AJBell Holdings Limited

Growth through investment

Interim Report and Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 March 2016

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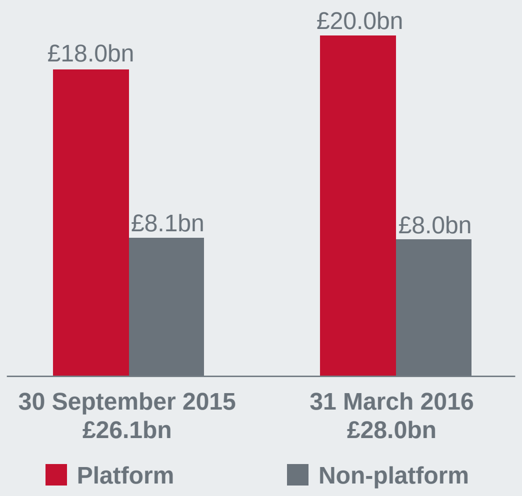
Highlights

Key performance indicators

Assets under administration

£28.0 bn

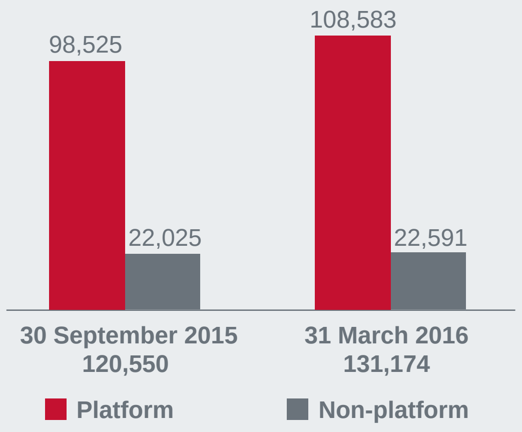
↑ 7%



Total number of retail customers

131,174

↑ 9%



Key financial information

Revenue	Profit before tax	Net Assets	Interim dividend	Diluted earnings per share
£29.9m	**£8.8m**	**£47.2m**	**12.75p**	**17.01p**
31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016
↑ 8%	↑ 11%	↓ 4%	↑ 34%	↑ 12%
£27.8m	£7.9m	£49.3m	9.50p	15.18p
31 March 2015	31 March 2015	31 March 2015	31 March 2015	31 March 2015

Joint statement from the Chairman and Chief Executive

Les Platts
Chairman

Andy Bell
Chief Executive Officer

We are pleased to present our interim report for the six-month period to 31 March 2016 that highlights a record number of new customers and asset inflows in the first half of the financial year. The results evidence the continuing success of our growth strategy, strong product propositions, robust infrastructure and efficient operating model.

Operational review

The number of retail customers increased by 10,624 during the period, an increase of 44% compared with the first six months of the previous financial year. Total retail customer numbers increased from 120,550 as at 30 September 2015 to 131,174 as at 31 March 2016. This strong flow of new business helped to increase AUA by over 7% from £26.1bn to £28.0bn. The value of incoming transfers, contributions and subscriptions totalled £1.7bn, with market movements remaining broadly flat during a turbulent period on the global stock markets.

The record customer growth and inflows were predominantly due to the Group's two core platform propositions, AJ Bell Youinvest and AJ Bell Investcentre. The non-platform business remained stable during the period.

Financial performance

Revenue in the first six months to 31 March 2016 totalled £29.9m, an increase of 8% compared with the first six months of the previous financial year. The underlying growth in the business was driven by increased revenues from administration fees, custody fees and interest income. The modest increase in interest income was achieved despite a slight decline in the returns on cash deposits, which continue to be supressed by the low base rate environment. Revenue from dealing activity was marginally lower than in the previous period with UK investor confidence remaining low following a downturn in the global economy.

PBT increased by 11% to £8.8m compared with the prior year of £7.9m, with Diluted EPS growing from 15.18 pence to 17.01 pence. This was achieved through the strong growth in our customer base coupled with operational efficiency gains made across the business.

The strong financial performance achieved during challenging economic conditions reflects the diversification of our revenue model.

Financial position

The Board declared and paid a dividend of 12.75 pence per share, an increase of 3.25 pence compared with the interim dividend paid in the previous financial year. The interim and final dividend will move closer to a balanced profile for this financial year.

The Group's financial position continues to be extremely strong with net assets totalling £47.2m at 31 March 2016, £28.8m of this being held in cash. Our robust financial position gives our stakeholders the confidence that we have sufficient capital to withstand any headwinds or to capitalise on any acquisition opportunities.

Joint statement from the Chairman and Chief Executive (cont)

The Group's regulatory capital requirement and details can be found under our Pillar III disclosures (see page 33 of the Directors' report in the 2015 annual financial statements for more information). We continue to hold a significant amount of capital above the Group's regulatory capital requirement.

Market developments

The changes announced in the 2016 budget were generally positive for the UK savings industry and they ensure the long-term saving products we offer will remain both popular and at the centre of the market. Our view of the pension, ISA and wider investment market remains very positive, this particularly buoyed by the fact that investment platforms have now cemented themselves as the default choice for both DIY and advised investors.

The Government's pensions tax relief consultation ended without any significant change to the existing pension rules in the 2016 budget. This was welcome news. We have long campaigned for a simple, stable and robust legislative framework for pensions and the proposals that were trailed would have only served to undermine UK savers' confidence in pensions at this time. Instead, the Government introduced a pension-style ISA, in the form of the Lifetime ISA. This will be launched on 6 April 2017 and savers who open an account when they are under the age of 40 will be able to receive an annual bonus of 25% of their subscription, up to a maximum of £1,000, until the age of 50. This is a welcome alternative means of funding for retirement but we continue to urge the Government not to over-complicate the ISA regime.

Two other positive changes for savers were the increase in the annual ISA subscription limits from £15,000 to £20,000 effective from 6 April 2017 and a reduction in Capital Gains Tax, with the basic rate cut from 18% to 10% and higher rate from 28% to 20% effective from 6 April 2016.

Almost all of the funds on our platform have been converted to 'clean' funds ahead of the April 2016 sunset clause deadline, meaning that we do not receive a cash rebate from fund managers. The only remaining funds on our platform that do pay us a rebate are those that do not have a comparable 'clean' fund available. For such funds, we pass the rebate on to our customer in the form of additional units in the fund.

The tax year end is always our busiest period and this year was no exception with a record number of new customers and a spike in additional contributions, as savers feared the outcome of the pension tax relief consultation. Customers continue to take advantage of the pension freedoms flexibility introduced in 2016, but very few have used these rules to totally cash in their pension.

Easiest platform to use

Our digital strategy is driven by our goal of making AJ Bell's platform the easiest platform to use. Last year we successfully concluded the AJ Bell Youinvest website enhancement programme and launched our low-cost guided investment service. This service allows our customers to build their own portfolio of 'best of breed' low-cost tracker funds, or to invest in one of our ready-made portfolios. Our Balanced Global Tracker Portfolio is the most popular and has a highly competitive charge of 0.22% per annum.

A number of awards have been won by AJ Bell Youinvest following the digital enhancements made, including the Investors Chronicle and FT award for 'Best Share Dealing Mobile Application 2015'. We are now focussing our digital strategy on AJ Bell Investcentre and will be introducing a number of enhancements later in the year.

Acquisition of investment management business

The Group acquired a small investment management business comprising of Mansard Capital LLP (now AJ Bell Investments LLP), Indexx Markets Limited and its wholly owned subsidiary Allium Capital Limited (now AJ Bell Capital Limited) on 29 February 2016. The acquisition of this investment management capability represents another significant step forward for us as a business. This vertical integration will allow us to provide a range of investment management services, the first of which will be AJ Bell's Managed Portfolio Service due to be released later this year. This will provide access to a suite of low-cost, risk-targeted portfolios, constructed and managed within the Group for advisers and their clients.

Principal risks and uncertainty

We continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of our strategic objectives. The principal risks and uncertainties for the remainder of the current financial year, comprising industry, operational and financial risks, are the same as those presented on pages 23 to 25 of the 2015 consolidated financial statements.

Outlook

The outlook for the platform market remains positive and the UK savings industry as a whole continues to grow. For those firms such as AJ Bell with a compelling and competitive product proposition, scalable infrastucture, sound financial base and efficient operating model it remains an exciting and profitable market to operate within. The economic environment and increasing regulatory burden provides some short-to-medium challenges for the industry and further consolidation in the market could take place as smaller and/or loss-making platforms exit the market. This is an area we will be watching closely to see if there are any attractive acquisition opportunities.

The regulatory framework we operate in will continue to evolve as the FCA's application of CRD IV for investment firms continues, the impact of MiFID II for the industry becomes clearer and the new SIPP Operator rules become effective from 1 September 2016. Management will invest the required time and effort to ensure that we comply with these developing aspects of the regulatory regime. Our strong capital base ensures we are well placed to deal with any potential increases in regulatory capital requirements if the need arises.

The low interest rate environment continues to persist with most analysts not expecting a rise in interest rates anytime in the near future. We have maintained a strong, profitable business since base rates fell to a record low of 0.5% and our balanced revenue model ensures we remain well placed in the future.

Our customers remain at the heart of everything we do and this is encapsulated in our strategic aim to become the easiest platform to use. The acquisition of an investment management business accelerates our progress towards achieving this aim and we plan to develop our own fund range and investment solutions to meet the evolving needs of our customers. We will continue to provide our customers with access to simple, low-cost, transparent investment products with the aim of making investing easier.

Conclusion

The financial performance during the first half of the year has been very strong, following a record year of inflows and new customers. It is the exceptional hard work and commitment of our staff that allows us to continually improve the products and service we provide to our customers and this underpins the growth in the business, year after year. We would, therefore, like to take this opportunity to thank them for their continuing contribution to our success.

Les Platts	Andy Bell
Chairman	Chief Executive Officer

Financial statements

Unaudited condensed consolidated income statement
For the six months ended 31 March 2016

	Notes	Unaudited Six months ended 31 March 2016 £'000	Unaudited Six months ended 31 March 2015 £'000	Audited Year ended 30 September 2015 £'000
Revenue		29,880	27,814	57,038
Administrative expenses		(21,143)	(20,019)	(41,651)
Operating profit		8,737	7,795	15,387
Investment revenue		47	87	120
Finance costs		(14)	(17)	(38)
Profit before tax		8,770	7,865	15,469
Taxation	4	(1,785)	(1,629)	(3,140)
Profit for the period		6,985	6,236	12,329
Amounts attributable to:				
Equity holders of the parent company		6,978	6,236	12,329
Non-controlling interest		7	-	-
Earnings per ordinary share:				
Basic (pence)	5	17.08	15.26	30.23
Diluted (pence)	5	17.01	15.18	30.17

The notes and information on pages 14 to 21 form part of the unaudited condensed consolidated financial statements. All income, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in any period and consequently no statement of other comprehensive income has been presented.

Unaudited condensed consolidated statement of financial position
As at 31 March 2016

	Notes	Unaudited 31 March 2016 £'000	Unaudited 31 March 2015 £'000	Audited 30 September 2015 £'000
Assets				
Non-current assets:				
Goodwill		3,692	1,957	1,957
Other intangible assets	7	6,023	7,484	6,796
Property, plant and equipment		1,325	1,187	1,204
Deferred tax asset		123	-	54
		11,163	10,628	10,011
Current assets:				
Trade and other receivables		13,651	11,541	12,723
Client and market receivables		91,074	74,258	41,788
Cash and cash equivalents		28,773	31,583	36,318
		133,498	117,382	90,829
Total assets		144,661	128,010	100,840
Liabilities				
Current liabilities:				
Trade and other payables		(8,101)	(6,226)	(7,370)
Client and market payables		(86,672)	(69,775)	(38,598)
Current tax liabilities		(1,933)	(1,797)	(1,843)
Obligations under finance leases		(99)	(101)	(106)
Provisions		(86)	(68)	(53)
		(96,891)	(77,967)	(47,970)
Non-current liabilities:				
Obligations under finance leases		(62)	(154)	(109)
Provisions		(398)	(398)	(398)
Other payables		(108)	(74)	(90)
Deferred tax liability		-	(77)	-
		(568)	(703)	(597)
Total liabilities		(97,459)	(78,670)	(48,567)
Net assets		47,202	49,340	52,273
Equity				
Share capital		40	40	40
Share premium		2,069	1,198	1,913
Retained earnings		45,581	48,102	50,320
Total equity attributable to equity holders of the parent company		47,690	49,340	52,273
Non-controlling interest		(488)	-	-
Total Equity		47,202	49,340	52,273

The notes and information on pages 14 to 21 form part of the unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements were approved by the Board of Directors on 23 May 2016 and were signed on its behalf by:

Michael Summersgill (Director)
For and on behalf of AJ Bell Holdings Limited
Trafford House, Chester Road, Manchester M32 0RS
23 May 2016

Unaudited condensed consolidated statement of changes in equity

For the six months ended 31 March 2016

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
Balance at 1 October 2014		40	1,085	48,261	-	49,386
Total comprehensive income for the period:						
Profit for the period		-	-	6,236	-	6,236
Transactions with owners, recorded directly in equity:						
Issue of share capital		-	113	-	-	113
Dividends	9	-	-	(6,423)	-	(6,423)
Credit to equity in respect of share-based payments	10	-	-	18	-	18
Deferred tax effect of share-based payments	4	-	-	10	-	10
Total transactions with owners		-	113	(6,395)	-	(6,282)
Balance at 31 March 2015		40	1,198	48,102	-	49,340
Balance at 1 October 2015		40	1,913	50,320	-	52,273
Total comprehensive income for the period:						
Profit for the period		-	-	6,978	7	6,985
Transactions with owners, recorded directly in equity:						
Issue of share capital	8	-	156	-	-	156
Dividends	9	-	-	(11,763)	-	(11,763)
Credit to equity in respect of share-based payments	10	-	-	32	-	32
Deferred tax effect of share-based payments	4	-	-	14	-	14
Transactions between owners:						
Equity issued to holders of non-controlling interest		-	-	-	(495)	(495)
Total transactions with owners		-	156	(11,717)	(495)	(12,056)
Balance at 31 March 2016		40	2,069	45,581	(488)	47,202

The notes and information on pages 14 to 21 form part of the unaudited condensed consolidated financial statements.

Unaudited condensed consolidated statement of cash flows

For the six months ended 31 March 2016

	Notes	Unaudited Six months ended 31 March 2016 £'000	Unaudited Six months ended 31 March 2015 £'000	Audited Year ended 30 September 2015 £'000
Net cash from operating activities	11	4,662	4,861	13,052
Investing activities				
Purchase of other intangible assets		(12)	(52)	(163)
Net cash paid to acquire subsidiary		(199)	-	-
Purchase of property, plant and equipment		(382)	(178)	(343)
Interest received		47	87	120
Net cash used in investing activities		(546)	(143)	(386)
Financing activities				
Payment of obligations under finance leases		(54)	(47)	(101)
Proceeds from issue of share capital		156	113	828
Dividends paid	9	(11,763)	(6,423)	(10,297)
Net cash used in financing activities		(11,661)	(6,357)	(9,570)
Net increase in cash and cash equivalents		(7,545)	(1,639)	3,096
Cash and cash equivalents at beginning of period		36,318	33,222	33,222
Total cash and cash equivalents at end of period		28,773	31,583	36,318

The notes and information on pages 14 to 21 form part of the unaudited condensed consolidated financial statements.

Notes to the unaudited condensed consolidated financial statements
For the six months ended 31 March 2016

1. General information

The Company is incorporated and registered in England and Wales. The address of the registered office is given on page 23.

These unaudited condensed consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The consolidated financial statements for the year ended 30 September 2015 have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was:

i) unqualified, and

ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and

iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 30 September 2015 are available to view online at www.ajbell.co.uk.

2. Basis of preparation

Going concern

The directors are satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2015, with the exception of the following policy that is included as a result of the acquisition during the period.

Accounting for non-controlling interest

Non-controlling interests are measured at their proportionate share of the consolidated subsidiary's identifiable net assets at the date of acquisition and the non-controlling shareholder's share of changes in equity since the date of acquisition.

Accounting judgements and estimates

The judgements, estimates and assumptions made by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2015.

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 30 September 2015.

3. Seasonality of operations

There is a peak in the Group's operational activity around the tax year-end. This impacts the financial results primarily in March and April, either side of the interim period-end. As such, no significant seasonal fluctuations affect the first or second half of the Group's financial year in isolation.

Notes to the unaudited condensed consolidated financial statements
For the six months ended 31 March 2016

4. Taxation

An analysis of the charge recognised in the condensed consolidated income statement is presented below:

	Six months ended 31 March		Year ended 30 September
	2016 £'000	2015 £'000	2015 £'000
Current tax	1,838	1,712	3,494
Adjustment to current tax in respect of prior period	-	-	(113)
Deferred tax			
Origination and reversal of temporary differences	(53)	(82)	(268)
Change in recognised deductible temporary differences	-	(1)	22
Reduction in tax rate	-	-	5
Tax charge per the condensed consolidated income statement	1,785	1,629	3,140

Corporation tax for the six months ended 31 March 2016 is calculated at 20% (six months ended 31 March 2015: 20.5%; year ended 30 September 2015: 20.5%), representing the average annual effective tax rate expected for the full year, applied to the estimated assessable profit for the six-month period.

In addition to the amount charged to the condensed consolidated income statement, certain tax amounts have been charged/(credited) directly to equity as follows:

	Six months ended 31 March		Year ended 30 September
	2016 £'000	2015 £'000	2015 £'000
Deferred tax relating to share-based payments	(14)	(10)	19
Current tax relief on exercise of share options	-	-	(7)
	(14)	(10)	12

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

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Profit before tax	8,770	7,865	15,469
Profit before tax multiplied by the standard rate of Corporation Tax in the UK of 20% (six months ended 31 March 2015: 20.5%; year ended 30 September 2015: 20.5%)	1,754	1,612	3,171
Effects of:			
Expenses not deductible	28	21	55
Adjustments to current tax in respect of prior period	-	-	(91)
Change in recognised deductible temporary differences	3	(4)	5
Total tax expense in condensed consolidated income statement	1,785	1,629	3,140
Effective tax rate	20.4%	20.7%	20.3%

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary, non-voting ordinary and A non-voting ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in all classes outstanding to assume exercise of all potentially dilutive share options.

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	6,978	6,236	12,329
Number of shares			
Weighted average number of ordinary shares (for the purposes of basic earnings per share) in issue during the period	40,885,468	40,865,422	40,788,579
Effect of potentially dilutive share options	169,064	227,803	73,993
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	41,054,532	41,093,225	40,862,572

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6. Acquisitions

On 29 February 2016 the Group's subsidiary, AJ Bell Asset Management Limited, acquired the entire share capital of Indexx Markets Limited and its wholly owned subsidiary Allium Capital Limited (now AJ Bell Capital Limited) and Mansard Capital LLP (now AJ Bell Investments LLP).

Indexx Markets Limited designs investment products, and its FCA regulated wholly owned subsidiary AJ Bell Capital Limited operates an existing range of multi-asset funds. AJ Bell Investments LLP is also an FCA regulated company that provides investment management services.

This acquisition will facilitate the launch of AJ Bell's Managed Portfolio Service for advisers and their clients, and in due course, its own range of funds for the benefit of all platform products.

In the period between the acquisition and the reporting date, Indexx Markets Limited contributed revenue of £103,000 and a profit of £28,000 to the Group's results. AJ Bell Investments LLP contributed revenue of £45,000 and a profit of £4,000.

If the acquisition had occurred on 1 October 2015, the directors estimate that consolidated revenue would have been £30.5m including Indexx Markets Limited and £30.1m including AJ Bell Investments LLP with consolidated profit being £7.0m for the year ended 30 September 2016.

Consideration transferred

The consideration transferred for the acquisition of Indexx Markets Limited was £149,000, this being made up of £107,000 cash and £42,000 worth of share capital in AJ Bell Asset Management Limited, issued to the Indexx Markets Limited management team. As Indexx Markets Limited held cash and cash equivalent amounts of £7,000 on the date of acquisition, the net cost arising on the acquisition was £142,000.

The consideration transferred for the acquisition of AJ Bell Investments LLP was £185,000, this being made up of £143,000 cash and £42,000 worth of share capital in AJ Bell Asset Management Limited, issued to the AJ Bell Investments management team. As AJ Bell Investments LLP held cash and cash equivalent amounts of £44,000 on the date of acquisition, the net cost arising on the acquisition was £141,000.

Identifiable assets acquired and liabilities assumed

	Indexx Markets Limited Book value £'000	Indexx Markets Limited Fair value £'000	AJ Bell Investments LLP Book value £'000	AJ Bell Investments LLP Fair value £'000
Trade and other receivables	118	118	99	99
Cash and cash equivalents	7	7	44	44
Trade and other payables	(2,142)	(2,142)	(105)	(105)
	(2,017)	(2,017)	38	38

The trade receivables for Indexx Markets Limited include gross contractual amounts of £115,000 and AJ Bell Investments LLP include gross contractual amounts of £69,000. They have not been reduced by a provision made for those considered to be doubtful debts, as the trade receivables were expected to be collected at the acquisition date for both companies.

If new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date which identify any material adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Non-controlling interest

AJ Bell Holdings Limited has a 75% share in AJ Bell Asset Management Limited which wholly owns Indexx Markets Limited and AJ Bell Investments LLP, therefore, the non-controlling interest has been calculated as 25% of Indexx Markets Limited's and AJ Bell Investments LLP's net assets at acquisition.

Under IFRS 3 we have chosen to value the non-controlling interest's proportionate share of net assets/liabilities of the acquired companies.

Notes to the unaudited condensed consolidated financial statements
For the six months ended 31 March 2016

	Indexx Markets Limited £'000	AJ Bell Investments LLP £'000
Net assets / (liabilities)	(2,017)	38
Non-controlling interest	25%	25%
Attributable to non-controlling interest	(504)	9

The profits/losses attributable to the non-controlling interest will be shown as one line on the face of the income statement.

Goodwill

Goodwill recognised as a result of the acquisition is shown below:

	Indexx Markets Limited £'000	AJ Bell Investments LLP £'000
Total cash consideration transferred	107	143
Less: Fair value of identifiable net assets / (liabilities)	(1,513)	29
Total goodwill recognised	1,620	114

The goodwill is attributable to the skills and technical talent of the assembled workforce that will allow the Group to take advantage of the post-RDR landscape in the platform market and develop low-cost investment management solutions for advisers and DIY customers. It has been allocated to the cash generating units that derive revenue from the investment platforms that will benefit from the provision of this. For the purposes of impairment testing, £1.17m of goodwill arising on the acquisition of Indexx Markets Limited will be allocated to the pension administration CGU and £445,000 to the stockbroking CGU. For the purposes of impairment testing, £83,000 of goodwill arising on the acquisition of AJ Bell Investments LLP will be allocated to the pension administration CGU and £31,000 to the stockbroking CGU. None of the goodwill recognised is to be deductible for tax purposes.

Acquisition-related costs

The due diligence work was predominantly undertaken by the Group's management team, with some supplementary legal support provided by external consultants. In addition to management time, acquisition-related costs of £7,000 were included in administrative expenses in the condensed consolidated income statement for the six months ended 31 March 2016.

7. Other intangible assets

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Carrying value			
Computer software	332	461	439
Customer contracts and non-contractual customer relationships	480	756	619
Key operating system	5,211	6,267	5,738
	6,023	7,484	6,796

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8. Share capital and share premium

The following share transactions have taken place during the period:

Transaction type	Share class	Number of shares	Premium £'000
Exercise of options	Ordinary voting shares of 0.1p each	9,785	30
Exercise of options	A non-voting ordinary shares of 0.1p each	64,545	57
New issue under OTB	Ordinary voting shares of 0.1p each	5,800	29
New issue under OTB	C non-voting ordinary shares of 0.1p each	201,631	40
New issue under OTB	A non-voting ordinary shares of 0.1p each	10,000	-
			156

9. Dividends

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Amounts recognised as distributions to equity holders during the period:			
Interim dividend for the year ended 30 September 2015 of 9.50p (2015: 9.50p) per share	-	-	3,874
Final dividend for the year ended 30 September 2015 of 16.00p (2014: 15.75p) per share	6,546	6,423	6,423
Interim dividend for the year ended 30 September 2016 of 12.75p (2015: 9.50p) per share	5,217	-	-
Ordinary dividends paid on equity shares	11,763	6,423	10,297

The declared dividend of 12.75 pence per share was approved by the Board on 24 March 2016 and paid on 31 March 2016. It has been included as an expense as at 31 March 2016.

Notes to the unaudited condensed consolidated financial statements
For the six months ended 31 March 2016

10. Share-based payment transactions

Equity-settled share option schemes

The Group continues to operate its equity-settled share option schemes which were detailed in note 23 to the 2015 consolidated financial statements.

During the current period, a total of 113,984 (six months ended 31 March 2015 and year ended 30 September 2015: 130,254) options were granted under the CSOP. The fair value of these options has been estimated using the Black-Scholes method.

The expense recognised in the period, relating to the HMRC-approved CSOP, was £16,000 (six months ended 31 March 2015: £14,000; year ended 30 September 2015: £28,000).

Reconciliation of the movement in the aggregate number of EMI and CSOP share options

	31 March 2016		31 March 2015		30 September 2015	
	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)
Outstanding at the beginning of the period	529,902	2.89	460,819	2.69	460,819	2.69
Granted during the period	113,984	5.00	130,254	3.50	130,254	3.50
Exercised during the period	(74,330)	1.17	(364)	3.50	(40,919)	2.71
Forfeitures	(10,455)	3.81	(19,707)	3.28	(20,252)	2.72
Outstanding at the end of the period	559,101	3.53	571,002	2.86	529,902	2.89
Exercisable at the end of the period	218,706	2.50	300,645	2.01	259,972	1.90

Option to buy shares scheme

The Group continues to operate its option to buy shares scheme which was detailed in note 23 to the 2015 consolidated financial statements.

During the period, awards under this scheme were made to members. This consisted of the 113,984 share options granted under the CSOP, the issue of 10,000 A non-voting ordinary shares and the issue of 201,631 C non-voting ordinary shares as disclosed in note 8.

The A non-voting ordinary shares were issued at market value and therefore no share-based payment charge was recognised in respect of these shares. The C non-voting shares are a continuation of the B non-voting shares issued last year, known as growth shares. The growth shares entitle the holder to participate in the growth value of the Group above a certain threshold level, set above the current market value of the Group at the time the shares were issued. These are valued using a generally accepted valuation model.

The expense recognised in the period, relating to the growth shares (167,102 B non-voting shares and 201,631 C non-voting shares) was £16,000 (six months ended 31 March 2015: £4,000; year ended 30 September 2015: £11,000).

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11. Notes to the statement of cash flows

	Six months ended 31 March		Year ended 30 September
	2016 £'000	2015 £'000	2015 £'000
Profit for the period	6,985	6,236	12,329
Adjustments for:			
Investment revenue	(47)	(87)	(120)
Finance costs	14	17	38
Income Tax expense	1,785	1,629	3,140
Depreciation of property, plant and equipment	258	235	393
Amortisation of intangible assets	785	849	1,648
Share-based payment expense	32	18	39
Increase in provisions and other payables	51	17	18
Loss on disposal of property, plant and equipment	3	5	8
Operating cash flows before movements in working capital	9,866	8,919	17,493
Increase in receivables	(49,942)	(30,987)	301
Increase in payables	46,502	28,830	(1,203)
Cash generated from operations	6,426	6,762	16,591
Income Taxes paid	(1,750)	(1,884)	(3,501)
Interest paid	(14)	(17)	(38)
Net cash from operating activities	4,662	4,861	13,052

12. Related party transactions

The Group has a related party relationship with its subsidiaries, its directors and key management personnel. There have been no other material changes to related party transactions from those disclosed in note 24 to the 2015 consolidated financial statements.

Definitions

The following definitions are used throughout the interim report and condensed consolidated financial statements:

AUA	Assets Under Administration
CGU	Cash-generating unit
Company	AJ Bell Holdings Limited
CRD IV	Capital Requirements Directive IV
CSOP	Company Share Option Plan
DIY	Do It Yourself
EMI	Enterprise Management Incentive
EPS	Earnings per share
FCA	Financial Conduct Authority
FT	Financial Times
Group	AJ Bell Holdings Limited and its subsidiaries
HMRC	HM Revenue and Customs
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
ISA	Individual Savings Account
LLP	Limited Liability Partnership
MiFID II	Markets in Financial Instruments Directive II
NCI	Non-controlling Interest
Non-platform business	Includes our SIPP only and institutional stockbroking services
OTB	Option to Buy Shares Scheme
PBT	Profit before tax
Platform business	Includes our AJ Bell Investcentre, AJ Bell Youinvest and IMAS propositions
RDR	Retail Distribution Review
SIPP	Self-Invested Personal Pension
UK	United Kingdom

Company information

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Principal banker	Bank of Scotland plc 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA

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