

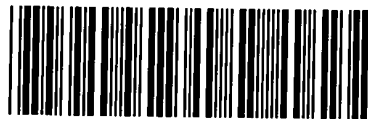
STB AM Investment (UK) Limited

Directors' report and financial statements

Registered number 07700939

Year Ended 31 March 2017

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2017. The financial statements are presented in pounds sterling ('£' or 'sterling').

Principal activities

The principal activity of the Company is to act as an investment holding company and it is not anticipated that this will change for the foreseeable future.

Business review

The directors set out below a review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties faced.

The Company is an investment holding company, having 41.98% interest in NS Holdings LLP ('NSP') (formerly NewSmith LLP). On 19 February 2015, NSP and Man Group Plc, a listed hedge fund company, entered into an asset purchase agreement to acquire the investment management business of NSP. The deal was structured as a sale of the legal entity, NewSmith Japan Limited and the sale of the underlying assets of NS Asset Management LLP (formerly NewSmith Asset Management LLP). Both are subsidiaries of NSP (100% and 99.11% ownership respectively). The acquisition by Man Group Plc completed on 24 April 2015. The sale consideration comprised an upfront consideration and deferred considerations in Year 1, 3 and 4 subsequent to the sale, with the deferred considerations subject to the Run Rate Management Fee exceeding certain limits. After Year 4, NSP and its remaining subsidiaries will be liquidated. It is also anticipated that the Company will also be liquidated at the same time.

During the year, the Company received £587,695 (2016: £1,595,173) from the upfront consideration, previously held in an escrow account. No deferred consideration was received.

The Company received no other distribution from its investment in NSP (2016: nil) and paid no dividend (2016: nil).

The profit for the year after taxation of £570,505 (2016: profit of £447,335) has been transferred to reserves.

The details of the Company's sole investment in its associate undertaking, NSP, are given in note 7 to the financial statements.

Financial instruments

The Company has no financial instruments other than its investment in an associate undertaking.

Proposed dividend

The directors do not recommend a final dividend (2016: nil).

Directors

The directors who held office during the year were as follows:

Yoshio Hishida
Hisaya Kambayashi
Nobuo Murakami

08/02/2012
(Resigned: 09/12/2016)
07/12/2015

Employees

The Company has no employees.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board



Nobuo Murakami
Director

12 December 2017

155 Bishopsgate
London
EC2M 3XU

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of STB AM Investment (UK) Limited

We have audited the financial statements of STB AM Investment (UK) Limited for the year ended 31 March 2017 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

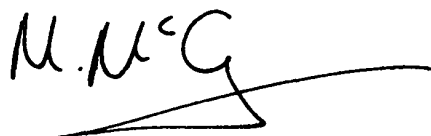
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of STB AM Investment (UK) Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Michael T. McGarry (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

12 December 2017

Statement of Comprehensive Income
for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Income from investment	2	588	465
Total revenue		588	465
Administrative expenses	3	(17)	(17)
Profit on ordinary activities before tax		571	448
Taxation	6	-	-
Profit for the year		571	448
Other comprehensive income for the year		-	-
Total comprehensive profit for the year attributable to equity shareholders of the Company		571	448

The results above arose wholly from continuing activities.

The notes on pages 11 to 16 form part of the financial statements.

Balance Sheet

at 31 March 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investments in associates	7	1	1
Current assets			
Cash at Bank		1,677	1,107
Total assets		1,678	1,108
Current liabilities			
Trade and other payables	8	18	19
Total liabilities		18	19
Net assets		1,660	1,089
Equity			
Share capital	9	35,000	35,000
Retained earnings		(33,340)	(33,911)
Total equity		1,660	1,089

The notes on pages 11 to 16 form part of the financial statements.

These financial statements were approved by the board of directors on 12 December 2017 and were signed on its behalf by:



Nobuo Murakami
Director

Company registered number: 07700939

Statement of Changes in Equity
for the year ended 31 March 2017

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	35,000	(34,359)	641
Profit for the year	-	448	448
Balance at 31 March 2016	35,000	(33,911)	1,089
 Balance at 1 April 2016	 35,000	 (33,911)	 1,089
Profit for the year	-	571	571
Balance at 31 March 2017	35,000	(33,340)	1,660

The notes on pages 11 to 16 form part of the financial statements.

Cash Flow Statement

for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		571	448
Adjustments for:			
Impairment in investment in associate		-	-
Gain from sales of underlying business in associate		(588)	(465)
Changes in:			
Decrease in trade and other payables		(1)	(415)
Net cash from operating activities		(18)	(432)
Cash flows from investing activities			
Proceeds from sale of underlying business in associate	7	588	1,595
Net cash from investing activities		588	1,595
Cash flows from a financing activities			
Repayment of loan to group undertakings	11	-	(56)
Net cash from a financing activities		-	(56)
Net increase in cash and cash equivalents		570	1,107
Cash and cash equivalents at beginning of year		1,107	-
Cash and cash equivalents at end of year		1,677	1,107

The notes on pages 11 to 16 form part of the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2017

1. Accounting policies

Reporting entity

STB AM Investment (UK) Limited (the "Company") is a company incorporated and domiciled in the UK.

Basis of preparation

The Company's financial statements have been prepared and approved on 12 December 2017 by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the Companies Act 2006.

New and amended accounting standards

There are no new standards that are effective for the first time for the financial year beginning 1 April 2016 that would be expected to have a significant impact on the Company's financial statements.

As at 31 March 2017, a number of standards and interpretations and amendments thereto, had been issued by the International Accounting Standards Board, which are not effective for the Company's financial statements as at 31 March 2017. None of these are expected to have a significant impact on the Company's financial statements in the future.

Summary of significant accounting policies

A summary of the principal accounting policies applied consistently throughout the year is set out below.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. The preparation of the financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. There was a significant degree of judgement for impairment assessment on investment in associates, which was discussed in note 7.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and in any future periods affected.

1.2 Going Concern

With the sale of NS Holding LLP's (formerly NewSmith LLP) investment management business, it is anticipated that the Company will be liquidated in 2019, after the last deferred consideration from the sale. Until then, the Company will continue as a going concern.

The Company consulted the parent company and has received written communication that the parent company will fully support the local development of the Company. In view of this fact, the directors have concluded that there should not be any material uncertainty that casts significant doubt about the ability of the Company to continue as a going concern. As a result, the directors, have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore, have prepared the financial statements on a going concern basis.

1.3 Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investment in an associate, amounts owed to group undertakings, and trade and other payables.

Trade and other 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.

Investments in associates

Investments in associates are carried at cost less impairment.

Impairment loss

The Company assess at each reporting date whether there is any indication that the investment may be impaired. If any indication exists, the Company estimates the investment's recoverable amount. When carrying amount exceeds its recoverable amount, the assets is considered impaired and written down to its recoverable amount.

Amounts owed to group undertakings

Amounts owed to group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

1.5 Revenue

Revenue represents that fair value of consideration received or receivable in respect of the sale of the business. The Company recognised the revenue at the point when the sales agreement had been finalised, when the risks and rewards had been transferred. Contingent revenue is not recognised until the contingent events have occurred and the Company has a legal enforceable right to claim the revenue.

1.6 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.

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.

2. Income from investment

	2017	2016
	£000	£000
Gain on sale of investment's business	588	465

The Company received £587,695 following the release of the Escrow account balance.

3. Auditor's remuneration

The auditor's remuneration of £12,000 (2016: £12,000) for providing statutory audit services was included in the administrative expenses.

4. Directors' remuneration

None of the directors received any fees or emoluments for performing the role of director during the year (2016: £nil).

5. Employees

The Company did not have any direct employees during the year (2016: nil).

6. Taxation

No tax expenses have been recognised in the profit or loss. The total tax allowable losses that arise from this year and might be used in the future are calculated as follows:

	2017 £000	2016 £000
Profit before tax	571	448
Tax using the UK corporation tax rate of 20% (2016: 20%)	(114)	(90)
Income not subject to tax	118	93
Tax effect on share of associate's current year trading (profit)/loss	(18)	57
Tax effect on share of associate's current year capital losses	-	2,476
Tax offset by losses brought forward	14	-
Loss for which no deferred tax assets was recognised	-	(2,536)
Total tax expense	-	-
Unrecognised deferred tax assets		
	2017 £000	2016 £000
Tax losses	2,544	2,875

The tax losses relate to the cumulative losses from business operations since incorporation. Deferred tax assets have not been recognised in respect of the losses in accordance with the Company's accounting policy at note 1.6. The tax losses do not expire under current tax legislation.

The unrecognised deferred tax asset at 31 March 2017 has been calculated on the rate of 19% at the balance sheet date.

Reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

7. Investments in associates

	2017 £000	2016 £000
Balance at 1 April 2016	1	1,131
Decrease in value due to sale of underlying business/realised in cash	-	(1,130)
Balance at 31 March 2017	1	1

The investment is carried at cost less impairment, which is assessed for impairment by the Company at each balance sheet date. The Company has the following investments in associates:

	Country of Incorporation	Ownership 2017	Ownership 2016
NS Holdings LLP (formerly NewSmith LLP)	UK	41.98%	41.98%

On 19 February 2015, NS Holdings LLP ('NSP') (formerly NewSmith LLP) and Man Group Plc, a listed hedge fund company, entered into an asset purchase agreement to acquire the investment management business of NSP. The deal was structured as a sale of the legal entity, NewSmith Japan Limited and the sale of the underlying assets of NS Asset Management LLP (formerly NewSmith Asset Management LLP). The acquisition by Man Group Plc completed on 24 April 2015. The sale consideration comprised an upfront consideration and deferred considerations in Year 1, 3 and 4 subsequent to the sale, with the deferred considerations subject to the Run Rate Management Fee exceeding certain limits. After Year 4, NSP and its remaining subsidiaries will be liquidated. It is also anticipated that the Company will also be liquidated at the same time.

At the year ended 31 March 2015, the Company reviewed the carrying value of its investment and assessed the recoverable amount of the investment, based on its value in use, at £1,131,237. The estimate of the value in use was determined by the amount of upfront cash consideration the Company receives upon the completion of the sale of NSP's investment management business to MAN Group. The deferred considerations, which are conditional payments, and the amount of the upfront cash consideration held back by NSP on escrow account and for future running cost has not been taken into account as no value to the shareholder is expected.

During the year ended 31 March 2016, the Company received £1,595,173 from the sale and, as this amount exceeded the carrying value, a £464,936 gain was recognised in the Income Statement and the Investment in associates was stated at a notional value of £1,000.

During the year ended 31 March 2017, the Company received a further £587,695 following the release of the escrow account balance.

The Company's share of post-acquisition total recognised profit in the above associate for the year ended 31 March 2017 was £87,807 (2016: loss of £1,958,312).

Summary aggregated financial information on associates:

	2017 £000	2016 £000
Assets	1,759	3,176
Liabilities	60	287
Revenues	37	576
Profit/ (Loss)	209	(4,665)

The financial statements of the associate have been prepared in accordance with Adopted IFRS.

8. Trade and other payables

	2017 £000	2016 £000
Accrued expenses	18	19

9. Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i> 35,000,001 Ordinary shares of £1 each	35,000,001	35,000,001

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10. Financial instruments and principal risks and uncertainties

(a) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments for the year comprised investment in an associate only. The Sumitomo Mitsui Trust Group has policies and procedures in place to manage risk. Investment in the associated undertaking is stated at cost less impairment. The Company's exposure to credit risk from investments is not significant.

(b) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as both investing and funding decisions are within the control of the ultimate parent undertaking. At the balance sheet date, the Company has no material financial obligations.

(c) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any significant market risk other than through its investment in associates carried at cost less impairment.

11. Related parties

None of the directors received any fees or emoluments from the Company during the year (2016: nil).

12. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Sumitomo Mitsui Trust Bank, Limited, a company incorporated in Japan. The ultimate controlling party is Sumitomo Mitsui Trust Holdings, Inc., a company incorporated in Japan and listed on the Tokyo Stock Exchange.

The largest group in which the results of the Company are consolidated is that headed by Sumitomo Mitsui Trust Holdings, Inc., incorporated in Japan. The smallest group in which they are consolidated is that headed by Sumitomo Mitsui Trust Bank, Limited, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public at www.smtb.jp/tools/english/.

13. Subsequent Event

Up to the date of the approval of the financial statements, there have been no material subsequent events.