

growth in turbulent times

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JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE

We are pleased to report record interim results, despite turbulent market conditions, with income up by 25.5% to £9.7m and profit before tax ahead by 23.8% to £3.7m for the half year to 31 March 2008. Fully diluted earnings per share are 6.59 pence, up by 29.2% on last year's 5.10 pence, resulting in the Board declaring an interim dividend of 4.25 pence, an increase of 41.7% on 2007. The results this year include a small positive contribution, since the date of acquisition, from Lawshare.

There has been a very satisfactory increase in the level of SIPP contributions in the half year which is particularly pleasing considering the record results of 2006/07. We have seen a levelling off of pension transfers since the reduction in May 2007. This followed the announcement by the Financial Services Authority ("FSA") that advice to transfer existing pension benefits into SIPPs would be subject to a thematic review. The number of SIPP clients has increased from 26,898 to 29,389, a healthy increase of 9.3% in the half year whilst our SSAS book has remained stable as expected. The aggregate value of pension assets under administration is up by £350m to £5.4bn. All of these factors are essential components in our future results.

Regular product enhancements are introduced to reflect changes in client requirements and to ensure that we remain at the leading edge of the market. One such change was introduced in January to SIPPcentre, our core SIPP offering to the independent financial adviser market. This enhanced product provides greater investment flexibility and an improved charging structure that has been well received by the market. The current restriction on SIPPs holding protected rights is likely to be lifted in October this year and in anticipation of this welcome change, advisors are now able to consolidate these funds in cash in SIPPcentre ahead of the formal change in rules.

The acquisition of Lawshare in December 2007 is proceeding well and slightly ahead of our original expectations. Lawshare is an institutional execution only stockbroker and on the back of their expertise and systems, work has begun to develop a retail stockbroking service which we plan to make available to our SIPP clients in mid 2009. Lawshare has £2.6bn of institutional stockbroking assets under administration.

We have agreed with Nicholas Littlefair that he will step down as a non-executive director later this year, once a suitable replacement has been found. Our warmest thanks go out to Nicholas for his contribution to A J Bell since the business started in 1995.

We are pleased with our progress in the period under review. We believe these positive results reflect a further maturing of the SIPP market as it becomes more firmly established as part of the mainstream pensions sector. We continue to invest in our people at all levels and we would like to take this opportunity of thanking them for the immense contribution they have made to our success.

Jim Martin
Chairman

Andy Bell
Chief Executive

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

FOR SIX MONTHS ENDED 31 MARCH 2008

	Notes	Six Months Ended 31 March		Year Ended 30 September
		2008 £000	2007 £000	2007 £000
CONTINUING OPERATIONS				
Revenue		9,658	7,698	16,150
GROSS PROFIT		9,658	7,698	16,150
Administrative expenses		(6,106)	(4,797)	(9,854)
OPERATING PROFIT		3,552	2,901	6,296
Interest income		179	120	313
Interest expense		(22)	(25)	(57)
Net finance income		157	95	256
PROFIT BEFORE TAX		3,709	2,996	6,552
Tax	4	(1,122)	(1,011)	(2,080)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,587	1,985	4,472
EARNINGS PER ORDINARY SHARE				
Basic (pence)	6	6.66	5.16	11.60
Diluted (pence)		6.59	5.10	11.47

There were no other items of recognised income and expense in any period and consequently no Statement of Recognised Income and Expense has been presented.

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	31 March 2008 £000	31 March 2007 £000	30 September 2007 £000
ASSETS				
NON-CURRENT ASSETS				
Goodwill		420	–	–
Other intangible assets		1,704	100	144
Tangible assets		1,021	664	810
		3,145	764	954
CURRENT ASSETS				
Trade and other receivables		5,025	3,449	3,996
Cash and cash equivalents		2,966	3,581	4,457
Client receivables		17,445	–	–
Clients' cash and cash equivalents		548	–	–
		25,984	7,030	8,453
TOTAL ASSETS		29,129	7,794	9,407
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		(2,166)	(1,375)	(1,425)
Client payables		(17,863)	–	–
Obligations under finance leases		(141)	(14)	(82)
Current tax liabilities		(1,612)	(1,240)	(1,404)
		(21,782)	(2,629)	(2,911)
NET CURRENT ASSETS		4,202	4,401	5,542
NON-CURRENT LIABILITIES				
Obligations under finance leases		(17)	(129)	(117)
Long-term provisions		(58)	(48)	(53)
Other long-term payables		(38)	(45)	(42)
Deferred tax liabilities		(428)	(34)	(49)
		(541)	(256)	(261)
TOTAL LIABILITIES		(22,323)	(2,885)	(3,172)
NET ASSETS		6,806	4,909	6,235
EQUITY				
Share capital	10	39	39	39
Share premium	11	134	110	110
Other reserves	12	18	8	8
Retained earnings	12	6,615	4,752	6,078
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6,806	4,909	6,235

UNAUDITED INTERIM CONSOLIDATED CASHFLOW STATEMENT

FOR THE HALF YEAR ENDED 31 MARCH 2008

	Notes	Six months to 31 March 2008 £000	2007 £000	12 months to 30 September 2007 £000
CONTINUING OPERATIONS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	7	3,734	2,554	5,602
Interest paid		(22)	(25)	(57)
Interest received		179	120	314
Tax paid		(1,003)	(741)	(1,631)
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,888	1,908	4,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(246)	(171)	(398)
Acquisition of subsidiaries, net of cash acquired	9	(1,492)	–	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,738)	(171)	(398)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of finance lease liabilities		(67)	(56)	(112)
Proceeds from issue of share capital		24	66	66
Dividends paid	5	(2,050)	–	(1,161)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,093)	10	(1,207)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(943)	1,747	2,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		4,457	1,834	1,834
CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,514	3,581	4,457

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

SIX MONTHS 31 MARCH 2008

1. GENERAL INFORMATION

The information for the year end 30 September 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The annual financial statements were prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting", as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

There has been an addition to intangible assets as a result of the acquisition of Lawshare Limited. This comprises of a customer list which is stated at discounted pre-tax cash flows, less amortisation. The present value of the customer list has been estimated using a discounted cash flow method. The estimate has assumed a net positive cash flow over the next 10 years discounted to the date of acquisition using a cost of capital of 7.75%. This reflects the longevity and lack of churn in its customer base.

3. SEGMENTAL REPORTING

	Pension administration	Stockbroking	Consolidated
External sales	9,110	548	9,658
Administration costs	(5,612)	(494)	(6,106)
OPERATING PROFIT	3,498	54	3,552
Net finance income and other gains and losses	85	72	157
PROFIT BEFORE TAX	3,583	126	3,709
Tax	(1,086)	(36)	(1,122)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	2,497	90	2,587
NON-CURRENT ASSETS	981	2,164	3,145
CURRENT ASSETS	6,499	19,485	25,984
CURRENT LIABILITIES	(3,134)	(18,648)	(21,782)
NON-CURRENT LIABILITIES	(121)	(420)	(541)
NET ASSETS	4,225	2,581	6,806

A J Bell Holdings Limited acquired Lawshare Limited on 13 December 2007. The principal activity of Lawshare Limited is that of institutional stockbroking. Lawshare profit & loss represents the 3 months to 31 March 2008.

A J Bell Holdings Ltd, continues to provide administration services for self invested personal pension schemes and their equivalent for small groups of individuals in the UK.

Prior to 1 October 2007, the group owned by A J Bell Holdings Limited undertook only one business activity, that of the provision of pension administration services. Following the acquisition of Lawshare Limited it now also provides stockbroking services.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS CONTINUED

SIX MONTHS 31 MARCH 2008

4. TAX EXPENSE

	Six months to 31 March 2008 £000	2007 £000	12 months to 30 September 2007 £000
ANALYSIS OF CHARGE RECOGNISED IN THE GROUP INCOME STATEMENT			
Current tax			
UK corporation tax on income for the period	1,122	1,012	1,975
Adjustment in respect of prior years	–	–	91
	1,122	1,012	2,066
Deferred tax	–	(1)	14
TOTAL TAX EXPENSE IN GROUP INCOME STATEMENT	1,122	1,011	2,080

Corporation tax is calculated at 30% of the estimated assessable profit for the period.

The charge for the period can be reconciled to the profit per the income statement as follows:

Profit before tax from continuing operations	3,709	2,996	6,552
Adjusted profit before tax multiplied by the standard rate of Corporation tax in the UK of 30% (2007: 30%)	1,113	899	1,966
Effects of:			
Adjustments to tax charge in respect of prior periods	–	–	91
Expenses not deductible	–	–	11
Difference in tax rates	–	–	12
Other adjustments	9	112	–
TOTAL TAX EXPENSE IN GROUP INCOME STATEMENT	1,122	1,011	2,080
Effective tax rate	30.2%	33.7%	31.7%

5. DIVIDENDS

	Six months to 31 March 2008 £000	2007 £000	12 months to 30 September 2007 £000
Amounts recognised as distributions to equity holders during the period.			
Interim dividend for year end 30 September 2007 of 3p (2006: 2p) per share	–	–	1,161
Final dividend for year end 30 September 2007 of 5.3p per share	2,050	–	–
Ordinary dividends paid on equity shares	2,050	–	1,161

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of A J Bell Holdings Limited by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2008 £000	Six months to 31 March 2007 £000	12 months to 30 September 2007 £000
EARNINGS (ALL FROM CONTINUING OPERATIONS)			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	2,587	1,985	4,472
NUMBER OF SHARES			
Weighted average number of ordinary shares for the purposes of basic earnings per share in issue during the year	38,861,667	38,420,165	38,557,959
Dilutive effect of potential ordinary shares	366,032	504,231	439,438
Weighted average number of ordinary shares for the purposes of diluted earnings per share in issue during the year	39,227,699	38,924,396	38,997,397

7. NOTES TO THE CASH FLOW STATEMENT

	2008 £000	Six months to 31 March 2007 £000	12 months to 30 September 2007 £000
Profit for the period	2,587	1,985	4,472
Adjustments for:			
Finance costs	(157)	(95)	(256)
Income tax expense	1,122	1011	2,080
Depreciation of plant and equipment	162	124	251
Amortisation of intangible assets	77	30	52
Share based payment expense	10	4	4
Increase in provisions	5	5	10
Loss on disposal of fixed assets	15	–	1
Operating cash flows before movements in working capital	3,821	3,064	6,614
Increase in receivables	(9,769)	(541)	(1,088)
Increase in payables	9,682	31	76
CASH GENERATED BY OPERATIONS	3,734	2,554	5,602

During 2008, the increase in receivables and payables was calculated using the movement in Lawshare's balance sheet since acquisition.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS CONTINUED

SIX MONTHS 31 MARCH 2008

8. SUBSIDIARIES

A list of the significant investments in subsidiaries, all of which are incorporated in the UK, is shown below.

All of the subsidiaries are wholly owned, all are registered in England & Wales, and all excluding dormant subsidiaries and Lawshare Limited have as their principal activity the provision of administration services for self invested personal pension schemes and their equivalent for small groups of individuals in the UK.

Lawshare Limited is the most recent addition to the Group. Its principal activity is stockbroking, and is a member of the London Stock Exchange.

Name of company	Country of incorporation or principal business	Principal activity	Holding %
+ A J Bell Limited	England	Pension administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants) Limited	England	Dormant	100
+ Ashby London Actuarial Services Limited	England	Pension administration	100
Ashby London Trustees Limited	England	Dormant	100
+ A J Bell Management Limited	England	Pension administration	100
Sippdeal Trustees Limited	England	Dormant	100
A J Bell (PP) Trustees Limited	England	Dormant	100
Whitehead Trustees Limited	England	Dormant	100
Ashby London (PP) Trustees Limited	England	Dormant	100
Sippdeal Limited	England	Dormant	100
+ Fi Software Limited	England	Dormant	100
+ Lawshare Limited	England	Stockbroking	100
Lawshare Nominees Limited	England	Dormant	100

+ Held directly by A J Bell Holdings Limited

9. ACQUISITION OF SUBSIDIARY

On 13 December 2007 A J Bell Holdings Limited acquired the entire issued share capital of Lawshare Limited for cash consideration of £2.4 million.

	Book Value £000	Fair Value £000
NET ASSETS ACQUIRED		
Intangible asset	–	1,523
Goodwill	–	420
Property, plant and equipment	231	231
Deferred tax assets	39	39
Trade and other receivables	316	316
Cash and cash equivalents	594	594
Trade and other payables	(579)	(579)
Current tax liabilities	(40)	(40)
Client trade and other receivables	8,463	8,463
Clients' cash and cash equivalents	405	405
Client trade and other payables	(8,412)	(8,412)
Dilapidations provision	–	(49)
Deferred tax liability	–	(420)
Net assets	1,017	2,491
Total consideration		2,491
Satisfied by:		
Cash		(2,400)
Directly attributable costs		(91)
		(2,491)
Cash consideration		2,491
Less: Cash and cash equivalents acquired		(999)
Net cash outflow arising on acquisition		1,492

The intangible asset is based on the valuation of the customer base.

Lawshare Limited has contributed £90,000 in earnings for the first three months since acquisition and £577,000 in revenue.

If Lawshare Limited had been acquired on the 1 October 2007, then during this current period it would have contributed £156,000 in earnings and £1,134,000 in revenue.

10. SHARE CAPITAL

	2008 £	Six months to 31 March 2007 £	12 months to 30 September 2007 £
AUTHORISED:			
90,900,000 Ordinary shares of 0.1p each	90,900	90,900	90,900
10,000,000 Non-voting ordinary shares of 0.1p each	10,000	10,000	10,000
9,100,000 A non-voting ordinary shares of 0.1p each	9,100	9,100	9,100
	110,000	110,000	110,000
ISSUED AND FULLY PAID:			
37,504,688 Ordinary shares of 0.1p each	37,505	37,505	37,505
75,000 Non-voting ordinary shares of 0.1p each	75	75	75
1,365,312 A non-voting ordinary shares of 0.1p each	1,365	1,115	1,115
	38,945	38,695	38,695

During the period, options relating to 250,000 A non-voting ordinary shares of 0.1p were exercised, following the exercise of options granted under the employee share option scheme, this resulted in a share premium of £ 24,750.

11. SHARE PREMIUM

	2008 £000	2007 £000	2007 £000
Balance at the start of the period	110	45	45
Shares issued in the period (note 10)	24	65	65
BALANCE AT END OF THE PERIOD	134	110	110

12. RECONCILIATION OF MOVEMENTS IN EQUITY

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total
Balance at 1 October 2007	39	110	8	6,078	6,235
Profit for the financial period	–	–	–	2,587	2,587
Dividends paid during the period	–	–	–	(2,050)	(2,050)
Share option schemes	–	24	10	–	34
TOTAL EQUITY AT 31 MARCH 2008	39	134	18	6,615	6,806
Balance at 1 October 2006	38	45	4	2,767	2,854
Profit for the period	–	–	–	1,985	1,985
Share option schemes	1	65	4	–	70
TOTAL EQUITY AT 31 MARCH 2007	39	110	8	4,752	4,909
Balance at 1 October 2006	38	45	4	2,767	2,854
Profit for the period	–	–	–	4,472	4,472
Dividends paid during the period	–	–	–	(1,161)	(1,161)
Share option schemes	1	65	4	–	70
TOTAL EQUITY AT 30 SEPTEMBER 2007	39	110	8	6,078	6,235

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS CONTINUED

SIX MONTHS 31 MARCH 2008

13. SHARE BASED PAYMENTS

The board of directors of A J Bell Holdings Limited seeks to facilitate significant equity ownership by senior and middle management, principally through a scheme which encourages and assists the purchase of the company's shares.

Options granted under the Enterprise Management Incentive Scheme may be exercised between nil and ten years after the date of the grant. Options are exercisable at a price which is determined using a generally accepted business valuation model.

Options are usually forfeited if the employee leaves the Group before the options vest.

	2008	Six months to 31 March 2007	12 months to 30 September 2007
	£	£	£
RECONCILIATION OF THE MOVEMENT IN THE NUMBER OF SHARE OPTIONS			
Outstanding at the beginning of the period	375,000	945,000	945,000
New grants	740,000	250,000	250,000
Exercised options	(250,000)	(820,000)	(820,000)
Outstanding at the end of period	865,000	375,000	375,000

14. TRANSITION TO IFRS

In preparing the opening IFRS balance sheet at 31 March 2007, comparative information for the half year to 31 March 2007 and financial statements for the half year to 31 March 2008, the group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

NOTES

- Under IFRS, deferred tax assets and liabilities have to be recognised and included in the financial statements for any IFRS related adjusting item.
- Under IFRS, for finance leases that transfer all the risks and rewards of ownership to the lessee, then the asset is capitalised and depreciated and the outstanding capital liability is included in the financial statements.
- Under UK GAAP property lease incentives were recognised over the period to the first rent review. Under IFRS, these are recognised over the full term of the lease.
- IFRS requires that the fair value of all share based payments is charged to the Group income statement over the vesting period.
- Under IFRS, a provision is recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation.
- Under IFRS, intangible assets have to be identified and separately disclosed in the financial statements as non-current assets.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

RECONCILIATION OF EQUITY AT MARCH 2007

	UK GAAP MARCH 07 £000	a Deferred Tax IAS12 £000	f Computer Software IAS38 £000	b Finance Leases IAS17 £000	d Share Based payments IFRS2 £000	c Property Leases IAS17 £000	e Provisions Office IAS37 £000	2007 IFRS Adjusted £000
ASSETS								
NON-CURRENT ASSETS								
Other intangible assets	–	–	93	7	–	–	–	100
Tangible assets	586	–	(93)	171	–	–	–	664
	586	–	–	178	–	–	–	764
CURRENT ASSETS								
Trade and other receivables	3,449	–	–	–	–	–	–	3,449
Cash and cash equivalents	3,581	–	–	–	–	–	–	3,581
	7,030	–	–	–	–	–	–	7,030
TOTAL ASSETS	7,616	–	–	178	–	–	–	7,794
LIABILITIES								
CURRENT LIABILITIES								
Trade and other payables	(1,401)	–	–	–	–	26	–	(1,375)
Obligations under finance lease	–	–	–	(14)	–	–	–	(14)
Current tax liabilities	(1,240)	–	–	–	–	–	–	(1,240)
	(2,641)	–	–	(14)	–	26	–	(2,629)
NET CURRENT ASSETS	4,389	–	–	(14)	–	26	–	4,401
NON-CURRENT LIABILITIES								
Obligations under finance lease	–	–	–	(129)	–	–	–	(129)
Long-term provisions	–	–	–	–	–	–	(48)	(48)
Other long-term payables	–	–	–	–	–	(45)	–	(45)
Deferred tax liabilities	(46)	12	–	–	–	–	–	(34)
	(46)	12	–	(129)	–	(45)	(48)	(256)
TOTAL LIABILITIES	(2,687)	12	–	(143)	–	(19)	(48)	(2,885)
NET ASSETS	4,929	12	–	35	–	(19)	(48)	4,909
EQUITY								
Share capital	39	–	–	–	–	–	–	39
Share premium	110	–	–	–	–	–	–	110
Other reserves	–	–	–	–	8	–	–	8
Retained earnings	4,780	12	–	35	(8)	(19)	(48)	4,752
TOTAL EQUITY	4,929	12	–	35	–	(19)	(48)	4,909

COMPANY INFORMATION

COMPANY NUMBER	SECRETARY AND REGISTERED OFFICE	AUDITORS	BANKERS	SOLICITORS
4503206	Stuart Dootson Trafford House Chester Road Manchester M32 0RS	Deloitte & Touche LLP 2 Hardman Street Manchester M60 2AT	Bank of Ireland plc 41 Castle Street Liverpool L2 9SH Bank of Scotland plc 41 South Gyle Crescent Edinburgh EH12 9BF	Mace & Jones Drury House 19 Water Street Liverpool L2 0RP