

**St James House PLC  
("SJH" or the "Company" or the "Group")**

**Half-Yearly Report for the period ended 31 July 2019 and Trading Update**

31 October 2019

**Half-Yearly Report**

For the half year to 31 July 2019 the Group incurred a loss before tax of £1,296,000, all of which related to continuing operations (H1 18: £668,000 loss) (year to 31 January 2019: £2,755,000 loss).

The combined companies within the Payments Division have been making progress in software development and roll out of new key services.

The period to 31 July 2019 saw completion of IBAN account software and testing with a small number of beta clients. The process involved identifying suitable partners to work on both regulatory and banking structures.

The period also saw the acquisition of Another Ops Limited (subsequently renamed Market Access Limited), a prepaid card issuing business and the integration of that business into the merchant services business within our Payment Division.

The combined offering means the company can now provide merchant services and settlement accounts to new and existing clients, as well as offering those services as a stand-alone product set, giving greater control and flexibility to our clients about how they wish to receive and distribute receipts.

Underperformance in the foreign exchange space led to a re-organisation, the departure of previous management with a renewed focus on developing business in areas where our staff are most experienced, in particular online gaming and other e-commerce platforms.

The Group's lottery management business, Prize Provision Services Limited ("PPSL") enjoyed a positive half year with the addition of two well-known clients, Lincoln City Football Club and Unite the Union, to the portfolio of managed lotteries.

In addition, in March 2019, the first scratch card client was announced as the Bolton-based charity Families and Babies ordered 5,000 scratch cards.

Unite2Win, the lottery managed on behalf of the Unite the Union's Benevolent Fund, resulted in total lines played increasing by approximately one-third during the previous 12 months to date.

During the six months to 31 July 2019, the Group announced a number of organisational and structural changes which are detailed at the end of the announcement.

**Trading Update**

In recent weeks we have seen a steady increase in cards issued, despite the pre-paid card programme announced on 9 July 2019 remaining at zero cards in issue. The number of pre-paid cards issued to date has fallen short of the figures mentioned in the announcement of 17 September 2019 due to delays experienced by a major client in commencing the project. No material level of cards has been issued to this client to date, and the target date for the full issue has been extended to the end of January. The uptake of the new payment account service (as announced on 17 September 2019) is promising, with a number of Euro accounts open and a handful of beta clients about to begin testing U.K. format Sterling accounts.

These accounts are linked via our technology to the An-Other card, giving clients the opportunity to use them in a similar fashion to a debit card, or to opt for fixed limits on balances which require topping up as they run low.

While the Payment Division is making progress, it is much slower than the Board had hoped. In particular, no merchant services are currently being processed due to issues with the nature of traffic from clients onboarded during July and August that remain in progress. As a result, the Payment Division continues to be lossmaking.

PPSL has continued to grow since the end of the half year and it remains on course to deliver a positive contribution to the Group during the second half of this financial year, however this is not sufficient to offset the losses in the Payment Division.

The Board therefore does not currently expect an improvement on the financial performance during the second half of the year and the Group's working capital position remains constrained.

Roger Matthews  
Chairman

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**Notes to editors:**

St James House PLC (AIM: SJH) is an AIM quoted lottery, software, gaming and leisure company.

SJH has a range of ecommerce products that suit all merchants' and customers' needs enabling secure payments. The Company works within both regulated frameworks and in regions where traditional partners struggle to offer safe, secure services.

In addition, SJH operates the Weather Lottery, which has been in operation since 2002 and the Company holds one of the limited number of UK external lottery manager's licences. Over £5.4 million has been raised to date for good causes and the lottery has paid over £4.9 million in prizes to winners.

SJH also has a joint venture agreement via Soccerdome Ltd operating a five a side football complex in Nottingham.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	6 month Period ended 31-Jul 2019	6 month Period ended 31-Jul 2018	12 month Ended 31-Jan 2019
Not es	(unaudited) £'000	(unaudited) £'000	(audited) £'000
<b>Continuing Operations:</b>			
Revenue	422	550	938
Cost of Sales	(176)	(124)	(252)
<b>Gross Profit</b>	<b>246</b>	426	686
Administrative expenses	(1,564)	(1,093)	(3,020)
Impairment of Intangible assets	-	-	(440)
<b>Operating profit before exceptional items</b>	<b>(1,318)</b>	(666)	(2,774)
(Finance expenses)/Interest income	22	(2)	19
<b>(Loss)/Profit before taxation</b>	<b>(1,296)</b>	(668)	(2,755)
Taxation	-	-	-
<b>Profit for the period from continuing operations</b>	<b>(1,296)</b>	(668)	(2,755)
<b>Profit for the period from discontinued operations</b>	-	3,461	3,162
Revaluation of equity investment	-	-	(9)
<b>Total comprehensive income</b>	<b>(1,296)</b>	2,793	398
<b>PROFIT/(LOSS) PER SHARE</b>			
Basic (loss)/profit per ordinary share	(0.42p)	1.05p	0.15p
Fully diluted (loss)/profit per ordinary share	(0.42p)	1.05p	0.15p

There are no recognised income or expenses other than the loss for the period.

## CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31-Jul 2019 (unaudited) £'000	As at 31-Jul 2018 (unaudited) £'000	As at 31-Jan 2019 (audited) £'000
<b>Notes</b>			
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	8	3	3
Goodwill	572	158	158
Intangible assets	1,174	1,762	1,009
10-year loan notes	1,725	2,000	1,722
Investments in Equity Instruments	213	222	213
	<b>3,692</b>	<b>4,145</b>	3,105
<b>Current assets</b>			
Trade and other receivables	1,543	1,465	1,449
Cash and cash equivalents	317	1,050	371
	<b>1,860</b>	<b>2,515</b>	1,820
<b>Total Assets</b>	<b>5,552</b>	<b>6,660</b>	4,925
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	2,891	1,212	1,858
Bank and other borrowings	6	6	6
	<b>2,897</b>	<b>1,218</b>	1,864
<b>Non-current liabilities</b>	<b>590</b>	-	-
	<b>3,487</b>	<b>1,218</b>	1,864
<b>Total Assets/(Liabilities)</b>	<b>2,065</b>	<b>5,442</b>	3,061
<b>EQUITY</b>			
Capital and reserves attributable to equity holders			
Called up share capital	3	3,116	2,816
Share premium account	3,020	3,020	3,020
Merger reserve	999	999	999
Revaluation reserve	213	222	213
Retained earnings	(5,283)	(1,615)	(3,987)
<b>Total equity</b>	<b>2,065</b>	<b>5,442</b>	3,061

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total £'000
<b>Balance at 1 February 2018</b>	<b>2,356</b>	<b>3,020</b>	<b>999</b>	<b>222</b>	<b>(4,408)</b>	<b>2,189</b>
Issue of new shares in the period	460	-	-	-	-	460
Loss for the period from continuing operations	-	-	-	-	(668)	(668)
Loss for the period from discontinued operations	-	-	-	-	(238)	(238)
Exceptional profit on sale of subsidiaries	-	-	-	-	3,699	3,699
<b>Balance at 31 July 2018</b>	<b>2,816</b>	<b>3,020</b>	<b>999</b>	<b>222</b>	<b>(1,615)</b>	<b>5,442</b>
Issue of new shares in the period	-	-	-	-	-	-
Share options charge	-	-	-	-	14	14
Soccerdome - revaluation	-	-	-	(9)	-	(9)
Loss for the period from continuing operations	-	-	-	-	-	-
Loss for the period from discontinued operations	-	-	-	-	-	-
<b>Balance at 31 January 2019</b>	<b>2,816</b>	<b>3,020</b>	<b>999</b>	<b>213</b>	<b>(3,987)</b>	<b>3,061</b>
Issue of new shares in period	300	-	-	-	-	300
Loss for the period from continuing operations	-	-	-	-	(1,296)	(1,296)
Loss for the period from discontinued operations	-	-	-	-	-	-
<b>Balance at 31 July 2019</b>	<b>3,116</b>	<b>3,020</b>	<b>999</b>	<b>213</b>	<b>(5,283)</b>	<b>2,065</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		6 month Period ended 31-Jul 2019	6 month Period ended 31-Jul 2018	12 month ended 31-Jan 2019
	Notes	(unaudited) £'000	(unaudited) £'000	(audited) £'000
<b>Net cash generated from/ (used in) continuing operations</b>	6	(71)	(249)	(1,104)
Interest and financing costs		(4)	-	(3)
Tax paid		-	-	-
<b>Net cash (used by)/generated from operating activities</b>		(75)	(249)	(1,107)
Net cash (used by)/generated from discontinued operating activities	6	-	(852)	(430)
<b>Net cash (outflow) from operating activities</b>		(75)	(1,101)	(1,537)
<b>Cash flow from investing activities:</b>				
Acquisition of property plant and equipment		(1)	-	(1)
Purchase of intangible assets		(25)	-	(90)
Net cash on acquisition/(disposal) of subsidiary		45	-	(152)
<b>Net cash (used in) investing activities</b>		19	-	(243)
<b>Net cash from financing activities</b>		-	-	-
<b>(Decrease)/increase in cash and cash equivalents:</b>				
(Decrease)/increase in cash and cash equivalents		(56)	(1,101)	(1,780)
Cash and cash equivalents at beginning of period		371	2,151	2,151
<b>Cash and cash equivalents at end of period</b>		316	1,050	371
<b>Comprising of:</b>				
Cash and cash equivalents per the balance sheet		316	1,050	371
<b>Less:</b>				
Bank overdraft		-	-	-
Cash and cash equivalents for cash flow statement purposes		316	1,050	371

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Accounting policies

#### **Basis of Accounting and Preparation**

These interim results for the six months ended 31 July 2019 have been prepared using the historical cost and fair value conventions on the basis of the accounting policies set out below. This interim report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), it is not in accordance with IAS 34 and therefore is not fully compliant with IFRS.

These interim results have been prepared under the historical cost convention. Areas where other bases are applied are identified in the accounting policies below.

The financial information set out in this interim report does not constitute statutory accounts as defined in the Companies Act 2006. The Company's statutory financial statements for the year ended 31 January 2019 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified with a material uncertainty relating to going concern.

This announcement contains certain forward-looking statements with respect to the operations, performance and financial position of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of the preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Interim Financial Report should be construed as a profit forecast.

The results for the six months ended 31 July 2019 were approved by the Board on 29 January 2019.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January and 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

#### **Business combinations**

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

the fair value of the consideration transferred; plus

the recognised amount of any non-controlling interests in the acquiree; plus

the fair value of the existing equity interest in the acquiree; less

the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **Intangible assets**

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licences, patents and trademarks	25 years
Software	3 to 10 years

## **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### **Goodwill**

Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reviewed.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

### **Financial assets (including receivables)**

In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss ('ECL') model. The ECL model requires the Group to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, IFRS 9 also requires current and future events to be considered when making an impairment assessment.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 the asset.



An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Revenue recognition**

Revenue is recognised when the performance obligations have been met:

- Lottery business revenue represents takings received for entry into the lottery prize draws. Revenue is recognised on the date that the draw takes place. Revenue in relation to performance obligations that are delivered over the life of a contract are recognised on a pro rata basis.
- Payment processing revenue represents the consideration received or receivable from the merchants for services provided. Key revenue streams the Company reports are transaction service charges that relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised when the transactions are successfully processed and is recognised per transaction. Process fees are charged per transaction for providing gateway services.
- Payment solutions revenue is recognised at the point when a chargeable transaction occurs.

### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected

manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised accumulated impairment losses. Useful lives are reviewed annually by the Directors.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- office equipment                      4 years
- vehicles                                      5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### **Leased assets**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

### **Financing income and expenses**

Financing expenses comprise interest payable and finance charges recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### **Impairment of tangible and intangible assets excluding goodwill**

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Foreign currencies**

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the parent company, and the presentational currency for the consolidated Financial statements.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### **Share based payments**

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Other than for business combinations, the only share based payments of the Group are equity settled share options and certain liability settlements. The Group has applied the requirements of IFRS 2 - Share-based Payments.

For share options granted, an option pricing model is used to estimate the fair value of each option at grant date. That fair value is charged on a straight-line basis over the vesting period as an expense in the income statement, with a corresponding increase in equity.

For shares issued in settlement of fees and/or liabilities, the Directors estimate the fair value of the shares at issue date and that value is charged on a straight line basis as an expense in the income statement (for fees) or reduction in the balance sheet liability (for liabilities) with a corresponding increase in equity.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **Trade receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate compound at initial recognition.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### **Investments in debt and equity securities**

Investments in debt and equity securities held by the Group are classified as either fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI) and are stated at fair value. Any resultant gain or loss is recognised in the Statement of Profit and Loss or directly in equity respectively, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

In the prior year investments in equity securities were classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the revaluation reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The Company has taken the exemption available to it under IFRS 9 not to restate the prior period figures.

Financial instruments held for trading or designated upon initial recognition are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Investments in debt and equity securities whose fair value cannot be reliably measured are stated at amortised cost less impairment.

#### **Financial liability and equity**

Financial liabilities are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

#### **Trade payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## **2. Earnings per ordinary share**

The calculation of basic earnings per share and diluted earnings per share is based on the results and weighted average number of ordinary shares as follows:

	<b>6 month Period ended 31-Jul 2019 (unaudited)</b>	<b>6 month Period ended 31-Jul 2018 (unaudited)</b>	<b>12 month ended 31-Jan 2019 (audited)</b>
<b>Attributable to equity £000's</b>	<b>(1,296)</b>	<b>2,793</b>	<b>407</b>

**Weighted average number of**

## ordinary shares:

<b>Basic</b>	<b>3,115,830</b>	<b>2,654,163</b>	<b>2,734,996</b>
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On 31 January 2016 the Company issued £1.6m of 0% unsecured, undated, convertible loan stock which converted into 400,000,000 Ordinary Shares and were allotted to loan stock holders on 7 June 2016 and were admitted to trading on AIM on 15 June 2016. The shares were consideration for the acquisition of Emex (UK) Group Limited, and the associated company, Freepaymaster Limited (collectively, "Emex").

On 10 April 2017, the Company acquired all of the ordinary shares in Timegrand Limited for £1,000,000 satisfied in full by the issue of 500,000,000 ordinary shares of 0.1p nominal each in the Company with a consideration value of 0.2p per share.

On 23 April 2018 new shares totalling 410,000,000 Ordinary Shares of 0.1 pence each ("Ordinary Shares") were issued in settlement of amounts invoiced from key management personnel. In addition, 60,000,000 share options were granted to Directors and key management.

On 9 May 2018 new shares totalling 50,000,000 Ordinary Shares of 0.1 pence each were issued in settlement of invoices for consultancy fees totalling £50,000 from Nineteen Twelve Management Limited, a company controlled by James Rose.

At a general meeting held on 30 July 2018, shareholders approved the sale of Emex. As part of the terms of the disposal, the MDC Nominees Limited Shares were to be issued, but due to the suspension of trading in shares on the AIM market of St James House plc at the time, these were not issued at the time of the disposal. The Board approved the issue and allotment of the MDC Nominees Limited Shares (as published 30 January 2019) and an application was made to admit the MDC Nominees Limited Shares to trading on AIM with effect from 21 February 2019.

In addition, on 21 February 2019, new shares totalling 200,000,230 Ordinary Shares of 0.1 pence each ("Ordinary Shares") were issued in settlement of amounts owed:

1. 30,000,000 Ordinary Shares at a price of 0.1 pence per share in settlement of invoices for director and consultancy fees totalling £30,000 from RT Associates, a partnership controlled by Lord Tim Razzall, a director of the Company, in relation to his contracted services as Executive Chairman of the Company.
2. 20,000,000 Ordinary Shares at a price of 0.1 pence per share in settlement of invoices for consultancy fees totalling £20,000 from FS Business Limited, a company controlled by Andrew Flitcroft, the company secretary and a former director of the Company, in relation to his contracted services as Finance Director and company secretary of the Company.
3. 50,000,000 Ordinary Shares at a price of 0.1 pence per share in settlement of salaried amounts outstanding totalling £50,000 for Cath McCormick, a director of the Company, in relation to her contracted employment with the Company.
4. The Board agreed contractual terms with John Botros t/a St. James Street Chambers in relation to the legal work involved in the issues surrounding Net World Ltd and its impact on the delayed audit of the Company (as announced on 30 January 2019) for a total consideration of £100,000.23 (the "Legal Services"). The Board and Mr Botros agreed to the issue of 100,000,230 Ordinary Shares at a price of 0.1 pence per share in settlement of the invoice for the Legal Services. John Botros is a director of a Group company.

### 3. Share capital

	<b>As at 31-Jul 2019 £'000</b>	<b>As at 31-Jul 2018 £'000</b>	<b>As at 31-Jan 2019 £'000</b>
Issued and fully paid:	<b>3,116</b>	<b>2,816</b>	<b>2,816</b>

Following discussion with the Company's financial adviser, the Board proposed a share restructuring, which was approved by the Board on 4 March 2019.

The share capital restructuring consisted of a sub-division of each Ordinary Share followed by a consolidation at a ratio of 1:1,000.

Each Ordinary Share of the Company was sub-divided into one new ordinary share of 0.001 pence each ("Interim Ordinary Shares") and one deferred share of 0.099 pence each ("Deferred Shares"), followed by a consolidation of every 1,000 Interim Ordinary Shares into one consolidated new ordinary share of 1 pence each ("New Ordinary Shares"). Therefore, the existing 3,115,830,000 Ordinary Shares became 3,115,830 New Ordinary Shares and 3,115,830,000 Deferred Shares (the "Restructuring"). Fractional entitlements arising from the Restructuring were aggregated and sold in the market for the benefit of the Company.

Following the Restructuring, there were 3,115,830 New Ordinary Shares in issue, each with one voting right per share.

The Deferred Shares have no right to vote, attend or speak at general meetings of the Company and have no right to receive any dividend or other distribution and have only limited rights to participate in any return of capital on a winding-up or liquidation of the Company. No application was made to the London Stock Exchange for admission of the Deferred Shares to trading on AIM. There were 3,115,830,000 immediately following the Restructuring.

The outstanding options over 60,000,000 Ordinary Shares exercisable at 0.1 pence per Ordinary Share (as announced 24 April 2018) will be adjusted for the Restructuring to become option over 60,000 New Ordinary Shares, exercisable at 100 pence per share. The life of the options remains unchanged at 5 years from 23 April 2018.

#### 4. Profit and loss of discontinued operations

	Period ended 31-Jul 2019 £'000	Period ended 31-Jul 2018 £'000	Period ended 31-Jan 2019 £'000
<b>Revenue</b>	-	119	104
Cost of Sales	-	-	-
<b>Gross Profit</b>	-	119	104
Administrative expenses	-	(357)	(447)
<b>Operating profit before exceptional items</b>	-	(238)	(343)
Finance expenses/(interest income)	-	-	-
<b>(Loss) before and after taxation</b>	-	(238)	(343)
Gain on sale of discontinued operations	-	3,699	3,505
<b>Profit for the period from discontinued operations</b>	-	3,461	3,162

#### 5. Assets and liabilities acquired

On 23 May 2019, St James House plc completed the acquisition of Another Ops Limited, trading as "another", whose website is <https://an-other.co.uk/> ("Another"). Another Ops Limited offer prepaid payment card and merchant solutions which provide a complementary product to the merchant, international payment and foreign exchange services provided by the Company's Market Access division.

### 5.1 Assets acquired and liabilities recognised at the date of acquisition

	Total £'000
<b>Current assets</b>	
Cash and cash equivalents	45
Trade and other receivables	47
<b>Non-current assets</b>	
Office Equipment	4
Unpaid share capital	(210)
<b>Current liabilities</b>	
Trade and other payables	(233)
Long-term liabilities	(380)
	<u>(727)</u>

### 5.2 Goodwill arising on acquisition

	Total £
Consideration Transferred	726
Less: fair value of intangible assets acquired	(312)
Goodwill arising on acquisition	<u>414</u>

### 5.3 Net cash inflow on acquisition

	Total £
Consideration paid in cash	-
Plus: cash and cash equivalent balances acquired	45
	<u>45</u>

## 6. Cash used in continuing operations

	Period ended 31-Jul 2019 £'000	Period ended 31-Jul 2018 £'000	Period ended 31-Jan 2019 £'000
Profit/(Loss) attributable to equity holders	(1,296)	(668)	(2,775)
Finance costs	4	2	3
Finance income	(22)	-	(22)
Depreciation, amortisation and impairment	172	86	490
Impairment	-		440

Share options charge	-	-	14
Decrease/(increase) in debtors	(95)	(2,179)	(3,087)
(Decrease)/increase in creditors	1,033	2,510	3,813
<b>Cash generated from/ (used in) continuing operations</b>	<b>(204)</b>	<b>(249)</b>	<b>(1,104)</b>

## 7. Cash used in discontinued operations

Profit/(Loss) attributable to equity holders	-	3,461	3,162
Finance costs	-	-	-
Finance income	-	-	-
Depreciation, amortisation and impairment	-	8	8
Gain on disposal of subsidiaries	-	(3,699)	(3,505)
Tax credit	-	-	-
Decrease/(increase) in debtors	-	762	1,573
(Decrease)/increase in creditors	-	(1,384)	(1,668)
<b>Cash generated from/ (used in) discontinued operations</b>	<b>-</b>	<b>(852)</b>	<b>(430)</b>

Cashflow figures include changes in debtors and creditors as a result of disposal of assets and derecognition of liabilities on the disposal of Emex to MDC Nominees Limited.

## 8. Transactions with related parties

The transactions set out below took place between the Group and certain related parties.

### **Lord E T Razzall**

Lord E T Razzall, a director, charged the Group £20,754 (six months ended Jul 2018: £12,000; twelve months ended Jan 2019: £24,000) in the period, for directorship services provided, via an entity trading as R T Associates. At the period end R T Associates was owed £nil (Jul 2018: £1,400; Jan 2019: £38,400).

In Feb 2019 R T Associates was issued 30,000,000 Ordinary shares, at par, in payment of amounts invoiced to the Group.

### **Andrew J A Flitcroft**

Andrew Flitcroft, a director of St James House Plc until Feb 2019 and Group Company Secretary, charged the Group £13,500 (six months ended Jul 2018 £16,500; twelve months ended Jan 2019: £33,000) in the period, for his services as a director, company secretarial and consultancy services provided, via an entity FS Business Limited. At the period end FS Business Limited was owed £59,750 (Jul 2018: £33,650; Jan 2019: £67,550).

In Feb 2019 FS Business Limited was issued 20,000,000 Ordinary shares, at par, in payment of amounts invoiced to the Group.

In April 2018 FS Business Limited was issued 10,000,000 Ordinary shares, at par, in payment of amounts invoiced to the Group.

### **John M Botros**

John M Botros is a director of Timegrand Limited, Soccerdome Limited, Barrington Lewis Limited, Market Access Ops Limited and company Secretary of Prize Provision Services Limited. He was also director of Market Access Limited until April 2018 and was director of the Emex companies for the entire period to their disposal from the Group.

John Botros charged the Group £18,000 (six months ended Jul 2018 £16,500; twelve months ended Jan 2019: £395,000) in the period, for directorship and company secretarial services provided, via an entity Bluedale Corporate Limited ("BCL"). John Botros also charged the Group £nil (six months ended Jul 2018 £nil; twelve months ended Jan 2019 £4,874) for expenses incurred on the Group's behalf via an entity St James Chambers.

At the period end BCL was owed £100,000.23 (Jul 2018 and Jan 2019: £100,000 of shares as specified in the purchase agreement between St James House plc and MDC Nominees Limited, a company owned by Mr Botros, for the purchase of Emexconsult Limited, Emex Technologies Limited and Emex (UK) Group Limited on 30 July 2018).

At the end of the period St James Chambers was owed £nil (Jul 2018: £nil; Jan 2019: £ nil).

The shares owed to BCL at year end were issued on 21 February 2019.

In Feb 2019 BCL was issued 100,000,023 shares, at par, in payment of amounts invoiced to the Group by BCL.

In April 2018 BCL was issued 160,000,000 shares, at par, in payment of amounts invoiced to the Group by BCL.

In April 2018 John Botros was issued 100,000,000 shares, at par, in payment of amounts invoiced to the Group by BCL.

During the six months to Jul 2019, year BCL charged £nil for services provided by Market Access Limited (six months ended Jul 2018 £nil; twelve months ended Jan 2019 £18,690). Included in other payables an amount of £nil (six months ended Jul 2018 £nil; twelve months ended Jan 2019 £35,598) owed to BCL by Market Access Limited.

#### ***Phillite D UK Limited***

Included in trade debtors is an amount of £1,234,452 (Jul 2018: £1,501,456 and Jan 2019: £1,241,100) and £nil (Jul 2018: £ 1,620,000 and Jan 2019: £nil) in other receivables due from Phillite D UK Limited ("PDU"), a company in which John Botros is a director and Phil Jackson is the person with significant control.

PDU performed regulated services on behalf of the Group between December 2014 and November 2016, which gave the Group the regulatory authorisation to perform payment processing. The revenue recognised and costs associated with this processing was reflected within the parent company. From November 2016, the services that PDU had previously provided to the Group were instead undertaken within the Group by Emex Technologies Limited which obtained the necessary Financial Conduct Authority licences in May 2016. The amount due as at the end of 31 January 2019 relates to processing fees due on this processing less amounts repaid.

During 2017, the Company launched a high value transfer service facilitating transactions in excess of €10,000,000 for corporate and individual customers ("HVTS"). The development of HVTS involved investment by a number of organisations within the industry and the Group expected to generate future revenues from this product as part of its longer-term strategy. As part of this investment, the Group provided £1,600,000 of working capital to PDU, and this amount was repayable by PDU in the normal course of business. It did not attract interest and was repayable on demand and was reported within Trade Receivables in the balance sheet along with other amounts owed by PDU.

HVTS was a product offered by Emexconsult Limited and Emex Technologies Limited, both of which were sold by the Group to MDC Nominees Limited on 30 July 2018. Included within the assets and liabilities disposed of in this transaction was the £1,600,000 balance owed by PDU.

#### ***Actual Limited***

With effect from 1 September 2017, John Botros was a company representative on the Board of Actual Limited, a tenant management organisation for the businesses with office on the 7<sup>th</sup> floor of 39 St James Street, London. During his time as Director of Actual Limited, Mr Botros received no remuneration and held no shares. During the six months to Jul 2019, the Group was invoiced £7,881 (Jul 2018: £25,464 and Jan 2019: £84,421) by Actual Ltd, for rent and associated office costs. At the period end Actual Ltd was owed £4,924 (Jul 2018: £23,666 and Jan 2019: £14,403) by the Group.

#### ***Clive Hyman***

Clive Hyman, a Non-Executive director, charged the Group £10,000 (six months ended Jul 2018: £10,000; twelve months ended Jan 2019: £20,000) in the period, for directorship services provided, via an entity trading as Hyman Capital Limited. At the period end Hyman Capital Services Limited was owed £nil (Jul 2018: £nil; Jan 2019: £4,000).

In April 2018 Clive Hyman was issued 20,000,000 share options exercisable immediately with an exercise price of 0.1p. The options lapse after 5 years and none of these had been exercised at the period end.

#### ***Cath McCormick***

Cath McCormick was appointed as a Director of St James House Plc on 30 January 2019, Market Access Ops Ltd between 8 July 2019 and 20 August 2019, Market Access Ltd on 12 June 2019, Another Ops Limited on 26 June 2019, Boxhill Technologies Limited on 16 January 2019 and PPS Blockchain Limited on 8 March 2019. Cath McCormick charged the Group £50,000 (six months ended Jul 2018 £42,500; twelve months ended Jan 2019: £141,250) in the period, for directorship services. At the period end Cath McCormick was owed £5,513 (Jul 2018 and Jan 2019: £50,000).



On 4 February 2019, 50,000,000 Ordinary Shares were issued to Catherine McCormick at par.

On 23 April 2018 Catherine McCormick was issued 20,000,000 share options exercisable immediately with an exercise price of 0.1p. The options lapse after 5 years and none of these had been exercised at the period end.

**Arno Rudolf**

Arno Rudolf, a director, charged the Group £10,000 (six months ended Jul 2018 £16,500; twelve months ended Jan 2019: £33,000) in the period, for directorship services. At the period end, Mr Rudolf was owed £16,667 (six months ended Jul 2018 £16,500; twelve months ended Jan 2019: £33,000).

On 23 April 2018 Arno Rudolf was issued 20,000,000 share options exercisable immediately with an exercise price of 0.1p. The options lapse after 5 years and none of these had been exercised at the period end.

**Graeme Paton**

Graeme Paton, a director, charged the Group £27,000 (six months ended Jul 2018 £nil; twelve months ended Jan 2019: £27,000) in the period for directorship services provided. At the period end Mr Paton was owed £nil (Jul 2018: £nil; Jan 2019: £nil).

**James Rose**

James Rose is a director of Prize Provision Services Limited ("PPSL"), Market Access Limited, wholly owned subsidiaries of St James House Plc. In addition, James Rose was a Director of Market Access Ops Limited from between 8 July 2019 and 20 August 2019 and was appointed a Director of PPS Blockchain Limited on 14 June 2019. During the period James Rose charged PPS £30,000 for consultancy services via an entity 1912 Management Limited (six months ended Jul 2018: £30,000; twelve months ended Jan 2019: £77,300). At the period end 1912 Management Services Limited was owed £88,200 (Jul 2018: £88,200; Jan 2019: £85,200).

In May 2018 Nineteen Twelve Management Limited was issued 50,000,000 Ordinary shares, at par, in payment of amounts invoiced to PPSL.

**Mark Harris**

Mark Harris was a Director of Market Access Ops Limited until 8 July 2019 and charged Market Access Ops Limited £37,586 (six months ended Jul 2018 £16,500; twelve months ended Jan 2019: £33,000) in the period, for directorship services provided, via an entity MHC St James Limited. At the period end MHC St James Limited was owed £nil (Jul 2018: £33,650; Jan 2019: £67,550).

**Phil Jackson**

Phil Jackson charged the Group £73,518 (six months ended Jul 2018: £10,000; twelve months ended Jan 2019: £130,000) in the period, for services provided, via Moorhen Limited. At the period end the Group owed Moorhen Limited £nil (Jul 2018: £nil; Jan 2019: £nil).

In April 2018 Moorhen Limited was issued 140,000,000 shares, at par, in payment for amounts invoiced to the Group in the early part of the year to 31 January 2019 and previous years.

## **9. Organisational and Structural Changes During the six months to 31 July 2019**

**Change of Company Name**

To reflect the change in ongoing strategy of the Group and the significant changes that have occurred during the last year, the Board believed that a change of the Company's name was appropriate. Following General Meeting approval, Boxhill Technologies plc changed its name to St James House plc on 4 March 2019.

**Share Consolidation**

The Board considered that having nearly three billion shares issued created a negative perception of the Company and also exposes Shareholders to undue volatility. Following discussion with the Company's financial adviser, the Board proposed a share restructuring, which was approved by the Board on 4 March 2019.

The share capital restructuring consisted of a sub-division of each Ordinary Share followed by a consolidation at a ratio of 1:1,000.

Each Ordinary Share of the Company was sub-divided into one new ordinary share of 0.001 pence each ("Interim Ordinary Shares") and one deferred share of 0.099 pence each ("Deferred Shares"), followed by a consolidation of every 1,000 Interim Ordinary Shares into one consolidated new ordinary share of 1 pence each ("New Ordinary Shares"). Therefore, the existing 3,115,830,000 Ordinary Shares became 3,115,830 New Ordinary Shares and 3,115,830,000 Deferred Shares (the "Restructuring"). Fractional entitlements arising from the Restructuring were aggregated and sold in the market for the benefit of the Company. Following the Restructuring, there were 3,115,830 New Ordinary Shares in issue, each with one voting right per share.

The Deferred Shares have no right to vote, attend or speak at general meetings of the Company and have no right to receive any dividend or other distribution and have only limited rights to participate in any return of capital on a winding-up or liquidation of the Company. No application will be made to the London Stock Exchange for admission of the Deferred Shares to trading on AIM. There will be 3,115,830,000 immediately following the Restructuring.

The outstanding options over 60,000,000 Ordinary Shares exercisable at 0.1 pence per Ordinary Share (as announced 24 April 2018), all held by Board members, will be adjusted for the Restructuring to become options over 60,000 New Ordinary Shares, exercisable at 100 pence per share. The life of the options remains unchanged at 5 years from 23 April 2018. St James House plc (formerly Boxhill Technologies plc)

#### **Acquisition of Another Ops Ltd**

On 23 May 2019, St James House plc completed the acquisition of Another Ops Limited, trading as "another", whose website is <https://an-other.co.uk/> ("Another"). Another Ops Limited offer prepaid payment card and merchant solutions which provide a complementary product to the merchant, international payment and foreign exchange services provided by the Company's Market Access division.

#### **New Lottery Joint Venture**

On 8 March 2019, the Board of Directors of St James House PLC announced it had agreed terms, subject to contract, to establish a new lottery joint venture in Malta. The Company's partner in this joint venture is ZeU Crypto Networks Limited ("ZeU"), a wholly owned subsidiary of St-Georges Eco-Mining Corp. of Montreal, Canada ("SGEM"), whose shares are quoted on the Canadian Securities Exchange (The "Lottery JV").

The Lottery JV will be established as a new company in Malta and will combine the Company's expertise in regulated lottery management and administration with ZeU's innovative blockchain-based technology. The Group will hold a 45 per cent equity interest in the Lottery JV and the other shareholders will be Zeu with 19.9 per cent, SGEM with 19.9 per cent and the balance with outside shareholders. All costs of the Lottery JV will be met by ZeU and in return, ZeU will charge a service fee that will not exceed 90% of the revenues from the Lottery JV. The remaining 10 per cent of the revenues of the Lottery JV will be distributed as a dividend to the shareholders, i.e. the Group will receive 4.5 per cent of the revenues of the Lottery JV by way of a dividend. St James House PLC will appoint three directors to the Lottery JV and ZeU will appoint one director. The Lottery JV will apply to the Maltese authorities for the appropriate licence to operate a lottery.

The Group's interest in the Lottery JV will be held by PPS Blockchain Limited, a wholly owned subsidiary of SJH ("PPSB").

#### **Change of Auditor**

The Board has appointed MHA MacIntyre Hudson as auditors to the Group in replacement of KPMG LLP. The Board believes MHA MacIntyre Hudson to be more suited to the Group's size and business activities.

#### **Payment Division Restructuring**

Following the acquisition of Another Ops Limited ("Another"), the Group undertook a restructuring of its Payments division. All regulated payment activities are now undertaken through the Group's wholly owned subsidiary, Market Access Limited (previously Another Ops Limited), trading as "Market Access" for business-to-business activities and "another" for business-to-consumer activities. Payment card processing activities are undertaken through the Group's wholly owned subsidiary, Market Access Ops Limited (previously Market Access Limited).

#### **Change in Board Structure**

Lord Razzall and Clive Hyman did not seek re-election as directors at the Group AGM on 31 July 2019 and were replaced by Roger Matthews and Kathy Cox. In addition, Jacques Leuba was appointed as an additional Non-Executive Director on 4 September 2019.

As a result, the committee memberships have been updated to reflect the Board member changes:

<b>Committee:</b>	<b>Chairman:</b>	<b>Additional members:</b>
Audit Committee	Roger Matthews	Arno Rudolf
Remunerations Committee	Arno Rudolf	Jacques Leuba
Nominations Committee	Arno Rudolf	Kathy Cox Jacques Leuba
Compliance Committee	Kathy Cox	Roger Matthews
Operations Committee	Graeme Paton	No change to existing members

## **10. Interim Financial Report**

The unaudited interim financial report, which is the responsibility of the directors and was approved by them on 31 October 2019, does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

This report is available on St James House PLC's website at [www.sjhplc.com](http://www.sjhplc.com). Copies are available from the Company at its registered office:

30-35 Pall Mall, London, SW1Y 5LP, United Kingdom