AJBell
Holdings Limited

Leading with price, service & functionality

Interim Report and Unaudited Condensed
Consolidated Financial Statements
For the six months ended 31 March 2012

Company registration number 04503206

A J Bell Holdings Limited

With an ongoing commitment to provide a high quality and cost effective service in a rapidly developing market, we remain one of the fastest growing businesses in our sector. We are one of the largest providers of low cost, online investment platforms and stockbroker services in the UK, with assets under administration of £16 billion and more than 64,000 clients.

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Key business and financial information

"We are pleased to announce record revenue and profits for the first six months of the financial year."

Assets under administration
£16.0bn ▲ 7%

Number of retail clients
64,941 ▲ 8%

Revenue

20% ▲ Increase of £3.9 million

Profit before tax

31% ▲ Increase of £2.9 million

Diluted earnings per share

34% ▲ Increase of 5.71p

Interim dividend

19% ▲ Increase of 1.50p

Joint statement from the Chairman and Chief Executive

Jim Martin
Chairman

Andy Bell
Chief Executive

We are pleased to announce record revenue and profits for the first six months of the financial year. Revenue has increased by 20% from £20.0 million to £23.9 million and profit before tax has increased by 31%, from £9.3 million to £12.2 million. We have declared an interim dividend of 9.50 pence per share, up 19% from the 8.00 pence per share paid last year.

Total AUA have increased by 7% over the first six months, from £15.0 billion to £16.0 billion. The number of retail clients increased by 8% during the first six months, from 59,912 to 64,941. Whilst the vast majority of these are SIPP clients, we have been very pleased by the take up of our newly introduced ISA and dealing account on our Sippcentre and Sippdeal platforms.

We have continued to focus on price, service and functionality by maintaining and improving where possible our market-leading proposition in all of these areas.

Taking each of our main product areas in turn:

Sippcentre: *"A low cost platform with significant online functionality, distributed via UK financial advisers. The products available include a SIPP, Investment ISA and dealing account."*

With over twenty-five different platforms competing for advisers' business, this market can be best described as competitive and overcrowded. There is no doubt however that platforms have become a key tool for successful adviser firms and inevitably, the prize for succeeding in this market is high. We entered the adviser platform market in August 2011, with the significant benefit of scale and reputation, both derived from our many years of SIPP administration.

Our challenge has been to persuade advisers to see us as more than a SIPP operator and that we could meet their wider non-pension requirements. Reviewing platform providers requires a significant commitment from the adviser firm, at a time when they are facing the implementation of the RDR, which is possibly the greatest change to their business that many will have seen in their working lifetime. Notwithstanding these challenges, we are delighted with the momentum created by our Business Development team, led by Malcolm Gordon. In the first quarter of 2012, we received business from over a hundred adviser firms who had never previously used Sippcentre.

We further extended the range of products available on the Sippcentre platform, with the successful launch of a Junior ISA in early February 2012, enabling parents, and others, to save up to £3,600 a year on behalf of children from an early age. Initial take-up has been encouraging and we will continue to lobby with other industry figures so that a Child Trust Fund can be transferred to a Junior ISA. Junior ISA now sits alongside our Junior SIPP, giving parents and grandparents real choice when saving for children.

We have also enhanced the functionality of our Sippcentre platform with the introduction of regular investment and withdrawal facilities. The development of bulk dealing and model portfolio functions is complete and will be rolled out to selected advisers and clients in the next quarter. In addition, we plan to introduce further improvements to the research centre, as well as enhancing our integration with adviser software systems.

Joint statement from the Chairman and Chief Executive

Our efforts are now geared to making the necessary changes for the RDR at the turn of the year. Our RDR-compliant adviser remuneration facility is well tried and tested, having been available for over ten years now and this will move seamlessly into the post-RDR world. Although any banning of "cash rebates to clients" and "provider payments to platforms" intimated by the FSA will not have been introduced by 31 December 2012 when the RDR takes force, we have decided to take the opportunity to move to an unbundled pricing structure which will be announced later in the year. This will involve us replacing the payments we receive from fund managers with an explicit custody fee, allowing us to focus on the "clean" funds that we anticipate will prevail in this market. We believe our new pricing structure will be market-leading, whilst also being both revenue and profit neutral.

Sippdeal: *"A low cost, online platform that provides execution-only investors with access to a SIPP, Investment ISA and dealing account."*

All of our propositions have an execution-only theme at the heart, whether the execution is instructed by the adviser, the investment manager or the client. Sippdeal has always fitted well into our suite of execution-only products and is consistent with our founding principles, namely that we do not give financial advice or manage investments. Sippdeal is a direct to consumer product and one which, to be effective, needs a significant marketing investment in parallel with advanced IT systems. We have increased our marketing activity on Sippdeal during the period with some success, albeit we have learned a few lessons which will help us refine our plans next year.

We are delighted that our Sippdeal ISA has attracted an increasing number of new clients to Sippdeal, whilst also appealing to our existing SIPP clients. Our market-leading pricing structure; no establishment fee, no routine account fees, online dealing at £9.95 with frequent dealing at £4.95 and a rebate of trail commission on funds applying to all products continues to appeal to both fund investors and share dealers alike.

In the next quarter we will be launching a free mobile application for the iPad, iPhone and Android devices in order to make viewing accounts and dealing more convenient for our clients.

IMAS: *"A fully integrated investment administration and custody solution for wealth managers."*

Our institutional platform provides a solution to wealth managers wishing to outsource dealing, custody and settlement. This business area, by its very nature, will grow slowly in terms of client numbers. We now have five live IMAS clients, an increase of two during the six months, this complementing the services we supply to our traditional institutional stockbroking clients. Although the market continues to be very price sensitive, the future is promising for this area of the business.

Non-platform business

Our Platinum, Sippdealxtra and white-labelled products continue to grow in terms of client numbers and AUA. Both are profitable and remain an important part of our overall strategy, albeit we do not currently anticipate any new commercial clients for our Third Party SIPP administration service.

Regulation

On the regulatory front, Protected Rights under personal pensions were abolished with effect from 6 April 2012, removing the restrictions that had previously applied and making it more straightforward to manage SIPPs as a single fund going forward. The work to implement these changes and the changes to the lifetime allowance and pension fund protection, included in the Finance Act 2011, was also completed in time for the start of the new tax year.

As ever we face considerable change. We continue to lobby for a stable legislative framework that meets the expectations of long-term savers under a regulatory regime that recognises the modern and flexible form of product structures. Uncertainty surrounding pension tax reliefs and allowances distorts behaviour and ultimately undermines the confidence of long-term savers. Uncertainty of the regulatory framework within which we operate is not ideal. Whilst the FSA has announced that they wish to ban platforms paying cash rebates to clients and payments to platforms by product providers, we will not have certainty on this matter until later in the year. We support increased disclosure to savers wherever it adds to transparency, but we will continue to lobby the FSA to ensure a level playing field across all types of products and providers.

The introduction of the RDR will lead to some significant changes in the market, particularly in the way advisers are remunerated. It is anticipated that it will have a less immediate impact on the direct to consumer, execution-only markets. The work required to change our products and systems to take account of the RDR is well under way and is scheduled to complete in the autumn.

The FSA has proposed changes to the product disclosure rules for personal pensions, including a requirement for the provision of point-of-sale illustrations for SIPPs and enhanced disclosure of charges and payments received by product providers from banks and investment providers. These changes are designed to enable consumers to more

Joint statement from the Chairman and Chief Executive

easily compare personal pension products. We already make available point-of-sale illustrations for our own SIPPs but are reviewing our current presentations in the light of the FSA proposals. Through our membership of our industry representative body, we will be working with other SIPP providers and the FSA to try to ensure that the final rules deliver the desired outcome for consumers, whilst ensuring that SIPPs are not disadvantaged compared to other savings vehicles.

Our Combined Assurance Model continues to develop and as part of this, efforts continue to embed this and our Risk Management Framework across the business. We recognise that the FSA has conduct risk high on its radar and we are working to ensure that we meet the FSA's expectations in this area.

Principal risks and uncertainties

The directors continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of their strategy. 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 19 to 21 of the 2011 consolidated financial statements.

Outlook

We have now largely implemented the strategic objectives we set ourselves for the business five years ago. The transition from a specialist SIPP operator to a fully fledged platform provider involved deepening the services we offer to our clients and a broadening of our product range. The former was achieved by developing our own retail dealing, settlement and custody capability, the latter by extending our product range wide of pensions.

The development of our platform propositions continues to form the cornerstone of our strategy. Our focus in this respect is to ensure that we are market-leading in terms of price, service and functionality.

We continue to review the opportunities presented by the corporate platform market, but we will only enter this market when we are convinced of its long-term sustainability and profitability.

The second half of 2012 will be a particularly busy period for the business. As well as looking to capitalise on the foothold we have established in the platform market, we are entering the final stages of development and testing of our upgraded IT infrastructure and administration systems. We expect this project to be largely complete by the end of the year, providing us with the foundations required to support our ambitious growth plans.

The ability of our team to embrace these challenges will be a critical factor in our success in the coming months, and their ability to deliver in such circumstances gives us every confidence that we will continue to succeed. Their commitment in the first half of the financial year has ensured that the high service standards upon which our success has been built have been maintained throughout one of the busiest tax year-ends in our history. We would like to take this opportunity to thank them for their valuable contribution.

Jim Martin
Chairman
13 June 2012

Andy Bell
Chief Executive Officer
13 June 2012

Unaudited condensed consolidated income statement

For the six months ended 31 March 2012

	Notes	Unaudited Six months ended 31 March 2012 £'000	Unaudited Six months ended 31 March 2011 £'000	Audited Year ended 30 September 2011 £'000
Revenue		23,921	20,037	41,570
Administrative expenses		(11,766)	(10,795)	(22,630)
Operating profit		12,155	9,242	18,940
Investment revenue		73	56	119
Finance costs		(10)	(7)	(13)
Profit before tax		12,218	9,291	19,046
Taxation	4	(3,080)	(2,501)	(5,164)
Profit for the period attributable to equity holders of the parent company		9,138	6,790	13,882
Earnings per ordinary share:				
Basic (pence)	5	22.83	17.07	34.82
Diluted (pence)	5	22.65	16.94	34.66

The notes and information on pages 12 to 22 form part of these 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 2012

	Notes	Unaudited 31 March 2012 £'000	2011 £'000	Audited 30 September 2011 £'000
Assets				
Non-current assets:				
Goodwill		420	420	420
Other intangible assets	6	7,476	5,451	6,440
Property, plant and equipment		831	1,059	850
Deferred tax asset		-	145	-
		8,727	7,075	7,710
Current assets:				
Trade and other receivables		8,092	6,816	7,190
Client and other market receivables		22,357	24,540	22,209
Cash and cash equivalents		21,794	16,161	18,813
Clients' settlement cash balances		13,903	7,263	9,981
		66,146	54,780	58,193
Total assets		74,873	61,855	65,903
Liabilities				
Current liabilities:				
Trade and other payables		(4,802)	(4,183)	(4,127)
Client and market payables		(35,291)	(31,803)	(31,754)
Current tax liabilities		(2,943)	(2,221)	(2,144)
Obligations under finance leases		(25)	(23)	(23)
Provisions		-	-	(86)
		(43,061)	(38,230)	(38,134)
Non-current liabilities:				
Obligations under finance leases		(22)	(26)	(27)
Provisions		(154)	(97)	(136)
Other payables		(1)	(17)	(14)
Deferred tax liability		(139)	-	(38)
		(316)	(140)	(215)
Total liabilities		(43,377)	(38,370)	(38,349)
Net assets		31,496	23,485	27,554
Equity				
Share capital	7	40	40	40
Share premium	7	571	384	573
Retained earnings		30,885	23,061	26,941
Total equity attributable to equity holders of the parent company		31,496	23,485	27,554

The notes and information on pages 12 to 22 form part of these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements were approved by the Board of directors on 13 June 2012 and were signed on its behalf by:

Michael Summersgill
Director and Company Secretary

Unaudited condensed consolidated statement of changes in equity

For the six months ended 31 March 2012

	Notes	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2010		39	243	581	19,793	20,656
Transfer between reserves		-	-	(581)	581	-
Total comprehensive income for the period:						
Profit for the period		-	-	-	6,790	6,790
Transactions with owners, recorded directly in equity:						
Issue of share capital		1	141	-	-	142
Dividends	9	-	-	-	(4,188)	(4,188)
Credit to equity in respect of share-based payments	10	-	-	-	70	70
Deferred tax effect of share-based payments	4	-	-	-	(211)	(211)
Tax relief on exercise of share options	4	-	-	-	226	226
Total transactions with owners		1	141	-	(4,103)	(3,961)
Balance at 31 March 2011		40	384	-	23,061	23,485
Balance at 1 October 2011		40	573	-	26,941	27,554
Total comprehensive income for the period:						
Profit for the period		-	-	-	9,138	9,138
Transactions with owners, recorded directly in equity:						
Issue of share capital	7	-	6	-	-	6
Share repurchase	7	-	(8)	-	-	(8)
Dividends	9	-	-	-	(5,214)	(5,214)
Credit to equity in respect of share-based payments	10	-	-	-	6	6
Deferred tax effect of share-based payments	4	-	-	-	4	4
Tax relief on exercise of share options	4	-	-	-	10	10
Total transactions with owners		-	(2)	-	(5,194)	(5,196)
Balance at 31 March 2012		40	571	-	30,885	31,496

The notes and information on pages 12 to 22 form part of these unaudited condensed consolidated financial statements.

Unaudited condensed consolidated statement of cash flows

For the six months ended 31 March 2012

	Notes	Unaudited Six months ended 31 March 2012 £'000	2011 £'000	Audited Year ended 30 September 2011 £'000
Net cash from operating activities	11	13,628	4,060	13,773
Investing activities				
Purchase of other intangible assets		(1,390)	(1,914)	(3,321)
Purchase of property, plant and equipment		(178)	(138)	(117)
Proceeds from disposal of other intangible assets		-	-	4
Interest received		73	56	119
Net cash used in investing activities		(1,495)	(1,996)	(3,315)
Financing activities				
Payment of obligations under finance leases		(14)	(15)	(29)
Proceeds from issue of share capital		6	142	331
Repurchase of own shares		(8)	-	-
Dividends paid	9	(5,214)	(4,188)	(7,387)
Net cash used in financing activities		(5,230)	(4,061)	(7,085)
Net increase/(decrease) in cash and cash equivalents		6,903	(1,997)	3,373
Cash and cash equivalents at beginning of period		28,794	25,421	25,421
Total cash and cash equivalents at end of period		35,697	23,424	28,794
Comprising:				
Group cash and cash equivalents		21,794	16,161	18,813
Clients' settlement cash balances		13,903	7,263	9,981
Total cash and cash equivalents at end of period		35,697	23,424	28,794

The notes and information on pages 12 to 22 form part of these unaudited condensed consolidated financial statements.

Notes to the unaudited condensed consolidated financial statements

For the six months ended 31 March 2012

1. General information

The Company is incorporated and registered in England and Wales. The address of the registered office is given on page 22.

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 2011 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 2011 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 2011.

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 2011.

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.

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
	2012 £'000	2011 £'000	2011 £'000
Current tax	2,969	2,448	5,006
Adjustment to current tax in respect of prior periods	5	(15)	-
Deferred tax	89	71	173
Adjustment to deferred tax in respect of prior periods	6	(8)	(26)
Effect of decrease in tax rate on opening asset	11	5	11
Tax charge per the condensed consolidated income statement	3,080	2,501	5,164

Corporation tax for the six months ended 31 March 2012 is calculated at 25% (six months ended 31 March 2011: 27%; year ended 30 September 2011: 27%), representing the best estimate of 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
	2012 £'000	2011 £'000	2011 £'000
Deferred tax relating to share-based payments	4	(211)	303
Current tax relief on exercise of share options	10	226	(302)
	14	15	1

Notes to the unaudited condensed consolidated financial statements

For the six months ended 31 March 2012

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		Year ended 30 September
	2012 £'000	2011 £'000	2011 £'000
Profit before tax	12,218	9,291	19,046
Profit before tax multiplied by the standard rate of Corporation Tax in the UK of 25% (six months ended 31 March 2011: 27%; year ended 30 September 2011:27%)	3,054	2,509	5,142
Effects of:			
Expenses not deductible	14	15	78
Deduction on share options exercised	(12)	(229)	(320)
Adjustments to current tax in respect of prior period	5	(15)	-
Adjustments to deferred tax in respect of prior period	6	(8)	(26)
Recognised through reserves	10	226	302
Tax rate decrease	3	3	9
Effects of subsidiary liable at small companies rate	-	-	(21)
Total tax expense in condensed consolidated income statement	3,080	2,501	5,164
Effective tax rate	25.2%	26.9%	27.1%

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		Year ended 30 September
	2012 £'000	2011 £'000	2011 £'000
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	9,138	6,790	13,882
Number of shares			
Weighted average number of ordinary shares (for the purposes of basic earnings per share) in issue during the period	40,019,246	39,779,536	39,870,485
Effect of potentially dilutive share options	328,162	305,790	176,960
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	40,347,408	40,085,326	40,047,445

In the interim condensed consolidated financial statements for the period ended 31 March 2011, the number of potentially dilutive share options was disclosed as being 667,527. This has been recalculated and restated as above, increasing the diluted earnings per share disclosed on the face of the condensed consolidated income statement from 16.79 pence last year to 16.94 pence this year.

6. Other intangible assets

	Six months ended 31 March		Year ended 30 September
	2012 £'000	2011 £'000	2011 £'000
Carrying value			
Computer software	854	706	1,001
Assets under construction	4,630	3,716	3,529
Non-contractual customer relationships	876	1,029	953
Key operating system	1,116	-	957
	7,476	5,451	6,440

As disclosed in note 14 to the 2011 consolidated financial statements, the Group is undertaking a project to renew its IT infrastructure and administration systems. Part of this project was completed during the course of the last financial year and the cost of the asset generated was transferred from assets under construction to the appropriate category of other intangible assets.

The balance of assets under construction represents the cost of the continuing part of the project and an analysis of the movement in the period is provided below:

	Purchased software £'000	External consultancy costs £'000	Other external costs £'000	Internal costs £'000	Total £'000
Cost					
As at 1 October 2010	298	1,012	-	505	1,815
Additions	12	1,152	-	737	1,901
As at 31 March 2011	310	2,164	-	1,242	3,716
Additions	95	712	20	394	1,221
Transfers	(405)	(635)	-	(368)	(1,408)
As at 30 September 2011	-	2,241	20	1,268	3,529
Additions	-	684	2	415	1,101
As at 31 March 2012	-	2,925	22	1,683	4,630

The directors are satisfied that there are no indicators of impairment to the costs capitalised as assets under construction.

7. 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	A non-voting ordinary shares of 0.1p each	15,000	3,285
New issue under OTB	A non-voting ordinary shares of 0.1p each, 0.3% partly-paid	145,739	1,457
New issue under OTB	A non-voting ordinary shares of 0.1p each	286	1,001
Repurchase of own shares*	A non-voting ordinary shares of 0.1p each	(35,000)	(7,665)
			(1,922)

*All shares repurchased by the Company during the period were subsequently cancelled.

8. Treasury shares

There have been no changes in treasury shares held by the company from the position disclosed in note 23 to the 2011 consolidated financial statements.

9. Dividends

	Six months ended 31 March 2012 £'000	Six months ended 31 March 2011 £'000	Year ended 30 September 2011 £'000
Amounts recognised as distributions to equity holders during the period:			
Interim dividend for the year ended 30 September 2011 of 8.00p (2010: 8.00p) per share	-	-	3,199
Final dividend for the year ended 30 September 2011 of 13.00p (2010: 10.50p) per share	5,214	4,188	4,188
Ordinary dividends paid on equity shares	5,214	4,188	7,387

The proposed dividend of 9.50 pence per share was approved by the Board on 13 June 2012 and has not been included as a liability as at 31 March 2012.

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 26 to the 2011 consolidated financial statements.

The expense recognised in the period, relating to the HMRC-approved CSOP, was £6,000 (six months ended 31 March 2011: £11,000; year ended 30 September 2011: £14,000).

During the current period, a total of 70,597 (six months ended 31 March 2011 and year ended 30 September 2011: 68,667) options were granted under the CSOP. The fair value of these options has been estimated using the Black-Scholes method.

The inputs to that model for this new issue of options are listed below:

Fair value of share from generally accepted business model (£)	3.50
Exercise price contained in option (£)	3.50
Expected volatility	25%
Expected dividend yield	6.00%
Risk free interest rate	0.52%
Expected option life to exercise (months)	36

Details of the aggregate share options (EMI and CSOP) outstanding during the period are as follows:

Reconciliation of the movement in the number of share options:

	31 March 2012		31 March 2011		30 September 2011	
	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)
Outstanding at beginning of period	415,757	1.72	801,635	0.80	801,635	0.80
Granted during the period	70,597	3.50	68,667	3.00	68,667	3.00
Exercised during the period	(15,000)	0.22	(305,000)	0.22	(405,000)	0.22
Forfeitures	(22,500)	1.90	-	-	(49,545)	0.92
Outstanding at the end of the period	448,854	2.05	565,302	1.38	415,757	1.72
Exercisable at the end of the period	122,090	0.84	286,635	0.61	137,090	0.77

Option to buy shares scheme

The Group continues to operate its option to buy shares scheme which was detailed in note 26 to the 2011 consolidated financial statements.

During the period, the first awards under this scheme were made to members. This consisted of the 70,597 share options granted under the CSOP and the issue of A non-voting ordinary shares as disclosed in note 7. The A non-voting shares were issued at market value and therefore no share-based payment charge was recognised in respect of these shares.

Discretionary share award

There were no discretionary share awards made during the period and therefore no share-based payment charge has been recognised in this respect (six months ended 31 March 2011: £59,000; year ended 30 September 2011: £59,000).

11. Notes to the statement of cash flows

	Six months ended 31 March		Year ended 30 September
	2012 £'000	2011 £'000	2011 £'000
Profit for the period	9,138	6,790	13,882
Adjustments for:			
Investment revenue	(73)	(56)	(119)
Finance costs	10	7	13
Income tax expense	3,080	2,501	5,164
Depreciation of property, plant and equipment	208	208	406
Amortisation of intangible assets	354	291	705
Share-based payment expense	6	70	73
Deferred tax effect of share-based payments	4	(211)	(303)
Tax relief on exercise of share options	10	226	302
(Decrease)/increase in provisions and other payables	(81)	(22)	100
(Profit) on disposal of intangible assets	-	-	(1)
Loss on disposal of property, plant and equipment	-	8	12
Operating cash flows before movements in working capital	12,656	9,812	20,234
(Increase) in receivables	(1,050)	(9,495)	(7,538)
Increase in payables	4,212	5,975	5,870
Cash generated from operations	15,818	6,292	18,566
Income taxes paid	(2,180)	(2,225)	(4,780)
Interest paid	(10)	(7)	(13)
Net cash from operating activities	13,628	4,060	13,773

12. Related party transactions

The Group has a related party relationship with its subsidiaries, its directors and key management personnel. There have been no material changes to related party transactions from those disclosed in note 27 to the 2011 consolidated financial statements.

Definitions

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

AUA	Assets Under Administration
Company	A J Bell Holdings Limited
CSOP	Company Share Option Plan
EMI	Enterprise Management Incentive
FSA	Financial Services Authority
Group	A J Bell Holdings Limited and its wholly owned subsidiaries
HMRC	HM Revenue and Customs
ISA	Individual Savings Account
OTB	Option to Buy Shares Scheme
RDR	Retail Distribution Review
SIPP	Self Invested Personal Pension

Company information

Company number	04503206
Company Secretary	Michael Summersgill
Registered office	Trafford House Chester Road Manchester M32 0RS
Auditor	KPMG Audit Plc St James' Square Manchester M2 6DS
Principal banker	Bank of Scotland plc 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA
Solicitors	Weightmans LLP India Buildings Water Street Liverpool L2 0GA

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