6 September 2016

Curtis Banks Group plc
("Curtis Banks", the "Group")
Interim Results

"Consolidating the growth and delivering on the strategy"

Curtis Banks Group plc, one of the UK's leading SIPP providers with a portfolio of currently over 72,000 SIPPs, is pleased to announce its Interim Results for the six months ended 30 June 2016.

Highlights include:

Operational Highlights

	Unaudited 6 month period ended 30-Jun-16	Unaudited 6 month period ended 30-Jun-15	Audited year ended 31-Dec-15
Number of SIPPs Administered	67,161	26,755	39,236
Number of SSASs Administered	338	297	326
Assets under Administration	£17.9bn	£8.4bn	£9.0bn
Total new organic growth Full SIPPs	1,627	1,416	2,386

Financial Highlights

Over the six month period relative to the corresponding period last year:

- Increase in operating revenue of 44%
- Increase in operating profit before amortisation and non-recurring costs of 11%
- Increase in Basic EPS of 8%

Operating Revenue (£'000)	10,820	7,524	16,999
Operating Profit before amortisation and non-recurring costs (£'000)	2,876	2,592	6,125
Operating Profit (£'000)	1,631	1,410	4,198
Profit Margin on Operating Profit before amortisation and non-recurring costs	27%	34%	36%
Basic EPS (pence)	2.30	2.13	7.12
Basic EPS on tax adjusted Operating Profit before amortisation and non-recurring costs (pence)	4.38	5.00	11.46

Commenting on the results and prospects, Chris Banks, Chairman at Curtis Banks, said:

"The first half of 2016 will always be remembered for the acquisition of Suffolk Life. It has been a transformational acquisition and one which presents considerable long term opportunities for the Group.

"It is equally important to recognise the progress within the business aside from the Suffolk Life headlines. Curtis Banks has successfully integrated the previous acquisitions and is in a very strong position to continue as a specialist administrator in a changing market. We are all very optimistic about our prospects."

Analyst Presentation

A briefing for Analysts will be held at 9.30am today. Those wishing to attend or requiring further information on the Company should contact Tom Cooper on 0797 122 1972 or tom.cooper@walbrookpr.com.

For more information:

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Notes to Editors:

Curtis Banks administers Self-Invested Pension products, principally SIPPs and SSASs. The Group commenced trading in 2009 and has successfully developed, through a combination of organic growth and acquisitions, into one of the largest UK providers of these products. The Group employs approximately 540 staff in its head office in Bristol and regional offices in Ipswich, Dundee, Salisbury and Market Harborough.

For more information – www.curtisbanks.co.uk

Chairman's Statement

I am pleased to present the interim results for Curtis Banks for the six month period ended 30 June 2016. This is the second published set of interim results released by the Group since our successful debut on the AIM market in May 2015.

The last six months has been another active period of acquisitive and organic growth for the Group combined with delivering significant development work on our infrastructure and business alignment to support our future growth ambitions.

The period under review has shown revenues increasing by 44% from £7.5m to £10.8m compared to the same period last year, with operating profit increasing from £2.6m to £2.9m.

The growth in revenue and operating profits in the period under review reflects contributions from the pension books from Friends Life and the Zurich administration contract that completed in 2015, together with strong organic growth.

The most significant acquisition to date by the Group has been that of the Suffolk Life Group of companies, a long established and well regarded SIPP provider based in Ipswich. Contracts for this acquisition were exchanged in January 2016 and, following receipt of the relevant regulatory approvals, the transaction completed on 25 May 2016. There has therefore only been a limited contribution from Suffolk Life in the first half of the year and the incremental earnings arising from integration were pushed back as a consequence of the longer than expected completion time. The acquisition will part contribute to the Group's earnings in 2016, with full contribution from 2017 onwards. We are pleased to welcome the strong management team at Suffolk Life to Curtis Banks and look forward to working with them to strengthen our position as the largest independent Full SIPP Provider in the UK.

Our focus during the current period has been the consolidation of the growth over the past two years and development of our business proposition. This growth has required higher staff numbers, principally in middle management and support, as new books of business are taken on and assimilated into the robust processes and procedures already carried out in the Group, and development work is carried out to align books of business and deliver operational efficiencies. This obviously takes time and effort before improvements are delivered but despite this I am pleased to report that operating margins remain healthy despite the reduction in margin as a result of these additional costs.

In July 2016 we completed the acquisition of a book of 5,000 SIPPs from European Pensions Management Ltd. This brings the total number of SIPPs currently administered by the Group to over 72,000.

We are currently reviewing operating systems for the Group to ensure the optimum system is in place to deliver greater efficiencies and continue to provide the high service levels needed. A thorough cost benefit analysis is being undertaken and decisions on the optimum system will be made in the second half of this year.

We continue to grow and develop our introducer network without reliance on any one introducer for a significant portion of our business. New well established introducers continue to be attracted to our service level proposition.

Our acquisition of the business of Pointon York SIPP Solutions in October 2014 provided us with a strong market position in the eSIPP sector and we are continuing to develop back office systems to operate these products more efficiently.

I would like to thank all the staff in the Group, including my fellow executive directors, for their hard work and dedication over a period that has again seen so much transition in our business. It is an exciting time for Curtis Banks and we look forward to delivering on the Group's potential. During the period we introduced a Share Save Option Scheme to enable staff to participate in the success of the Group. This was well received and more than half of our staff are participating in the Scheme.

Board

I am pleased to welcome Will Self to the Board. Will is Chief Executive Officer of Suffolk Life and has a wealth of experience on both the SIPP industry and the operations of Suffolk Life.

Dividends

Your Board has declared an interim dividend of 1.0p per share to be paid on 15 November 2016 to shareholders on the register at the close of business on 14 October 2016. The shares will be marked ex-dividend on 13 October 2016. It is expected that a final dividend will be recommended in respect of the current financial year.

Summary and outlook

The first half results reflect steady progress as we completed the Suffolk Life acquisition and added some increased costs in order to support the future development of the business. We expect profits to be second half weighted as in previous years and the outlook for 2017 is strong, with the structures to support future growth substantially established during the current year. The business is in a much stronger position than it was at the beginning of the year and we now administer over 72,000 SIPPs.

With the increased regulatory environment for SIPP operators and recent changes to capital adequacy rules we are seeing a continuing consolidation in the industry. We are being regularly approached by SIPP operators looking for an exit for a variety of reasons and we are evaluating opportunities as they come to us. Whilst it is one of our objectives to grow the business by acquisition as well as organically, we will only consider acquisitions of high quality books of SIPPs that we know can provide at least the level of operating margins we are currently achieving. The admission to AIM has provided us with the resources and ability to consider and fund all levels of acquisition.

The recent BREXIT vote should have minimal effect on the operations of the Group. All our business is UK based and we have no exposure to Europe. Our fees are fixed sterling monetary amounts and as such insulated from any adverse market or currency movements. The recent reduction in interest rates will present challenges and therefore will put pressure on income. We have seen some easing of interest rates in recent weeks and whilst we are hopeful of retaining margins close to those that we are currently enjoying through a co-ordinated central treasury function, there will be an impact on revenues going forward.

It is against this backdrop that we consider the environment to be favourable for our current growth strategy. Your Board looks forward with optimism to growing Curtis Banks further, both organically and acquisitively, for the benefit of its shareholders.

Chris Banks
Executive Chairman
5 September 2016

Operational Review

The beginning of the six month period under review marked the full integration of the two transactions that completed in 2015, namely the acquisition of the Friends Life book of schemes and the Zurich third party administration arrangements. More staff were recruited to service the enlarged Group in support and management functions, to deliver change and ensure thorough and efficient procedures are being followed throughout the Group.

Early in the period we exchanged contracts for the acquisition of the Suffolk Life Group of companies. Considerable due diligence was carried out on this operation prior to that date using both internal and external resources. Since exchange of contracts we have been working closely with the management of Suffolk Life to understand their operations and the optimum way forward for the combined Group. Unlike previous acquisitions where the Group has acquired a book of SIPPs, in this case we acquired the entire corporate structure and, when the acquisition completed in May, we gained the benefit of all the existing staff and systems.

The Suffolk Life operation has a strong and experienced management team that ran this business as a stand-alone operation within the Legal & General umbrella. This will continue, however operational synergies are being explored and acted on as well as revenue enhancing projects for both Suffolk Life and Curtis Banks to ensure the margins achievable are enhanced across the whole group. The operating structures, cultures and quality of work at Suffolk Life are similar to those of Curtis Banks, and we are confident that we can apply best practice in each company across the whole group, with the combined operations being significantly stronger than the component parts. In terms of numbers, the Suffolk Life acquisition brought to the Group circa 28,000 SIPPs with circa £9bn of assets under administration. As regards staff numbers, 254 staff work for Suffolk Life, all based in Ipswich. Combined staff meetings take place on a regular basis to exchange ideas and take action where there is synergy and duplication of resources across the Group.

The Suffolk Life acquisition has brought to the Group the challenges of owning an insurance company and the new style of financial reporting and regulatory compliance that is needed for such an operation. It is expected that over time the operating systems of both Curtis Banks and Suffolk Life will be harmonised and standard processing procedures are being put in place for the whole Group where possible.

Significant development work has taken place during the period, specifically to align books of business, build on existing strengths and improve efficiencies in the future, and this will continue through the remainder of the year. More staff have been recruited to carry out this work and improve support functions and introduce processing efficiencies. This investment in our future will start to deliver results in the second half of 2016 and the full effect will be seen in 2017.

In terms of operational systems, we have continued the development of a new system that I outlined to you in previous Operational Reviews. The options available are changing and there is potential for improved delivery in this area. The options are still being evaluated and any decisions will be made in the best interests of the Group going forward.

Total new Full SIPP numbers from organic growth in the six months to 30 June 2016 were 1,627. Compared to the same period last year this shows growth of 15%. Full SIPPs administered by the whole Group at 30 June 2016 now total 41,207, together with 14,620 eSIPPs and 11,334 SIPPs administered under third party arrangements. The increased staff numbers have been used to service the strong organic growth in Full SIPPs as well as working on books of SIPPs acquired, development work and on providing general reporting and support functions.

We have reviewed our major products and introduced additional services with effect from 1 October 2016. This process has included an alignment of fees, with fees to reflect the additional services we are providing, whilst maintaining service levels and charges in line with our peer group and reflecting more closely the time expended on these services.

The average revenue per SIPP, excluding third party administration arrangements, has increased slightly to £615 in the six month period to 30 June 2016 from £609 for the period ended 30 June 2015.

The changes in pension legislation over the past two budgets have to date had little impact on the business of Curtis Banks other than implicitly driving the growth levels in new SIPPs. The Group has seen no significant increase in withdrawals as a result of the new pension freedom abilities. All products, systems and literature of Curtis Banks have however been updated to reflect the changes and allow clients to take full advantage of the new rules where allowed.

Subsequent to the period end the acquisition of a book of circa 5,000 SIPPs from European Pensions Management Limited was completed. The management of this book of SIPPs is being carried out by Suffolk Life Pensions Limited where there is operational capacity. The financial benefits of this acquisition are expected to be seen in 2017. The acquisition also brings to the Group a number of new high quality introducers of business.

Rupert Curtis
Chief Executive Officer
5 September 2016

Financial Review

Operational revenues of £10.8m for the period have increased by 44% over the comparable period. This is through a combination of strong organic growth and the two transactions that completed since 31 December 2014. These transactions were:

- Third Party administration arrangements for a book of 10,000 Zurich SIPPs commencing in October 2015.
- A book of self-invested pension products acquired from Friends Life PLC in March 2015.

The revenue contribution from these acquisitions accounted for £1,647,000 of the revenue for the period to 30 June 2016.

The acquisition of the Suffolk Life Group of Companies completed on 25 May 2016 and accordingly the interim results for the period to 30 June 2016 include only one month of results for Suffolk Life with operating revenues of £1,390,000. The contribution of this acquisition will be felt in the second half of the year and future financial periods.

Interest income remains under pressure from the low interest rate environment currently being experienced for instant access funds and we have experienced some fall in rates being achieved compared to last year. This will have an adverse effect on revenues for the rest of the current year and 2017.

Administrative expenses of £7.9m for the period have increased by 61% compared to the equivalent period last year. This is largely a result of additional staff resources needed to service the new acquisitions noted above and also to strengthen central support functions. In addition, there has been one month of Suffolk Life costs of £1.2m. Without this latter increase, costs have only increased by 37% over the comparable period last year.

Excluding the Suffolk Life acquisition, staff numbers in Curtis Banks have increased from 225 as at 30 June 2015 to 285 as at 30 June 2016. Computer costs have increased significantly due to the increased staff numbers and as a result the operating margin has fallen slightly in comparison to the same period last year. Once the new back office systems are fully developed we believe the Group will be well positioned to generate considerable organic growth.

The acquisition of Suffolk Life Group completed on 25 May 2016. The total acquisition cost was £45m; however net assets acquired were £16m, held principally for regulatory purposes. The £45m consideration was satisfied by part equity and part debt. In January 2016 the Group raised new equity funds of £27m (gross) through a placing at £3.20 a share. The remaining balance of the consideration was provided by bank debt. Existing outstanding bank debt was repaid and refinanced at reduced interest rates through the provision of a £15m 5 year term loan facility and an £8.3m revolving credit facility.

As a result of the acquisition of Suffolk Life, Suffolk Life Annuities Limited became a wholly owned subsidiary of the Group. It is an insurance company that writes SIPP Products as insurance contracts. These are all non-participating insurance policy contracts and so the Group does not bear any insurance risk. As the policyholder assets and liabilities are shown on the balance sheet of Suffolk Life Annuities Limited, these will also show on the Group balance sheet on consolidation, significantly increasing gross assets and gross liabilities. As the policies are non-participating contracts the Client related assets and liabilities in Suffolk Life Annuities match. In addition the revenues, expenses and investment returns of the non-participating insurance policy contracts are shown in the consolidated statement of comprehensive income. Again, these income, expense items and investment returns due to the policy holders equal each other. The acquisition has been accounted for in accordance with IFRS 3 *Business Combinations*. Consequently, the results of Suffolk Life are included from 25 May 2016 through to 30 June 2016, and there is no impact on the prior year figures.

Non recurring costs principally comprise two items:

- Acquisition costs of £284,000 relating to the Suffolk Life transaction that were required to be expensed in accordance with IFRS 3 *Business Combinations*.

- Costs of £530,000 relating to our defence and settlement of a legal action by another business.

Capital expenditure on property, plant and equipment at Curtis Banks during the period has been significant at £926,000 mainly arising from the investment and development in a new operating system and partly through general upgrades in computer hardware for the enlarged Group.

Costs incurred during the period that relate to the proposed new operating systems and development of new products have been capitalised and will be written off over a four year period when the systems are operational and the products launched.

New capital adequacy requirements for SIPP operators become effective from September 2016. Calculations have been made for the whole Curtis Banks Group, including the two regulated entities at Suffolk Life and, based on these calculations, Curtis Banks Group has confirmed that it has a healthy level of headroom above the requirements.

Paul Tarran
Chief Financial Officer
5 September 2016

Condensed consolidated statement of comprehensive income

	Notes	£'000	Unaudited 6 month period ended 30-Jun-16 £'000	*As restated* Unaudited 6 month period ended 30-Jun-15 £'000	Audited year ended 31-Dec-15 £'000
Revenue					
Continuing operations			9,430	6,925	15,364
Acquisitions – operating income	**3**		1,390	599	1,635
Operating revenues			10,820	7,524	16,999
Acquisitions – policyholder investment returns	**3**		45,900	-	-
			56,720	7,524	16,999
Administrative expenses			(7,944)	(4,932)	(10,874)
Non-participating investment contract expenses		(3,214)		-	-
Changes in provisions: Non-participating investment contract liabilities		(42,686)		-	-
Acquisitions – policyholder total expenses			(45,900)	-	-
Operating profit before amortisation and non-recurring costs			2,876	2,592	6,125
Non-recurring costs	**6**		(859)	(849)	(1,194)
Amortisation			(386)	(333)	(733)
Operating profit			1,631	1,410	4,198
Finance income			76	5	40
Finance costs			(179)	(84)	(158)
Profit before tax			1,528	1,331	4,080
Tax			(317)	(427)	(983)
Total comprehensive income for the period			1,211	904	3,097
Attributable to:					
Equity holders of the company			1,208	881	3,072
Non-controlling interests			3	23	25
			1,211	904	3,097
Earnings per ordinary share on operating profit					
Basic (pence)	**5**		2.30	2.13	7.12
Diluted (pence)	**5**		2.25	2.08	6.96
Earnings per ordinary share on operating profit before amortisation and non-recurring costs					
Basic (pence)	**5**		4.38	5.00	11.46
Diluted (pence)	**5**		4.28	4.93	11.20

The operating profit before financing for each period arises from the Group's continuing operations.

Condensed consolidated statement of changes in equity

Group

	Issued capital	Share premium	Equity share based payments	Retained earnings	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2015 – audited	200	-	32	3,591	3,823	1,405	5,228
Comprehensive income for the period	-	-	-	881	881	23	904
Share based payments	-	-	65	-	65	-	65
Ordinary shares issued	24	-	-	-	24	-	24
Share premium	-	7,126	-	-	7,126	-	7,126
Ordinary dividends declared & paid	-	-	-	(500)	(500)	-	(500)
Preference dividends declared	-	-	-	-	-	(21)	(21)
Preference shares redeemed	-	-	-	-	-	(1,400)	(1,400)
As at 30 June 2015 – unaudited – *as restated*	224	7,126	97	3,972	11,419	7	11,426
Comprehensive income for the period	-	-	-	2,191	2,191	2	2,193
Ordinary shares issued	1	-	-	-	1	-	1
Share premium	-	20	-	-	20	-	20
As at 31 December 2015 – audited	225	7,146	97	6,163	13,631	9	13,640
Comprehensive income for the period	-	-	-	1,208	1,208	3	1,211
Share based payments	-	-	24	-	24	-	24
Ordinary dividends declared & paid	-	-	-	(1,869)	(1,869)	(5)	(1,874)
Ordinary shares issued	42	-	-	-	42	-	42
Share premium	-	26,260	-	-	26,260	-	26,260
As at 30 June 2016 - unaudited	267	33,406	121	5,502	39,296	7	39,303

Condensed consolidated statement of financial position

	Notes	Group		
			As restated	
		Unaudited	Unaudited	Audited
		30-Jun-16	30-Jun-15	31-Dec-15
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	**4**	43,851	13,391	13,379
Property, plant and equipment		1,163,587	1,112	1,519
Deferred tax asset		25	-	-
Investments		1,798,828	1	1
		3,006,291	14,504	14,899
Current assets				
Trade and other receivables		14,472	3,458	4,049
Cash and cash equivalents		422,034	7,532	7,630
		436,506	10,990	11,679
Total assets		3,442,797	25,494	26,578
LIABILITIES				
Current liabilities				
Trade and other payables		14,373	1,454	1,951
Deferred income		9,591	4,866	4,649
Borrowings		31,105	1,159	1,195
Deferred consideration		778	1,769	1,242
Current tax liability		452	802	434
		56,299	10,050	9,471
Non-current liabilities				
Borrowings		81,391	2,674	2,036
Deferred consideration		1,009	1,265	1,219
Non-participating investment contract liabilities		3,264,795	-	-
Deferred tax liability		-	79	212
		3,347,195	4,018	3,467
Total liabilities		3,403,494	14,068	12,938
Net assets		**39,303**	**11,426**	**13,640**
Equity attributable to owners of the parent				
Issued capital		267	224	225
Share premium		33,406	7,126	7,146
Equity share based payments		121	97	97
Retained earnings		5,502	3,972	6,163
		39,296	11,419	13,631
Non-controlling interest		7	7	9
Total equity		**39,303**	**11,426**	**13,640**

Condensed consolidated statement of cash flows

	Notes	Group Unaudited 6 month period ended 30-Jun-16 £'000	*As restated* Unaudited 6 month period ended 30-Jun-15 £'000	Audited year ended 31-Dec-15 £'000
Cash flows from operating activities				
Profit before tax		1,528	1,331	4,080
Adjustments for:				
Depreciation		208	120	267
Amortisation		390	348	733
Interest expense		186	84	158
Share based payment expense		24	19	19
Fair value gains on financial investments		(34,701)	-	-
Additions of financial investments		(56,381)	-	-
Disposals of financial investments		79,578	-	-
Fair value gains on investment properties		(2,339)	-	-
Increase in liability for investment contracts		26,567	-	-
Changes in working capital:				
(Decrease) Increase in trade and other payables		(3,678)	817	1,113
Decrease/(increase) in trade and other receivables		1,462	(1,254)	(2,055)
Cash generated from/(used in) operations		12,844	1,465	4,315
Taxes paid		(480)	-	(794)
Net cash flows from operating activities		12,364	1,465	3,521
Cash flows from investing activities				
Purchase of intangible assets		(14)	(166)	(220)
Purchase of property, plant & equipment		(18,174)	(537)	(1,092)
Receipts from sale of property, plant & equipment		17,701	-	-
Net cash flows from acquisitions	**3**	359,406	(438)	(1,128)
Net cash flow from investing activities		358,919	(1,141)	(2,440)
Cash flows from financing activities				
Capital element of finance lease contracts		-	(18)	(20)
Equity dividends paid		(1,874)	(535)	(535)
Net proceeds from issue of ordinary shares		26,301	7,150	7,171
Redemption of preference shares		-	(1,400)	(1,400)
Net increase/(decrease) in borrowings		18,824	(598)	(1,195)
Interest element of finance lease rentals		-	(2)	(4)
Interest paid		(130)	(88)	(167)
Net cash received from financing activities		43,121	4,509	3,850
Net increase in cash and cash equivalents		414,404	4,833	4,931
Cash and cash equivalents at the beginning of the period		7,630	2,699	2,699
Cash and cash equivalents at the end of the period		422,034	7,532	7,630

1. The Group's Condensed Consolidated Statement of Cash Flows includes all cash and cash equivalent flows, including £397,256,038 (2015: £nil) relating to policyholder non-participating investment contracts.

Notes to accounts:

1 Corporate information

Curtis Banks Group PLC ("the Company") is a public limited company incorporated and domiciled in England and Wales, whose shares were admitted to trading on the AIM market of the London Stock Group Exchange PLC on 7 May 2015. The interim condensed consolidated financial statements comprise the Company and its subsidiaries ("the Group"). The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 5 September 2016.

The principal activity of the Group is that of the provision of pension administration services principally for Self Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension schemes ("SSASs"). The Group is staffed by experienced professionals who all have proven track records in this sector.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB (together "IFRS") as adopted by the European Union, and in accordance with the requirements of The Companies Act 2006 applicable to companies reporting under IFRS.

The information relating to the six months ended 30 June 2016 and the six months ended 30 June 2015 is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2015 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified and did not draw attention to any matters by way of emphasis, or contain a statement under section 498(2) or (3) of The Companies Act 2006.

The interim condensed consolidated financial statements have been reviewed by the auditor and their report to the Board of Curtis Banks Group PLC is included within this interim report.

2.2 Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the Company and its subsidiaries up to 30 June each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The trading subsidiaries of Curtis Banks Group PLC as at 30 June 2016 were Curtis Banks Limited, Curtis Banks Investment Management Limited, Suffolk Life Annuities Limited and Suffolk Life Pensions Limited. The trading subsidiaries of Curtis Banks Group PLC as at 30 June 2015 were Curtis Banks Limited and Curtis Banks Investment Management Limited.

Certain trading subsidiaries of Curtis Banks Group PLC hold the entire issued share capital of Colston Trustees Limited, Montpelier Pension Trustees Limited, Tower Pension Trustees Limited, Temple Quay Trustees Limited, Tower Pension Trustees (S-B) Limited, Crescent Trustees Limited, Bridgewater Pension Trustees Limited, Final Pursuit Limited, SPS Trustees Limited. The accounts of these companies have not been consolidated into the group accounts as they would be immaterial to the Group's position. All of these companies are nominee companies for the pension products administered by the trading subsidiaries of Curtis Banks Group PLC and have been dormant throughout the period and are expected to remain dormant.

2.3 Comparative period restatement

The comparative results for the six month period ended 30 June 2015 have been restated to take account of audit adjustments arising from the audit of the results for the year ended 31 December 2015. The restatements were required as a result of accounting error in the treatment of costs associated with the Group's IPO in May 2015, and in order to represent reorganisation costs incurred in moving the Bristol head office in February 2015 as a non-recurring cost. Earnings per share and diluted earnings per share for the comparative period have been changed to reflect the amendments accordingly.

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

Amendments to IFRSs effective for 2016 have not had a material effect on the results for the 6 months ended 30 June 2016.

New standards issued but not yet effective

The IASB and IFRIC have issued standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start. Except for IFRS 15 and IFRS 9 no other newly issued standards are expected to have a material impact on the condensed consolidated interim financial statements and the consolidated financial statements to the Group. The potential impact of IFRS 15 and IFRS 9 is currently being evaluated.

Financial statements for the year ending 31 December 2016

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements will be consistent with those to be followed in the preparation of the Group's annual financial statements for the year ending 31 December 2016.

2.5 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the financial statements the Group has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Group has made estimates and judgements concerning the future. Key areas of judgement and estimation uncertainty are disclosed below:

Client portfolios

Client portfolios acquired are amortised over their estimated useful economic life (UEL) of 20 years. This UEL is based upon management's historical experience of similar portfolios.

Additionally, the Group reviews whether acquired client portfolios are impaired at least on an annual basis. This comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio.

The carrying value of client portfolios at 30 June 2016 was £14,375,092 (31 December 2015: £13,163,302; 30 June 2015: £13,217,030).

Computer software

In capitalising the costs of computer software as intangible assets management judge these costs to have an economic value that will extend into the future and meet the recognition criteria under IAS 38. Computer software costs are then amortised over an estimated UEL on a project by project basis.

Additionally, the Group determines whether computer software is impaired at least on an annual basis. This requires an estimation of the value in use. In assessing value in use the estimated future cash flows expected to arise from the software are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

The carrying value of computer software capitalised as intangible fixed assets at 30 June 2016 was £65,054 (31 December 2015: £63,978; 30 June 2015: £174,899).

In capitalising the operating software as computer equipment under Property, plant and equipment management judge these costs to be necessary for the computer hardware to operate in the manner intended and consequently these costs have been recognised in accordance with the criteria in IAS 16. The amount included in computer equipment at 30 June 2016 was £1,669,153 (31 December 2015: £847,218; 30 June 2015: £452,208).

3 Business combinations

Acquisition of Suffolk Life Group Limited

On 25 May 2016, following regulatory approval from the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"), Curtis Banks Group PLC completed the acquisition of the entire share capital of Suffolk Life Group Limited and its subsidiaries from Legal & General Retail Investments (Holdings) Limited. Suffolk Life Group Limited holds two trading subsidiaries, Suffolk Life Pensions Limited and Suffolk Life Annuities Limited, and three non-trading trustee companies, all of which now form part of the enlarged Group.

Suffolk Life Group Limited is a holding company. Suffolk Life Pensions Limited is an FCA regulated wholly owned subsidiary of Suffolk Life Group Limited and provides and administers SIPPs and similar self-invested pension products. Suffolk Life Annuities Limited is a PRA and FCA authorised wholly owned subsidiary of Suffolk Life Group Limited and issues and maintains SIPPs and similar self-invested pension products. SIPPs issued by Suffolk Life Annuities Limited are written as insurance policies and accordingly this company is a long term insurance company.

Consideration was agreed in cash of £45m, and was settled in full on the completion date of 25 May 2016. The acquisition has been accounted for using the acquisition method.

	£m
Fair value of consideration payable	45
Less: Provisional fair value of net assets acquired	(16)
Goodwill arising on acquisition (note 4)	**29**

The acquisition was completed close to the period end 30 June 2016 and the formal completion date of the acquisition could not be prepared for as it was pending regulatory approval. For these reasons, the fair values associated with the net assets acquired could not be finalised by the date at which these financial statements have been prepared. Appropriate fair values to be attributed to the assets acquired and liabilities assumed will be finalised during the 12 month period following acquisition in accordance with IFRS 3 *Business Combinations*. The provisional fair value of the identifiable assets and liabilities acquired are set out below. There were no provisional fair value adjustments arising on acquisition, and consequently the values below equate to both carrying value and provisional fair value.

	Carrying Value and Provisional Fair Value (unaudited)		
	Shareholder	**Policyholder**	**Total**

	Assets £'000	Business £'000	£'000
Non-current assets			
Intangible assets	1,585	-	1,585
Property, plant and equipment	537	1,158,930	1,159,467
Investments	-	1,787,323	1,787,323
Deferred tax asset	225	-	225
Current assets			
Trade and other receivables	2,382	4,139	6,521
Bank and cash	18,636	386,755	405,391
Current liabilities			
Trade and other payables	(2,513)	(8,681)	(11,194)
Deferred income	(4,618)	-	(4,618)
Borrowings	(12)	(90,237)	(90,249)
Deferred consideration	(86)	-	(86)
Current tax liability	(170)	-	(170)
Non-current liabilities			
Non-participating investment contract liabilities	-	(3,238,229)	(3,238,229)
Net assets acquired	15,966	-	15,966

The 'Policyholder Business' acquired as disclosed above consists of Suffolk Life Annuities Limited insurance policyholder assets and liabilities. The liability of Suffolk Life Annuities Limited towards its policyholders is exactly equal to the value of policyholder assets held at all times. The net assets acquired by the Group in respect of the Policyholder Business therefore equates to £nil and will continue to be £nil for so long as the terms of the underlying investment contracts remain unchanged.

As a result of the acquisition, the Group now reflects significantly enlarged gross assets and gross liabilities as is reflected on the Statement of Financial Position as at 30 June 2016 and shows the movement of those assets and liabilities through the consolidated statement of comprehensive income.

Acquisition costs totalled £284,085 and comprised legal and professional fees, and due diligence work. In accordance with IFRS 3 *Business Combinations*, this cost has been expensed as reflected in note 6 to the interim condensed consolidated financial statements as a non-recurring cost.

The post-acquisition operating results of Suffolk Life Group Limited and its subsidiaries for the period from acquisition to the end of 30 June 2016 resulted in net profits generated of £125,138.

Operating revenues of £1,389,753 and revenue from policyholder investment returns of £45,900,225 have been recognised in relation to the acquisition of Suffolk Life Group Limited and its subsidiaries for the period from acquisition to 30 June 2016. The operating revenue as though the acquired business had been held for the six months ended 30 June 2016 is estimated to be £8,685,000.

The net cash outflow arising from this acquisition was as follows:

	£m
Consideration paid to Legal & General Retail Investments (Holdings) Limited	45
Cash acquired on acquisition, excluding policyholder cash	(18)
Net cash outflow in the period ended 30 June 2016	**27**

On acquisition of Suffolk Life Group Limited and its subsidiaries, policyholder cash totalling £386,754,670 was taken on by the Group. The policyholder cash forms part of total policyholder assets which is wholly due to the policyholders.

4 Intangible assets

	Goodwill £'000	Development Costs £'000	Client portfolios £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2015	-	-	11,984	123	12,107
Additions	-	-	48	166	214
Arising on acquisitions	-	-	2,291	-	2,291
At 30 June 2015	-	-	14,323	289	14,612
Additions	-	-	-	54	54
Reclassification	-	151	-	(151)	-
Arising on acquisitions	-	-	318	-	318
At 31 December 2015	-	151	14,641	192	14,984
Additions	-	1	5	13	19
Arising on acquisitions	29,259	-	1,810	-	31,069
At 30 June 2016	29,259	152	16,456	205	46,072
Amortisation					
At 1 January 2015	-	-	773	99	872
Charge for the period	-	-	333	15	348
At 30 June 2015	-	-	1,106	114	1,220
Charge for the period	-	-	371	14	385
At 31 December 2015	-	-	1,477	128	1,605
Charge for the period	-	-	374	12	386
Arising on acquisitions	-	-	230	-	230
At 30 June 2016	-	-	2,081	140	2,221
Net book value					
At 31 December 2014	-	-	11,211	24	11,235
At 30 June 2015	-	-	13,217	175	13,392
At 31 December 2015	-	151	13,164	64	13,379
At 30 June 2016	29,259	152	14,375	65	43,851

5 Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Changes in income or expense that would result from the conversion of the dilutive potential ordinary shares are deemed to be trivial, and therefore no separate diluted net profit is presented. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Unaudited 6 month period ended 30-Jun-16 £'000	***As restated*** **Unaudited 6 month period ended 30-Jun-15 £'000**	**Audited year ended 31-Dec-15 £'000**
Net profit and diluted net profit available to equity holders of the Group	1,207	881	3,072
Operating profit and diluted operating profit before non-recurring costs and amortisation available to equity holders of the Group (before tax at 20%)	2,876	2,592	6,125
	Number	**Number**	**Number**
Weighted average number of ordinary shares:			
Issued ordinary shares at start of period	44,954,769	200,000	200,000
Subdivision of shares by factor of 200	-	39,800,000	39,800,000
Effect of shares issued in current period	7,551,885	1,455,322	3,147,923
Basic weighted average number of shares	52,506,654	41,455,322	43,147,923
Effect of options exercisable at the reporting date	266,667	330,363	195,604
Effect of options not yet exercisable at the reporting date	948,133	660,726	806,009
Diluted weighted average number of shares	53,721,454	42,446,411	44,149,536
	Pence	**Pence**	**Pence**
Earnings per share:			
Basic	2.30	2.13	7.12
Diluted	2.25	2.08	6.96
Earnings per share on tax adjusted operating profit before non-recurring costs and amortisation:			
Basic	4.38	5.00	11.46
Diluted	4.28	4.93	11.20

6 Non recurring costs

Non-recurring costs include the following significant items:

	Unaudited 6 month period	***As restated*** **Unaudited 6 month**	**Audited year ended 31-Dec-15**

	ended 30-Jun-16 £'000	period ended 30-Jun-15 £'000	£'000
IPO of the Company and listing on AIM	-	750	750
Set up costs associated with the take on of SIPPs	45	-	243
Bristol head office move	-	99	103
Exceptional legal fees	530	-	68
Redundancy & restructuring costs following acquisitions	-	-	30
Suffolk Life acquisition costs	284	-	-
	859	849	1,194

IPO of the Company and listing on AIM

The Company listed on the Alternative Investment Market ("AIM") on 7 May 2015. The initial public offering ("IPO") consisted of 3,947,369 new ordinary shares issued, and 7,273,681 existing shares offered. All costs directly attributable to the issue of the new ordinary shares have been offset against share premium created in the year in accordance with IAS 32 *Financial Instruments: Presentation*. All remaining costs attributable to the listing itself, and existing shares offered, have been recognised above as non-recurring costs.

Exceptional legal fees

During the six month period ended 30 June 2016 the Group entered into an agreement to settle a potential legal claim by another business. The terms of settlement are confidential however no further costs are expected after 30 June 2016 and the total cost included above includes all associated legal fees incurred.

Suffolk Life acquisition costs

The Group incurred a significant level of legal and professional fees in connection with the acquisition of Suffolk Life Group Limited. In accordance with IFRS 3 *Business Combinations*, these have been expensed as non-recurring costs. Note 3 to the interim condensed consolidated financial statements contains further information about the Suffolk Life acquisition.

7 Dividends paid and proposed

	Unaudited 6 month period ended 30-Jun-16 £'000	Unaudited 6 month period ended 30-Jun-15 £'000	Audited year ended 31-Dec-15 £'000
Paid during the period:			
Equity dividend on ordinary shares:			
Ordinary interim dividend declared and paid	1,869	500	500
	1,869	500	500

An interim dividend of 1.0p per share has been declared to be paid on 15 November 2016 to shareholders on the register at the close of business on 14 October 2016. During the period, £5,000 of ordinary share dividends were paid in relation to non-controlling interests in the Group's trading subsidiary Curtis Banks Investment Management Limited.

8 Income tax

Tax is charged at 20% for the six months ended 30 June 2016 (30 June 2015: 20.5%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Any amounts paid in excess of amounts owed would be classified as a current asset.

9 Share based payments

The weighted average exercise price for all options outstanding at 30 June 2016 was 133.64p.

The weighted average remaining contractual life of all unexercised share options as at 30 June 2016 was 8 years and 11 months.

The total charge to the condensed consolidated statement of comprehensive income arising from equity-settled share-based payment transactions for the period ended 30 June 2016 was £24,454 (30 June 2015: £19,269). The total increase in equity arising from equity-settled share-based payment transactions for the period ended 30 June 2016 was £24,454 (30 June 2015: £65,421).

SAYE share option scheme

During the period ended 30 June 2016, the Group set up a new SAYE ("Save As You Earn") share option scheme under which all eligible employees of the Group as of 2 June 2016 were able to subscribe to ordinary shares in the Company following a 3 year contribution and vesting period.

Date of grant	Number of shares under option at 31 December 2015	Granted during the period	Number of shares under option at 30 June 2016	Exercise price	Expiry date
28 June 2016	-	696,435	696,435	288.88p	28 June 2026
	-	696,435	696,435		

Share based payment expenses – SAYE share option scheme

The fair values of the options at the date of grant were determined by using the Black Scholes model. The model inputs were a risk free rate of 0.5%, expected volatility of 29%, 1% dividend yield, and a fixed share price for the purposes of the grant of 360p per share as at 2 June 2016. Expected volatility was based upon historical information about the Group's share price, and comparisons against similar entities. The model includes separate vesting periods for each proportion of options based on their exercise dates.

Date of grant	Exercise price	Latest exercise date	Number of shares under option at 31 December 2015	Estimated fair value per option
Employee options				
28 June 2016	288.88p	28 June 2026	696,435	99.64p
			696,435	

EMI share option scheme

The Group set up an EMI scheme during the year ended 31 December 2014 by which certain employees and key management personnel of Curtis Banks Limited are able to subscribe to ordinary shares in the Company. As at the year-end, 26 employees (including key management personnel) of Curtis Banks Limited held options as follows:

Date of grant	Number of shares under option at 31 December 2015	Granted / (Exercised) during the period	Number of shares under option at 30 June 2016	Exercise price	Expiry date
24 October 2014	414,800	-	414,800	10.11p	24 October 2024
8 April 2015	800,000	-	800,000	62.54p	8 April 2025
	1,214,800	-	1,214,800		

Of the remaining 414,800 options, 207,400 will vest on 24 October 2016 and 207,400 on 24 October 2017 at an exercise price of 10.11p. Of the remaining 800,000 options, 266,667 are already exercisable, with the remaining two thirds becoming exercisable on 1 July 2016 and 1 July 2017 at an exercise price of 62.54p.

Share based payment expenses – EMI share option scheme

The fair values of the options at the date of grant were determined by using the Black Scholes model. The model inputs were a risk free rate of 0.5%, expected volatility of 24%, zero dividend yield, and a share price at 24 October 2014 and 31 October 2014 of 10.11p, and at 8 April 2015 of 62.54p. Expected volatility was based upon historical information from similar entities. The model includes separate vesting periods for each proportion of options based on their exercise dates.

Date of grant	Exercise price	Expiry date	Number of shares under option at 30 June 2016	Estimated fair value per option
24 October 2014	10.11p	24 October 2024	414,800	2.13p
8 April 2015	62.54p	8 April 2025	800,000	5.64p

10 Post balance sheet events

On 15 July 2016 the Group entered into an agreement to acquire European Pensions Management Limited ("EPM") from the Special Administrators to that company for consideration of £1.6m. EPM administers circa 5,000 SIPPs with assets under administration of circa £630m. The acquisition has been funded through existing cash held by the Group.

11 Illustrative condensed consolidated statement of financial position as at 30 June 2016 split between insurance policy holders and the Group's shareholders

	£'000	£'000	£'000
ASSETS			
	Group Total	**Policyholders**	**Shareholders**
Non-current assets			
Intangible assets	43,851	-	43,851
Property, plant and equipment	1,163,587	1,160,733	2,854
Deferred tax asset	25	-	25
Investments	1,798,828	1,798,827	1
	3,006,291	2,959,560	46,731
Current assets			

Trade and other receivables	14,472	7,172	7,300
Cash and cash equivalents	422,034	397,256	24,778
	436,506	404,428	32,078
Total assets	3,442,797	3,363,988	78,809
LIABILITIES			
Current liabilities			
Trade and other payables	14,373	9,221	5,152
Deferred income	9,591	-	9,591
Borrowings	31,105	27,945	3,160
Deferred consideration	778	-	778
Current tax liability	452	-	452
	56,299	37,166	19,133
Non-current liabilities			
Borrowings	81,391	62,027	19,364
Deferred consideration	1,009	-	1,009
Non-participating investment contract liabilities	3,264,795	3,264,795	-
Deferred tax liability	-	-	-
	3,347,195	3,326,822	20,373
Total liabilities	3,403,494	3,363,988	39,506
Net assets	**39,303**	**-**	**39,303**
Equity attributable to owners of the parent			
Issued capital	267	-	267
Share premium	33,406	-	33,406
Equity share based payments	121	-	121
Retained earnings	5,502	-	5,502
	39,296	-	39,296
Non-controlling interest	7	-	7
Total equity	**39,303**	**-**	**39,303**