures of revenue by service are provided in these notes but, as there is only one CGU, there is no analysis of profit by service/type of revenue.

3 Revenue analysis

Revenue by type of service was as follows:

	2016	**2016**	**2016**	**2015**	
	Existing	**Acquisitions**	**Total**		Change
	£ million	**£ million**	**£ million**	£ million	%
Revenue					
StatPro Revolution	**9.13**	**3.13**	**12.26**	5.72	114%
StatPro Seven	**18.47**	**0.45**	**18.92**	19.49	(3%)
Data fees	**3.81**	**-**	**3.81**	3.34	14%
Total recurring revenue	**31.41**	**3.58**	**34.99**	28.55	23%
Professional services and other revenue	**1.99**	**0.57**	**2.56**	1.64	56%
Total revenue	**33.40**	**4.15**	**37.55**	30.19	24%
Percentage of total revenue that is recurring	**94%**	**86%**	**93%**	95%	

A key performance indicator for the Group is the Annualised Recurring Revenue ("ARR") from client contracts. The movement in ARR in the year was as follows:

	Revolution (cloud) £ million	Seven (software) £ million	Data £ million	Total £ million
As at 31 December 2015	7.80	17.41	3.49	28.70
Net impact of exchange rates	1.15	2.76	0.75	4.66
At 1 January 2016 (at December 2016 rates)	**8.95**	**20.17**	**4.24**	**33.36**
New contracted revenue/ increases	2.44	1.62	0.33	4.39
Conversions from Seven to Revolution	1.13	(1.13)	-	-
Cancellations / reductions	(0.70)	(1.48)	(0.08)	(2.26)
	2.87	**(0.99)**	**0.25**	**2.13**
ARR from acquisitions (including sales/cancellations)	3.22	0.56	-	3.78
Net increase/(decrease)	**6.09**	**(0.43)**	**0.25**	**5.91**
Recurring licence fees as at 31 Dec 2016	**15.04**	**19.74**	**4.49**	**39.27**
Change in total ARR	93%	13%	29%	37%
Change in ARR at constant currency	68%	(2%)	6%	18%
Change in ARR at constant currency excluding acquisitions	32%	(5%)	6%	6%

The ARR distribution profile for StatPro Revolution is as follows:

Annualised Revenue Bands	**Annualised Revenue**	**Number of Clients**	**Average Revenue per Client**	Annualised Revenue *	Number of Clients	Average Revenue per Client *
	2016	**2016**	**2016**	2015	2015	2015
	£'000s	**Number**	**£'000s**	£'000s	Number	£'000s
<£2k	59	49	1.2	86	69	1.2
£2k-£10k	282	58	4.9	406	73	5.6
£10k-£50k	2,243	102	22.0	2,121	85	25.0
£50k-£100k	2,955	38	77.8	2,517	29	86.8
>£100k	9,496	53	179.2	3,819	19	201.0
Total	**15,035**	**300**	**50.1**	8,949	275	32.5

*At constant currency

4 Operating expenses

	2016	2015
	£'000s	£'000s
Operating expenses relate to:		
Staff costs		
- Research and development	**5,943**	4,930
- Other staff costs	**12,693**	9,633
- Share based payment	**361**	121
- Internal development costs capitalised	**(4,570)**	(4,052)
Total staff costs	**14,427**	10,632
Depreciation of property, plant and equipment	**1,327**	996
Amortisation of intangible assets	**5,251**	3,766
Operating lease rentals in respect of:		
- Land and buildings	**1,910**	1,512
- Other	**20**	19
Auditors' remuneration	**256**	199
Goodwill impairment	**9,724**	-
Fair value movement on non-controlling interest put option	**628**	-
Movements in provisions for contingent consideration	**(272)**	-
Acquisition related, restructuring costs and negative goodwill	**1,298**	-
Other operating expenses	**11,790**	10,384
Exchange differences	**524**	(20)
Total operating expenses	**46,883**	27,488

5 Goodwill impairment and other adjusting items

The profit and earnings have been adjusted for the following items in order to provide a fairer view of the underlying performance of the business. Further details are provided in notes 6 and 8.

Goodwill impairment
As part of the annual review of goodwill impairment, StatPro identified an impairment charge of £9.72 million. Goodwill is assessed against the business cash flows as one cash generating unit. The Group reassessed and reduced future cashflows of legacy revenue as part of its strategy of converting to cloud revenue, due to changes in perceived market conditions. This impairment charge has been allocated to goodwill arising from the Group's acquisition of FRI, a Canadian business, acquired in October 2006 and whose value had increased significantly in 2016 as a result of the strength of the Canadian dollar. There is no cash or tax impact of this charge.

Movements on contingent consideration

Investor Analytics
Included in the fair value of purchase consideration was a provision of £0.19 million for contingent consideration but, as the conditions for this payment were not met, the provision has now been released.

SiSoft
The dispute over the buy-out of the 22% non-controlling interest in SiSoft that was not owned by StatPro has finally been resolved in the French Commercial Court. StatPro's approach to the valuation has been vindicated by the Court and costs have also been awarded in StatPro's favour. As a result there was a net release of a provision for contingent consideration amounting to £0.09 million.

Non-controlling interest put option
There is an obligation (in the event of the death of a shareholder in Infovest) for StatPro to buy-out the non-controlling interest, and therefore a liability based on the fair value at 31 December 2016 of the non-controlling interest has been made. This is estimated to be £2.56 million and the movement in the liability since June 2016 was £0.63 million.

Acquisition related, restructuring charges and negative goodwill

Acquisition related and restructuring charges amounting to a total of £1.48 million were incurred. These include: £1.06 million related to the acquisition of IA, of which £0.47 million related to transaction costs and the remainder related to reorganisation costs, redundancies and onerous leases; £0.42 million relating to a reorganisation of the Paris office including redundancy costs and onerous leases. There was also a credit of £0.18 million negative goodwill arising on the Infovest acquisition.

	2016	2016	2016	2015
	£'000s	£'000s	£'000s	£'000s
	Existing operations	Acquisitions	Total	
Goodwill impairment	(9,724)	-	**(9,724)**	-
Movements in provisions for contingent consideration				-
Release of provision for SiSoft following settlement	86	-	86	-
Release of provision for contingent consideration for IA	-	186	186	-
	86	186	**272**	-
Fair value movement on non-controlling interest put option	-	(628)	**(628)**	-
Acquisition related, restructuring costs and negative goodwill				
Acquisition transaction, redundancy and other integration costs	-	(1,062)	(1,062)	-
Redundancies and onerous lease on Paris restructuring	(415)	-	(415)	-
Negative goodwill on Infovest acquisition	-	179	179	-
	(415)	(883)	**(1,298)**	-
Total of adjusting items	**(10,053)**	**(1,325)**	**(11,378)**	**-**

6 Adjusted profit before taxation, adjusted operating profit margin and adjusted EBITDA

In order to provide the reader of the accounts with profit measures that more clearly demonstrate the underlying business performance from year to year a number of adjusted profit measures are shown below.

a) Adjusted profit before taxation

	2016	2015
	£'000s	£'000s
(Loss)/profit before taxation	**(10,124)**	2,409
Add back: amortisation on acquired intangible assets	**1,060**	32
Add back: goodwill impairment	**9,724**	-
Add back: fair value movement on non-controlling interest put option	**628**	-
Add back: movements in provisions for contingent consideration	**(272)**	-
Add back: acquisition related, restructuring costs and negative goodwill	**1,298**	-
Add back: share based payments	**361**	121
Adjusted profit before tax	**2,675**	2,562

b) Adjusted operating profit

	2016	2015
	£'000s	£'000s
Operating (loss)/profit	**(9,338)**	2,699
Add back: amortisation on acquired intangible assets	**1,060**	32
Add back: goodwill impairment	**9,724**	-
Add back: fair value movement on non-controlling interest put option	**628**	-
Add back: movements in provisions for contingent consideration	**(272)**	-
Add back: acquisition related, restructuring costs and negative goodwill	**1,298**	-
Add back: share based payments	**361**	121
Adjusted operating profit	**3,461**	2,852

c) Adjusted EBITDA

	2016	2015
	£'000s	£'000s
Operating (loss)/profit	**(9,338)**	2,699
Add back: depreciation of property, plant and equipment	**1,327**	996
Add back: amortisation on purchased intangible assets	**316**	196
Add back: amortisation on acquired intangible assets	**1,060**	32
Add back: goodwill impairment	**9,724**	-
Add back: fair value movement on non-controlling interest put option	**628**	-
Add back: movements in provisions for contingent consideration	**(272)**	-
Add back: acquisition related, restructuring costs and negative goodwill	**1,298**	-
Add back: share based payments	**361**	121
Adjusted EBITDA	**5,104**	4,044
Adjusted EBITDA margin	**13.6%**	13.4%

d) Gross profit margin analysis

Gross profit margin analysis helps us assess the profitably of incremental revenue as the business evolves into a pure cloud business and the costs drivers begin to change. As there are a number of methodologies for allocating costs, we have described how we have allocated the cost elements.

	2016	2015
Revenue	**100.0%**	100.0%
Cost of services	**(38.9%)**	(38.6%)
Gross profit margin	**61.1%**	61.4%
R&D costs	**(5.4%)**	(4.2%)
Sales & Marketing costs	**(10.3%)**	(11.3%)
General & Administration costs	**(32.8%)**	(32.9%)
	(48.5%)	(48.4%)
Share based payments	**1.0%**	0.4%
Adjusted EBITDA	**13.6%**	13.4%

Definition of cost category for gross margin analysis:
Cost of services includes Clients Services employee salaries, Data employee salaries, Development employee salaries related to support, contractors costs, data costs, costs of software and hardware maintenance.
R&D includes the element of Development employee salaries that relates to new research and development.
Sales & marketing includes Sales and Marketing employee salaries, external marketing costs and sales commissions.
General & administration includes the Finance, HR and IT employee salaries, communications costs, occupancy costs, professional fees, travel and expenses, and other costs. These are analysed in further details below.

General & Administration costs

Finance, HR & Administration	**(3.2%)**	(4.6%)
IT & Internal projects	**(4.7%)**	(5.1%)
Executive management	**(2.7%)**	(2.3%)
Employee related costs including travel	**(7.4%)**	(5.8%)
	(18.0%)	(17.8%)
Property & communications	**(9.8%)**	(10.3%)
Professional fees, insurance and other	**(5.0%)**	(4.8%)
	(14.8%)	(15.1%)
Total G&A	**(32.8%)**	(32.9%)

e) Free cash flow

	2016	2015
	£'000s	£'000s
Cash generated from operations before acquisition and restructuring costs	**8,905**	6,548
Net interest paid	**(500)**	(84)
Net tax paid	**(1,294)**	(832)
Purchase of property, plant and equipment	**(1,518)**	(881)
Investment in intangible assets	**(4,940)**	(4,127)
Free cash flow before acquisition and restructuring costs	**653**	624
Acquisition related and restructuring costs	**(1,451)**	-
Free cash flow after acquisition and restructuring costs	**(798)**	624

7 Taxation

	2016	2015
	£'000s	£'000s
Current tax		
Current tax on profits for the year	**1,512**	(1,223)
Adjustments in respect of prior years	**205**	272
Total current tax	**1,717**	(951)
Total deferred tax	**(1,643)**	163
Income tax credit/(expense)	**74**	(788)

The tax impact of the adjusting items is as follows:

	2016	2015
	£'000s	£'000s
Tax charge on profit before tax and adjusting items	**(395)**	(788)
Tax credit on adjusting items	**469**	-
Tax credit/(charge) on profit before tax and after adjusting items	**74**	(788)

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%) as follows:

	2016	2015
	£'000s	£'000s
(Loss)/profit before tax	**(10,124)**	2,409
Tax credit/(charge) on (loss)/profit before tax at standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	**2,025**	(488)
Tax effects of:		
Non-taxable income and non-deductible expenses	**777**	(552)
Non- deductible impairment of goodwill	**(1,945)**	-
Unrecognised deferred tax movement	**(1,144)**	(183)
Recognition of previously unrecognised deferred tax asset	**33**	260
Adjustments in respect of prior years	**205**	272
Difference in tax rates on current tax	**(901)**	(157)
Difference in tax rates on deferred tax	**1,024**	60
Tax credit/(charge)	**74**	(788)

8 Earnings per share

Earnings per share – basic and diluted

	Earnings	**Weighted average number of shares**	**Earnings per share**	Earnings	Weighted average number of shares	Earnings per share
	2016	**2016**	**2016**	2015	2015	2015
	£'000s	**'000s**	**pence**	£'000s	'000s	pence
Earnings per share - basic	**(10,050)**	**65,272**	**(15.4)**	1,621	67,568	2.4
Potentially dilutive shares	**-**	**1,285**	**0.3**	-	551	(0.0)
Earnings per share - diluted	**(10,050)**	**66,557**	**(15.1)**	1,621	68,119	2.4

Earnings per share – adjusted

	Earnings	**Weighted average number of shares**	**Earnings per share**	Earnings	Weighted average number of shares	Earnings per share
	2016	**2016**	**2016**	2015	2015	2015
	£'000s	**'000s**	**pence**	£'000s	'000s	pence
Earnings per share – basic	**(10,050)**	**65,272**	**(15.4)**	1,621	67,568	2.4
Add back: Amortisation on acquired intangible assets	**1,060**	**-**	**1.6**	32	-	0.0
Add back: Goodwill impairment	**9,724**	**-**	**14.9**	-	-	-
Add back: Non-controlling interest put option	**628**	**-**	**1.0**	-	-	-
Add back: Movements in provisions for contingent consideration	**(272)**	**-**	**(0.4)**	-	-	-
Add back: Acquisition related, restructuring costs and negative goodwill	**1,298**	**-**	**2.0**	-	-	-
Effect of tax on adjusting items	**(469)**	**-**	**(0.7)**	-	-	-
Add back: share based payments	**361**	**-**	**0.5**	121	-	0.2
Adjusted earnings per share	**2,280**	**65,272**	**3.5**	1,774	67,568	2.6
Potentially dilutive shares	**-**	**1,285**	**(0.1)**	-	551	(0.0)
Adjusted earnings per share - diluted	**2,280**	**66,557**	**3.4**	1,774	68,119	2.6

The adjusted earnings per share information has been provided in order to assist the reader to understand the underlying performance of the business on a comparable basis. Potentially dilutive shares exclude any anti-dilutive share options.

9 Trade and other receivables

Current assets: trade and other receivables

	2016	2015
	£'000s	£'000s
Trade receivables	**9,182**	6,219
Other receivables	**420**	111
Prepayments	**1,603**	1,464
Accrued income	**404**	286
VAT recoverable	**332**	109
Rental deposits	**110**	75
	12,051	8,264

Non-current assets: other receivables

	2016	2015
	£'000s	£'000s
Rental deposits	**134**	147
	134	147

10 Trade and other payables

Current liabilities: trade and other payables

	2016	2015
	£'000s	£'000s
Trade creditors	**984**	1,416
Other creditors and accruals	**2,040**	2,053
Deferred consideration	**1,609**	-
Other taxation and social security	**2,940**	1,185
	7,573	4,654

Non-current liabilities: other creditors

	2016	2015
	£'000s	£'000s
Other creditors	**33**	47
Deferred consideration	**786**	-
	819	47

The non-current "Other creditors and accruals" of £0.03 million (2015: £0.05 million) relates to lease inducements, which are amortised over the period of the relevant lease.

11 Provisions

Provisions of £0.68 million at 31 December 2016 (2015: £0.64 million) relates to contingent consideration for a number of acquisitions and provisions for redundancies and onerous contracts. It includes an amount for the acquisition of the non-controlling interest in SiSoft Sarl and the contingent element of the deferred consideration for Investor Analytics. Total movement on provisions for the Group is as follows:

	2016	2016	**2016**	2015
	Contingent consideration	Redundancies and onerous contracts	**Total**	Total
	£'000s	£'000s	**£'000s**	£'000s
At 1 January	642	-	**642**	738
Arising in the year	186	1,474	**1,660**	-
Utilised in the year	0	(1,451)	**(1,451)**	(55)
Released in year	(272)	-	**(272)**	-
Exchange differences	101	-	**101**	(41)
At 31 December	657	23	**680**	642

The contingent consideration relates to the SiSoft and Investor Analytics ("IA") acquisitions. The dispute over the buy-out of the 22% non-controlling interest in SiSoft that was not owned has finally been resolved in the French Commercial Court. StatPro's approach to the valuation has been vindicated by the Court and costs have also been awarded in StatPro's favour. As a result there was a net release of a provision for deferred consideration amounting to £0.09 million. The settlement payment has been made in February 2017. The balance of the redundancies and onerous contracts is expected to be paid in 2017.

12 Reconciliation of (loss)/profit before tax to net cash inflow from operating activities

	Group	Group
	2016	2015
	£'000s	£'000s
(Loss)/profit before taxation	**(10,124)**	2,409
Net finance expense	**786**	290
Operating (loss)/profit	**(9,338)**	2,699
Goodwill impairment	**9,724**	-
Fair value movement on non-controlling interest put option	**628**	-
Movements in provisions for contingent consideration	**(272)**	-
Acquisition related, restructuring costs and negative goodwill	**1,298**	-
Depreciation of property, plant and equipment	**1,327**	996
Loss on disposal of property, plant and equipment	**29**	11
Amortisation of intangible assets	**5,251**	3,766
(Increase)/decrease in receivables	**(1,937)**	(782)
Decrease in payables and provisions	**380**	(1,402)
Increase in deferred income	**1,453**	1,139
Share based payments	**362**	121
Net cash inflow from operating activities before acquisition and restructuring costs	**8,905**	6,548
Acquisition related and restructuring costs	**(1,451)**	-
Net cash inflow from operating activities after acquisition and restructuring costs	**7,454**	6,548

13 Analysis of changes in net (debt)/cash

	At 1 January 2016	**Cash flow**	**Non-cash changes**	**Exchange differences**	**At 31 December 2016**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Cash and cash equivalents (per balance sheet)	2,203	1,828	**-**	325	**4,356**
Overdrafts	-	-	**-**	**-**	**-**
Cash and cash equivalents (per statement of cash flows)	2,203	1,828	-	325	**4,356**
Finance leases	(269)	330	(1,289)	-	**(1,228)**
Bank, other loans and derivatives	(650)	(11,685)	80	(937)	**(13,192)**
Net (debt)/cash	1,284	(9,527)	(1,209)	(612)	**(10,064)**

	At 1 January 2015	**Cash flow**	**Non-cash changes**	**Exchange differences**	**At 31 December 2015**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Cash and cash equivalents (per balance sheet)	2,692	(355)	**-**	(134)	2,203
Overdrafts	-	-	**-**	-	-
Cash and cash equivalents (per statement of cash flows)	2,692	(355)	-	(134)	2,203
Finance leases	-	(269)	-	-	(269)
Bank, other loans and derivatives	(12)	(639)	-	1	(650)
Net cash	2,680	(1,263)	-	(133)	1,284

14 Contingent liabilities

As is normal for a group of this size and scope of operations, Group companies are involved in a number of potential legal claims and disputes from time to time arising from our activities, none of which are expected to have a material impact on the Group's financial results.

15 Acquisitions

Acquisition of Investor Analytics

On 21 January 2016, StatPro Inc. (a wholly owned subsidiary of the Company) acquired the entire share capital of Investor Analytics LLC, the US-headquartered, cloud-based risk analytics' company to hedge funds and asset managers for a cash consideration of $10 million (including deferred consideration of US$3 million). Additional contingent payment of up to $6 million was theoretically payable dependent on securing a number of new contract wins but this has not occurred and so the contingency (fair value £0.19 million) has lapsed. The fair value of the total consideration was $10.12 million (£7.16 million).

Highlights of the acquisition are:

- Complementary Risk Factor and Monte Carlo models to add to StatPro's Historical Simulation risk model
- Significantly increases StatPro's US presence, enhancing geographical reach
- Annualised Recurring Revenue ("ARR") of $4.8 million (£3.3 million)
- Earnings enhancing in 2016 on a pro-forma basis following completion of the integration programme
- 53 client contracts - all new client relationships for StatPro
- Cash consideration:
    - $7 million on closing
    - Two deferred payments - $2 million after one year and $1 million after two years

Additional contingent payment of up to $6 million was theoretically payable dependent on securing a number of new contract wins but this has not occurred and so the contingency has lapsed.

Based on unaudited results for the year ended 31 December 2015, IA reported revenue of approximately $5.0 million (of which approximately 94% was recurring) and an EBITDA loss of approximately $0.3 million. Cost synergies have been achieved for data feeds, administrative services, property and other costs. The one-off charges associated with achieving these, including transaction costs for the acquisition, was £1.06 million.

The tables below provides the allocation of the purchase price to the fair value of intangible and tangible assets acquired as required under IFRS 3. There have been some changes to the provisional fair values that were presented at the interim report, the main effect being to reduce goodwill by about £1.38 million following a review of the intangible asset valuations and deferred tax assumptions. There is no deferred tax liability shown as the consideration is tax deductible. Goodwill relates to certain items attributable to specific intangible assets such as the workforce but the main element relates to the synergies expected from combining the two businesses and being able to cross-sell complementary risk solutions. The fair values of the assets and liabilities are presented below.

Fair value of assets acquired and liabilities assumed

	Fair value
	£'000
Property, plant and equipment	66
Trade debtors	275
Other receivables	219
Cash and cash equivalents	129
Brand and client contract	2,825
Technology	1,082
	4,596
Deferred income	(631)
Other creditors and provisions	(430)
	(1,061)
Total identifiable net assets at fair value	3,535
Goodwill arising on acquisition	3,626
Fair value of purchase consideration	7,161

Acquisition of Infovest

With effect from 1 March 2016, StatPro South Africa (Pty) Ltd. (a wholly owned subsidiary of the Company) acquired 51% of the share capital of Infovest Consulting (Pty) Ltd, a South African headquartered software provider, specialising in data warehouse, ETL and reporting software for the asset management industry. The purchase has been made via the transfer of StatPro Portfolio Control ("SPC") licence agreements to Infovest, which StatPro provides to South African clients and which Infovest currently supports on behalf of StatPro.

Highlights of the acquisition are:

- Acquisition of 51% of Infovest
- Purchase settled by the transfer of SPC licence contracts to InfoVest
- Joint marketing agreement signed to promote each other's products and services
- Justin Wheatley, StatPro CEO and Craig Arenhold, CEO StatPro South Africa joined Infovest Board, although the business is managed independently
- Acquisition was earnings enhancing in 2016

Given increased regulations there is a growing demand for compliance management solutions such as SPC, which is a module of one of StatPro's products, StatPro Seven. By taking a majority stake in Infovest, StatPro will benefit from this expanding market as well as improving the product and services it offers.

Infovest's data warehouse software is a cost effective solution for asset managers and service providers to manage their internal data effectively in order to provide both input data to other systems and for reporting. The success of implementing a solution such as StatPro Revolution Performance depends on a client's ability to provide data in a reliable manner. Infovest's software is designed to do precisely this.

In addition, StatPro and InfoVest have entered into a joint marketing agreement to promote each other's products and services as part of StatPro. InfoVest products will keep their current branding, whilst benefitting from the marketing reach of StatPro.

Based on unaudited results for the year ended 28 February 2016, Infovest reported revenue of ZAR 20.7 million (approximately £1.0 million), including approximately £0.19 million revenue for supporting SPC. There have been some minor changes to the provisional fair values that were presented at the interim report. The provisional fair values of the assets and liabilities are presented below.

Fair value of assets acquired and liabilities assumed

	Fair value £'000
Property, plant and equipment	34
Trade debtors	329
Other receivables	34
Cash and cash equivalents	67
Brand and client contract	276
Technology	178
	918
Deferred income	(405)
Other creditors and provisions	(52)
Deferred tax liability	(127)
	(584)
Total identifiable net assets at fair value	334
Non-controlling interest measured at fair value	(155)
Goodwill arising on acquisition	(179)
Fair value of purchase consideration	-

The negative goodwill arises as there was no deemed consideration following the transfer of SPC contracts and the goodwill is credited to the profit and loss as an adjusting item (see note 5).

There is also a liability included in the Group balance sheet amounting to £2.56 million (fair value of £1.93 million at acquisition date) relating to Infovest due to the requirement to include a fair value, as defined by IFRS 13, for the theoretical potential amount that StatPro would pay to buy out the non-controlling shareholders under certain circumstances (see note 5).

On 22 February 2017, StatPro South Africa (Pty) Ltd. purchased a further 21.7% shares in Infovest for ZAR 19.1 million (£1.2 million) taking the total Group interest in Infovest to 72.7%.

16 Goodwill and other intangible assets

As part of the annual review of goodwill impairment, StatPro identified an impairment charge of £9.72 million. Goodwill is assessed against the business cash flows as one cash generating unit. The Group reassessed and reduced future cashflows of legacy revenue as part of its strategy of converting to cloud revenue, due to changes in perceived market conditions. This impairment charge has been allocated to goodwill arising from the Group's acquisition of FRI, a Canadian business, acquired in October 2006 and whose value had increased significantly in 2016 as a result of the strength of the Canadian dollar. There is no cash or tax impact of this charge.

The net increase in goodwill since 31 December 2015 of £2.30 million relates to increases due to the acquisition of IA amounting to £3.63 million and exchange gains of £8.39 million on revaluation of goodwill denominated in foreign currencies, offset by the goodwill impairment charge of £9.72 million. Other intangible assets comprise internally generated development costs capitalised, acquired intangible assets (client contracts, technology and brands) and purchased intangible assets.

17 Share capital and treasury shares

No shares were issued during the year (2015: 106,000). 2,873,713 shares were purchased into treasury in March 2016. At 31 December 2016, there were 67,813,650 shares (2015: 67,813,650 shares) in issue including 3,098,713 (2015: 225,000) held in treasury (64,714,937 excluding treasury shares). The treasury shares do not accrue dividends and are excluded from the earnings per share calculation.