Interim results for the six months ended 31 March 2019

AJ Bell plc ("AJ Bell" or the "Company"), one of the UK's largest investment platforms, today announces interim results for the six-month period ended 31 March 2019.

Performance overview

- Revenue up 17% to £50.1 million (HY18: £42.9 million)
- Profit before tax (PBT) up 27% to £17.7 million (HY18: £13.9 million)
- PBT margin up 2.9 ppts to 35.3% (HY18: 32.4%)
- Balance sheet strengthened, with net assets up 15% in the period to £73.8 million
- Interim dividend of 1.50 pence per share in accordance with the Board's stated dividend policy
- Customers increased by 16,941 in the period, up 9% to 214,853
- Assets under administration (AUA) up 3% during the period to £47.7 billion
- Total net inflows of £1.8 billion, driven by Platform net inflows of £2.1 billion
- Customer retention rate of 95.3%, up from 95.1% in the previous financial year

Andy Bell, Chief Executive Officer at AJ Bell, commented:

"Our first set of financial results as a publicly-listed company demonstrates the strength of our business model as outlined ahead of our IPO. The quality of our low-cost, easy-to-use investment platform enabled us to continue to attract customers and assets and this is reflected in our strong financial performance. Revenue and profit both increased considerably and the Board has declared an interim dividend of 1.50 pence per share in line with our dividend policy."

"This robust financial performance enables us to continue to invest in the platform to achieve our ambition of becoming the easiest platform to use, underpinning our principal purpose of helping people to invest. This core focus on meeting the needs of advisers and customers, alongside our competitive pricing and high quality service model, means we are well positioned to capitalise on the growing market for investment platforms in the coming years."

Financial highlights

	Six months 31 March 2019	Six months 31 March 2018	Change
Revenue	£50.1 million	£42.9 million	17%
Revenue per £AUA*	22.0 bps	20.7 bps	1.3bps
PBT	£17.7 million	£13.9 million	27%
PBT margin	35.3%	32.4%	2.9ppts
Diluted earnings per share (1)	3.50 pence	2.82 pence	24%
Interim dividend per share (1)	1.50 pence	1.46 pence	3%

(1) Comparative restated to reflect share reorganisation on 15 November 2018.

Non-financial highlights

	Six months 31 March 2019	Year ended 30 September 2018	Change
Number of retail customers	**214,853**	**197,912**	**9%**
Platform	200,922	183,213	10%
Non-platform	13,931	14,699	(5%)
AUA	**£47.7 billion**	**£46.1 billion**	**3%**
Platform	£40.6 billion	£38.6 billion	5%
Non-platform	£7.1 billion	£7.5 billion	(5%)
Customer retention rate*	**95.3%**	**95.1%**	**0.2ppts**

* see definitions

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Analyst presentation

AJ Bell will be hosting an analyst presentation at 09:00 on Thursday 23 May 2019 following the release of these results for the six months ended 31 March 2019. Attendance is by invitation only. Slides accompanying the analyst presentation will be made available on the AJ Bell website after the presentation.

Forward-looking statements

The interim results contains forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these interim results.

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present our interim report for the six months ended 31 March 2019, our first set of results as a publicly-listed company. The first half of the year saw us deliver a strong financial performance with our investment platform continuing to attract high levels of new customers and assets. Our commitment to providing a quality service at a competitive price through our multi-award-winning, easy-to-use platform remains our key focus and we remain well positioned to capitalise on a platform market that continues to grow.

Overview

Revenue increased by 17% to £50.1m and profit before tax increased by 27% to £17.7m in the six-month period to 31 March 2019, in comparison to the same period in the previous year. Our PBT margin increased from 32.4% to 35.3% during the period, reflecting our robust business model and embedded operational gearing. The market and wider economy may not be without its challenges, with the FTSE All-Share index falling 4% in the six months to 31 March 2019, but our diversified revenue model ensures we are well placed to deal with such conditions. We remain confident in the growth of the platform market and our ability to capitalise on the resulting opportunities.

The key drivers of our business, customers and AUA, grew by 9% and 3% respectively in the six months to 31 March 2019. Net AUA inflows were £1.8bn in the period, driving an increase in total AUA to £47.7bn, despite economic and political uncertainty impacting our customers' behaviour, with dealing activity falling 14% in comparison to the prior year. Defined benefit (DB) pension transfers continued to decline in line with industry trends and expectations, though still accounted for £0.5bn of inflows during the period, compared with £1.1bn in the prior year. The number of retail customers increased by 16,941 to 214,853 during the period, with our platform customer retention rate remaining high at 95.3%.

It is always pleasing to see the quality of our propositions being recognised and during the first half of the year we won two key industry awards. We retained top spot in Platforum's UK D2C Investor Experience report, which looks at the customer experience of investing and how it has evolved. In addition we were named 'Best Overall Advised Platform of the Year' at the recent lang cat awards, whose criteria include a need to demonstrate a market-leading reputation for both service and proposition.

I am also delighted that we have strengthened our position within the Sunday Times' 100 Best Companies to Work For. We have now been awarded a three-star accreditation, which Best Companies uses to recognise 'extraordinary levels of workplace engagement'. An engaged workforce is absolutely vital to our business. Our staff work tirelessly to provide a first-class service to our customers and ensure their high expectations are met, which in turn helps to fuel the growth of our business. Staff engagement remains a key focus for us and it is particularly pleasing to see our Best Companies ranking improve at the same time as we have continued to grow our workforce to support the expansion of the business.

In December, we successfully completed our IPO on the Main Market of the London Stock Exchange, representing a significant milestone for us and the beginning of the next growth phase in the business. We believe the listing will, over the long term, help to enhance both the profile of the business and our brand awareness, which will in turn support us to fulfil our ambitious growth plans.

Strategic update

Helping customers to invest is at the heart of what we do and our strategic aim is to become the easiest platform to use. We continue to invest in technology and innovation to develop our platform, propositions and services for the benefit of our customers. Much of our focus over the last six months has been on enhancing the look and feel of our key proposition websites and mobile apps, building additional functionality whilst committing ongoing investment in our infrastructure to support our scalable platform.

During the period our Advised Platform, AJ Bell Investcentre, extended its service to include an execution-only dealing option for ISA and GIA account holders, with advised customers now having the ability to deal online and via our mobile app. The AJ Bell Investcentre website is currently undergoing a series of enhancements, with the recent release incorporating a new intuitive layout and design together with increased functionality and responsiveness across devices. The next release will include the provision of enhanced reporting templates and customisation of our new adviser-facing client reporting tool.

Our 'On the Road' tour was well received in early March, with attendance at record levels. The content this year focused on a range of topical issues, including barriers to switching platforms, the cost of investing, and the FCA's product intervention and governance rules. Our 'Investival' conference held in November continues to go from strength to strength, and is now recognised as one of the biggest and best investment conferences for UK advisers.

In addition, as part of our commitment to keep our pricing under review and ensure value for money, we made some changes to the AJ Bell Investcentre core charges during the period. From 1 January we removed the £1 dealing charge previously incurred on all deals executed through the Bulks & Models tool, as well as removing the majority of standard pension administration charges for Junior SIPPs.

AJ Bell Youinvest, our D2C Platform, launched its new website in March this year, delivering a modern design and improved mobile responsiveness. We have continued to enhance investment content on our website and mobile app including the successful launch of our new podcast, 'Money & Markets', together with a range of investment-focused seminars and webinars. In addition, we reduced our foreign exchange charges for international dealing and foreign currency funds, together with increasing the tiered interest rates for customers. The latter part of the year will see us continue to develop the Mywealth proposition, which enables customers to see their other investments and savings alongside those held with AJ Bell, to include automated balance updates, utilising open banking interfaces and enhancing pension information.

A new range of ready-made portfolios has been launched for our AJ Bell Youinvest customers, offering four portfolios constructed from some of the best actively managed funds in the market. These funds are designed to offer guidance to our D2C customers in accordance with their different risk appetites and investor needs, be it capital growth or income.

We have been busy extending our range of simple, low-cost investment solutions for both our advised and D2C customers during the period. We have launched a number of new solutions for our customers, with the latest being our two new income funds in April, whilst also reducing the ongoing charges figure (OCF) cap on our passive funds from 0.50% to 0.35%, demonstrating our commitment to lowering costs for all of our investors.

We also launched the 'Pactive' portfolios during February, the latest addition to our Managed Portfolio Service range on AJ Bell Investcentre. The new Pactive portfolios are aligned to the same six risk levels as our existing portfolios, investing half in the currently actively managed portfolios and half in the AJ Bell Passive funds. This latest offering is a clear example of how we listen to our customers and continually evolve our propositions.

We recognise that the planned growth of our platform business requires continual investment in technology, infrastructure and innovation, at least in part driven by the potential for technological disruption in our industry. The last six months have seen us invest in our development teams to ensure the continued and effective delivery of change to enhance our customers' experience and facilitate operational efficiencies.

Market and regulatory developments

As part of our drive to help people to invest, we continue to be an active participant in industry consultations and market studies. We believe the market could benefit from increased visibility and simplification in many areas to make it more efficient and easier to understand for customers, hence encouraging long-term savings.

The FCA's Investment Platforms Market Study was the first time the regulator has taken a detailed look at the platform market. The final report concluded that the platform market generally works well, although processes around switching providers could be improved. We agree with this assessment and have recently sponsored a report by the lang cat consultancy entitled Signal to Noise, which identifies some of the challenges faced by advisers and addresses how these can be overcome.

Alongside its final report, the FCA launched a consultation which included a discussion chapter on a potential ban or cap on platform exit fees. We believe platforms should be able to charge reasonable fees that cover the cost of platform transfers and would welcome a cap to ensure the fees charged are commensurate with the work platforms have to carry out. Any restriction or ban on platform exit fees will not have a significant impact on our business. The FCA has stated that its current view is that any ban or cap on exit fees should also apply to firms offering comparable services, so we expect any changes to apply to firms that compete with platforms.

In the interim report of the market study the FCA highlighted revenue margin, measured as revenue per £AUA, as an important metric for assessing platform charges. We would like to have seen a requirement in the final report for platforms to publish this figure prominently on their website. This could provide a single, highly visible measure on which different platform charging structures can be compared, making it easier for customers to make value-for-money assessments.

As the FCA continues to monitor the development of the platform market, we would like to see the regulator look at the support and guidance services that DIY platforms offer customers to help them to invest. We believe there is more that can be done here to make it easier for platforms to help their customers to select investments that suit their needs without this being classed as a personal recommendation.

The other major regulatory development during the period was the launch of a consultation into the introduction of investment pathways. These are intended to help non-advised customers entering income drawdown choose an investment solution in line with their retirement objectives. Whilst such proposals are broadly positive, we feel improvements could be made on the timing of when investment pathways are presented to customers, the number of pathways available and to ensure that the solutions on offer take account of customers' risk appetite, which they currently do not.

Outside of the current market studies, we believe there is scope for further simplification in the mainstream pension and ISA markets that would make it easier for people to invest. The UK has seven different variations of an ISA, which makes it harder for people to know which one they should use. We see no reason why a single ISA could not cover all customer needs. In pensions, we now have three different annual allowances and a lifetime allowance restricting how much people can save. We believe there only needs to be one control on how much people can save via pensions and that is an annual allowance for defined contribution pension schemes and a lifetime allowance for defined benefit schemes. This would dramatically simplify pensions at a stroke for millions of people and the legislators could then spend their time focusing on how to deal with situations where people are in both types of scheme at the same time and switch between the two regimes.

The Markets in Financial Instruments Directive II (MiFID II) and the General Data Protection Regulation (GDPR) have also both been introduced over the past 16 months with the aims of improving transparency and visibility of costs within financial markets and also to enhance customer protection. We have implemented the necessary changes within the required time periods.

Dividends

The Board continues to adopt a progressive dividend policy, which is supported by our capital-light and highly cash-generative business model as reflected in the strength of our balance sheet. The Board has declared an interim dividend of 1.50 pence per share, in accordance with its stated policy, which is designed to ensure that we retain sufficient funds for continued investment in the business and to meet our regulatory capital requirements.

Outlook

Whilst 2019 has seen a partial recovery in markets, further volatility is expected as the current economic and political uncertainty continues to impact on our customers' decision-making. We are confident that the continued growth of the platform market, the robustness of our business model and our ongoing investment in systems and processes will enable us to support our customers' future needs in the face of unpredictable markets.

The UK base rate remains historically low, despite the increase to 0.75% in August last year. Any further moves from the Bank of England are likely to be influenced by Brexit. We have remained highly profitable whilst operating in a low interest rate environment for over a decade, and our diversified revenue model ensures we maintain a degree of resilience to further changes in the UK's monetary policy.

We have delivered a strong financial performance in the interim period. Our strategy is clear, we remain committed to helping our customers to invest by delivering the easiest platform to use in the market and we remain focused on growing the business.

Finally, I would like to thank all our staff for their efforts, the quality of their work and the commitment that has seen us list on the Main Market of the London Stock Exchange and deliver another excellent set of results. We continue to build on our successes and I look forward to the next phase in our journey to build an outstanding business for the long term.

Andy Bell
Chief Executive Officer

FINANCIAL REVIEW

The Group has continued to deliver strong growth during the first half of the financial year, with revenue up 17% to £50.1m (HY18: £42.9m) and profit before tax increasing 27% to £17.7m (HY18: £13.9m). The two key drivers of our performance, customers and AUA, grew by 9% and 3% respectively in the six-month period.

Business performance

Customers

Customer numbers grew by 9% in the period. This growth has been driven by our Platform business, with particularly strong customer acquisition delivered by our D2C Platform. In addition, our Platform customer retention rate remained high at 95.3%.

Assets under administration

Six months ended 31 March 2019

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October	29.9	8.7	38.6	7.5	46.1
Underlying inflows	1.6	0.9	2.5	0.1	2.6
Outflows	(0.8)	(0.3)	(1.1)	(0.4)	(1.5)
Underlying net inflows/(outflows)	0.8	0.6	1.4	(0.3)	1.1
DB inflows	0.5	-	0.5	-	0.5
Bulk migration inflows	-	0.2	0.2	-	0.2
Total net inflows/(outflows)	1.3	0.8	2.1	(0.3)	1.8
Market and other movements	(0.3)	0.2	(0.1)	(0.1)	(0.2)
As at 31 March	30.9	9.7	40.6	7.1	47.7

Six months ended 31 March 2018

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October	24.3	6.6	30.9	8.9	39.8
Underlying inflows	1.6	0.8	2.4	0.2	2.6
Outflows	(0.7)	(0.2)	(0.9)	(0.2)	(1.1)
Underlying net inflows	0.9	0.6	1.5	-	1.5
DB inflows	1.1	-	1.1	-	1.1
Bulk migration inflows/(outflows)	-	0.3	0.3	(0.7)	(0.4)
Total net inflows/(outflows)	2.0	0.9	2.9	(0.7)	2.2
Market and other movements	-	-	-	(0.2)	(0.2)
As at 31 March	26.3	7.5	33.8	8.0	41.8

In spite of weak investor sentiment in the period, our strong customer proposition has allowed us to continue to deliver growth in AUA. Total AUA increased 3% to £47.7bn at 31 March 2019. The growth in the period was primarily driven by the Platform business, which saw total net inflows of £2.1bn.

Advised Platform inflows from defined benefit transfers declined in line with expectations, contributing £0.5bn to inflows during the period compared with £1.1bn in the prior period.

D2C Platform inflows included £0.2bn that related to AJ Bell plc shares held by current and former employees of the Company. These shares were migrated onto the D2C Platform ahead of our listing on the Main Market of the London Stock Exchange in December 2018.

Financial performance

Revenue

	Unaudited Six months 31 March 2019 £000	Unaudited Six months 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Recurring fixed	12,750	12,568	25,212
Recurring ad valorem	29,385	21,939	47,890
Transactional	7,949	8,421	16,589
Total	**50,084**	**42,928**	**89,691**

Revenue increased by 17% to £50.1m (HY18: £42.9m). We have three categories of revenue, these being recurring fixed fees, recurring ad valorem fees, and transactional fees.

Recurring fixed revenue (which includes recurring pension administration fees and media revenue) saw an increase of 2% to £12.8m (HY18: £12.6m). This modest increase was a result of the increased revenues from our Advised Platform customers being offset by a reduction in pension administration fees from our non-platform business. The reduction in non-platform revenue was a result of our decision to discontinue two of our third-party administration contracts during the prior financial year.

Recurring ad valorem revenue (comprised of custody fees, retained interest income, and investment management fees) grew by 34% to £29.4m (HY18: £21.9m). The key driver of the growth in ad valorem revenue was the growth in AUA. Retained interest income also increased due to a higher level of cash balances held by our customers and higher interest rates, following the increases in the UK base rate to 0.50% in November 2017 and 0.75% in August 2018.

Transactional revenue (comprised of dealing fees and pension scheme activity fees) fell by 6% to £7.9m (HY18: £8.4m), due to prior period fees including £0.5m of one-off revenue, for one of our third-party SIPP administration contracts that was discontinued in the prior financial year.

Revenue margin increased by 1.3bps from 20.7bps to 22.0bps in the six-month period, an increase of 6%. This was primarily due to the increase in ad valorem revenue in the Platform business.

Administrative expenses

	Unaudited Six months 31 March 2019 £000	Unaudited Six months 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Distribution	5,176	3,954	7,711
Technology	8,223	7,578	15,208
Operational & support	18,174	17,305	36,747
Initial public offering (IPO)	946	201	1,769
Total	**32,519**	**29,038**	**61,435**

Administrative expenses increased by 12% to £32.5m (HY18: £29.0m). We have three categories of administrative expenses, these being distribution, technology, and operational and support.

Distribution costs increased 30% from £4.0m to £5.2m. This was due to an increase in our marketing activity, which was a key driver of our growth in both customer numbers and AUA in the period.

Technology costs increased 8% to £8.2m (HY18: £7.6m), reflecting investment in our development teams, allowing us to accelerate the development of our platform propositions

There was a modest increase in operational and support costs, which rose 5% to £18.2m (HY18: £17.3m). The increase was caused by the growth of the Platform business, but costs increased at a lower rate than revenue as the business continues to benefit from operational gearing. Prior period costs also included one-off costs for the relocation of the stockbroking operation.

Costs relating to our IPO, which was successfully completed in December 2018, amounted to £0.9m in the period, bringing overall costs to £2.7m.

Profit before tax (PBT)

PBT rose to £17.7m, an increase of 27% compared to the prior period (HY18: £13.9m) due to the continued growth of the business. Our PBT margin has increased from 32.4% to 35.3%, as a result of a combination of higher revenue margins and favourable operational gearing.

Earnings per share

Diluted earnings per share (DEPS) increased by 24% to 3.50 pence per share.

Tax

The effective rate of tax for the period was 20.3% (HY18: 18.9%), slightly higher than the standard rate of UK Corporation Tax. The increase in the period reflects the IPO-related costs that are partially disallowable.

Financial position

Capital and liquidity

The Group's balance sheet remains strong, with net assets totalling £73.8m at 31 March 2019 (HY18: £65.4m) and a healthy surplus of regulatory capital held at all times during the period.

Cash balances also increased by 23% from £45.3m to £55.8m. Our significant cash surplus ensures we have sufficient liquidity buffers and funds available to invest in the continued growth of the business.

Dividends

The Board has declared an interim dividend of 1.50 pence per share, in accordance with the policy set out in the prospectus issued at the time of our IPO. The Board remains committed to a progressive dividend policy, whilst also ensuring we have sufficient capital for future investment in the business and to maintain an appropriate surplus over and above our regulatory capital requirements.

Michael Summersgill
Chief Financial Officer

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement

The Directors confirm that this consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34) as adopted by the European Union and that the interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

By order of the Board:

Christopher Bruce Robinson
Company Secretary

22 May 2019

INDEPENDENT REVIEW REPORT TO AJ BELL PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 which comprises the condensed consolidated income statement, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 is not prepared, in all material respects, in accordance with *IAS 34 Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Alexander Simpson
for and on behalf of KPMG LLP

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

22 May 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2019

	Notes	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Revenue		50,084	42,928	89,691
Administrative expenses		(32,519)	(29,038)	(61,435)
Operating profit		17,565	13,890	28,256
Investment income		148	43	128
Finance costs		(33)	(5)	(25)
Profit before tax		17,680	13,928	28,359
Tax expense	7	(3,594)	(2,628)	(5,713)
Profit for the period		14,086	11,300	22,646
Profit for the period attributable to:				
Equity holders of the parent company		14,086	11,300	22,646
Earnings per ordinary share:				
Basic (pence)	8	3.52	2.87	5.76
Diluted (pence)	8	3.50	2.82	5.63

All revenue, profit and earnings are in respect of continuing operations.

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

The notes on pages 18 to 30 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	Unaudited 31 March 2019 £000	Unaudited 31 March 2018 £000	Audited 30 September 2018 £000
Assets				
Non-current assets				
Goodwill		3,660	3,660	3,660
Other intangible assets		2,782	3,255	3,124
Property, plant and equipment		4,284	3,952	4,433
Deferred tax asset		1,321	371	372
		12,047	11,238	11,589
Current assets				
Trade and other receivables		23,242	23,652	20,075
Cash and cash equivalents		55,769	45,344	49,695
		79,011	68,996	69,770
Total assets		91,058	80,234	81,359
Liabilities				
Current liabilities				
Trade and other payables		(10,230)	(9,488)	(11,438)
Current tax liabilities		(3,359)	(2,441)	(2,491)
Other financial liabilities		(316)	(47)	(300)
Provisions	9	(1,095)	(1,925)	(1,282)
		(15,000)	(13,901)	(15,511)
Non-current liabilities				
Trade and other payables		(1,021)	(133)	(603)
Other financial liabilities		(427)	(46)	(431)
Provisions	9	(818)	(741)	(778)
		(2,266)	(920)	(1,812)
Total liabilities		(17,266)	(14,821)	(17,323)
Net assets		73,792	65,413	64,036
Equity				
Share capital	10	51	42	42
Share premium		7,026	3,531	4,410
Own shares		(1,147)	(1,278)	(1,364)
Retained earnings		67,862	63,118	60,948
Total equity		73,792	65,413	64,036

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 May 2019 and signed on its behalf by:

Michael Summersgill
Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 18 to 30 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2019

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2017	40	2,806	-	58,516	61,362
Total comprehensive income for the period:					
Profit for the period	-	-	-	11,300	11,300
Transactions with owners, recorded directly in equity:					
Issue of shares	2	725	-	-	727
Dividends paid	-	-	-	(6,362)	(6,362)
Purchase of own share capital	-	-	-	(402)	(402)
Own shares acquired	-	-	(1,278)	-	(1,278)
Equity settled share-based payment transactions	-	-	-	59	59
Deferred tax effect of share-based payment transactions	-	-	-	7	7
Total transactions with owners	2	725	(1,278)	(6,698)	(7,249)
Balance at 31 March 2018	42	3,531	(1,278)	63,118	65,413

The notes on pages 18 to 30 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2019

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2018	42	4,410	(1,364)	60,948	64,036
Adjustment on initial application of IFRS 9	-	-	-	78	78
Adjustment on initial application of IFRS 15	-	-	-	172	172
Balance at 1 October 2018 - as restated	42	4,410	(1,364)	61,198	64,286
Total comprehensive income for the period:					
Profit for the period	-	-	-	14,086	14,086
Transactions with owners, recorded directly in equity:					
Issue of shares	-	440	-	-	440
Settlement of part-paid shares	1	2,185	-	-	2,186
Dividends paid	-	-	-	(8,827)	(8,827)
Bonus issue	9	(9)	-	-	-
Purchase of own share capital	(1)	-	-	-	(1)
Own shares acquired	-	-	(50)	-	(50)
Equity settled share-based payment transactions	-	-	-	510	510
Tax relief on exercise of share options	-	-	-	357	357
Deferred tax effect of share-based payment transactions	-	-	-	805	805
Employee share transfer	-	-	267	(267)	-
Total transactions with owners	9	2,616	217	(7,422)	(4,580)
Balance at 31 March 2019	51	7,026	(1,147)	67,862	73,792

The notes on pages 18 to 30 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2019

	Note	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Cash flows from operating activities				
Profit for the period		14,086	11,300	22,646
Adjustments for:				
Investment income		(148)	(43)	(128)
Finance costs		33	5	25
Income tax expense		3,594	2,628	5,713
Depreciation and amortisation		1,039	1,145	1,971
Share-based payment expense		510	59	112
Increase in provisions and non-current other payables		271	244	108
Loss on disposal of property, plant and equipment		1	2	11
(Increase)/decrease in trade and other receivables		(2,917)	(1,480)	2,137
(Decrease)/increase in trade and other payables		(1,208)	(627)	1,323
Cash generated from operations		15,261	13,233	33,918
Income tax paid		(2,512)	(2,181)	(5,045)
Interest paid		(33)	(5)	(25)
Net cash flows from operating activities		12,716	11,047	28,848
Cash flows from investing activities				
Purchase of other intangible assets		-	(6)	(6)
Purchase of property, plant and equipment		(394)	(513)	(951)
Interest received		148	43	128
Net cash used in investing activities		(246)	(476)	(829)
Cash flows from financing activities				
Payments of obligations under finance leases and hire purchase contracts		(144)	(50)	(199)
Proceeds from issue of shares		440	727	1,292
Proceeds from settlement of part-paid shares		2,186	-	314
Payments for purchase of own shares		(1)	(402)	(410)
Purchase of own shares for employee share schemes		(50)	(1,278)	(1,364)
Dividends paid	11	(8,827)	(6,362)	(20,095)
Net cash used in financing activities		(6,396)	(7,365)	(20,462)
Net increase in cash and cash equivalents		6,074	3,206	7,557
Cash and cash equivalents at beginning of period		49,695	42,138	42,138
Cash and cash equivalents at end of period		55,769	45,344	49,695

The notes on pages 18 to 30 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

1 General information

AJ Bell plc (formerly AJ Bell Holdings Limited) ("the Company") is the Parent Company of the AJ Bell group of companies (together the "Group"). The Company is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and the registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

The principal activity of the Group is the provision of an investment platform operating in the advised and D2C markets.

2 Basis of preparation

The condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as adopted by the European Union (EU). They do not include all of the information and disclosures required for full annual financial statements and therefore should be read in conjunction with the AJ Bell plc Annual Report and financial statements for the year ended 30 September 2018, which were prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU and the Companies Act 2006.

The interim financial statements have been prepared on the historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The financial information contained in the interim financial statements does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 30 September 2018 has been derived from the audited financial statements of AJ Bell plc for that year, which 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 2018 are available to view online at www.ajbell.co.uk/investor-relations.

Going concern

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

Significant accounting policies

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2018, except for the adoption of new standards effective as of 1 October 2018.

The Group applies the following new standards for the first time:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards is disclosed in note 3 below.

Several other amendments and interpretations apply for the first time on 1 October 2018 but do not have an impact on the interim financial statements of the Group.

Developments in reporting standards and interpretations

A number of standards and amendments to standards and interpretations are effective for periods beginning on or after 1 October 2019. These new standards are not applicable to these interim financial statements and they are not expected to have a material impact when they become effective, with the exception of IFRS 16 Leases, the impact of which is detailed below. The Group plans to apply these standards and amendments in the reporting period in which they become effective.

IFRS 16 - Leases

IFRS 16 was issued in 2016 and represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model that replaces the current model where leases are either recognised as operating or finance leases. Accounting requirements for lessors are substantially unchanged from IAS 17 Leases. IFRS 16 is effective for accounting periods commencing on or after 1 January 2019. The Group does not intend to adopt the standard early and therefore expects to apply IFRS 16 from the accounting period commencing 1 October 2019.

On transition to IFRS 16, the Group can choose to apply one of two transition methods:

- full retrospective transition method, prepared as if the standard had always applied; or
- modified retrospective transition approach, with an option to apply a practical expedient and retain its previous assessments of which contracts contain a lease.

It is anticipated that the Group will adopt the modified retrospective transition approach, taking advantage of the practical expedient as detailed above.

A preliminary assessment of the impact of adopting this standard has been performed, concluding that the primary impact will be to bring the Group's leasehold properties onto the statement of financial position, recognising both a right-of-use asset and a lease liability for future lease payments. Whilst there will be a material adjustment to gross assets and liabilities, there is unlikely to be a material impact on net assets at Group level. The right-of-use asset will be depreciated over the shorter of the expected life of the asset and the lease term on a straight-line basis, recognised in the income statement. The lease liability will be reduced by the lease payments over the lease term with interest being recognised on the lease liability and charged to the income statement. Depreciation and interest charges will replace the lease costs currently charged to the income statement. Higher interest charges will be recognised in earlier years of the lease as the discount rate unwinds. We will complete our final assessment to quantify the impact once all inputs are known in the latter half of the current financial year.

3 Changes in accounting policies

IFRS 9: Financial Instruments

The Group has applied IFRS 9 Financial Instruments (IFRS 9) and the related amendments in the current period. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) for annual periods beginning on or after 1 January 2018. IFRS 9 introduces new requirements for:

i) classification and measurement of financial assets and financial liabilities

ii) impairment for financial assets

iii) hedge accounting

Classification and measurement

The basis of classification for financial assets under IFRS 9 has changed from those of IAS 39. Under IFRS 9 financial assets are classified as; amortised cost, fair value through profit or loss, or fair value through other comprehensive income which replace the categories of available-for-sale, loans and receivables and held to maturity. An assessment of the classification of financial assets has been undertaken, taking into account both the business model within which the asset is held and the contractual cash flow characteristics of the asset.

The Group has no financial assets for which these changes lead to an adjustment in recognition or carrying amount. The Group's financial assets consist of trade and other receivables and cash and cash equivalents. The cash flows arising on these assets are solely payments of principal and interest and therefore continue to be recognised at amortised cost on transition. As a result the impact of IFRS 9, classification changes are presentational in nature.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

The classification and measurement of financial liabilities remains unchanged from IAS 39, therefore there has been no impact on the Group’s financial liabilities on adoption of the new standard.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking “expected credit loss” (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected credit loss model requires the Group to account for credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Essentially this means that it is not necessary for a credit event to have occurred before credit losses are recognised.

The Group has one type of financial asset which is subject to the expected credit loss model being trade and other receivables. The Group has applied the IFRS 9 simplified approach and has calculated ECLs based on lifetime expected credit losses.

As a result of adopting the expected credit loss model, the loss allowance for trade receivables on 1 October 2018 is as follows:

	£000
Opening loss allowance - calculated under IAS 39	463
Amounts restated through opening retained earnings	*(78)*
Opening loss allowance - calculated under IFRS 9	385

Hedge accounting

IFRS 9 incorporates new hedge accounting requirements. The Group does not carry out, and does not intend to carry out any material hedging activities which would be accounted for in accordance with IFRS 9.

Transition impact

The date of initial application is 1 October 2018. The Group has elected not to restate comparatives, and to recognise the impact of the new accounting requirements in opening retained earnings on the date of adoption in accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26). Accordingly the comparatives presented do not reflect the accounting requirements of IFRS 9 but rather those of IAS 39.

On application of IFRS 9 the Group has recognised an increase in retained earnings and a corresponding decrease in the provision for trade receivables following the introduction of a new expected credit loss impairment model. The total impact on the Group’s retained earnings as at 1 October 2018 is as follows:

	£000
Opening retained earnings IAS 39	60,948
Decrease in provision for trade receivables	78
Total adjustment to retained earnings from adoption of IFRS 9	*78*
Opening retained earnings IFRS 9	61,026

The impact on the income statement for the interim period is a reduction of £60,186.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

IFRS 15: Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from Contracts with Customers (IFRS 15) and the related amendments in the current period. IFRS 15 replaces IAS 18 Revenue (IAS 18), IAS 11 Construction Contracts (IAS 11) and related interpretations for annual periods beginning on or after 1 January 2018.

IFRS 15 changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The new standard is based on the principle that revenue is recognised when control of goods or services transfer to the customer. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Impact on revenue recognition

The Group performed an assessment to determine the impact of the new standard on the Group's statement of financial position and performance.

It considered the five-step model prescribed by the standard, taking into account the different types of contracts it has with its customers, the corresponding types of services provided to customers and when these performance obligations are satisfied. The assessment concluded that the accounting treatment for the majority of revenue streams remains unchanged, except for annual pension administration fees and cash incentives. The impact on annual pension administration fees resulted in the acceleration of certain income streams and the deferral of others due to the timing of satisfying performance obligations. Under IFRS 15, cash incentives should be recognised as a reduction of the transaction price, and therefore of revenue, whereas previously these incentives were considered to be an operating cost.

Transition impact

The date of initial application is 1 October 2018. The Group has elected not to restate comparatives, and to recognise the impact of the new accounting requirements in opening retained earnings on the date of adoption in accordance with the transitional provisions in IFRS 15 (C3(b)). Accordingly the comparatives presented do not reflect the accounting requirements of IFRS 15 but rather those of IAS 18.

The following table summarises the impact on the Group's retained earnings as at 1 October 2018:

	£000
Opening retained earnings IAS 18	60,948
Increase in deferred income	(192)
Increase in deferred cash incentives	93
Increase in accrued income	271
Total adjustment to retained earnings from adoption of IFRS 15	*172*
Opening retained earnings IFRS 15	61,120

The impact on the income statement for the interim period is a reduction of £185,982.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

4 Accounting judgements and estimates

The judgements, estimates and assumptions made by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2018.

5 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.

6 Segmental reporting

It is the view of the Directors that the Group has a single operating segment; Investment services in the advised and D2C space administering investments in SIPP's, ISA's, LISA's and General Investment/ Dealing Accounts. It is considered that a further disaggregation of the single operating segment does not provide a clearer or more accurate view of the reporting within the Group. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the condensed consolidated income statement and condensed consolidated statement of financial position.

The Group operates in one geographical segment, being the UK.

Due to the nature of its activities, the Group is not reliant on any one customer or group of customers for generation of revenues.

7 Taxation

Tax recognised in the condensed consolidated income statement:

	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Current taxation			
UK Corporation Tax	3,737	2,765	5,694
Adjustment in respect of prior periods	-	1	113
	3,737	2,766	5,807
Deferred taxation			
Origination and reversal of temporary differences	(145)	(135)	(16)
Adjustment in respect of prior periods	-	-	(80)
Effect of changes in tax rates	2	(3)	2
	(143)	(138)	(94)
Total tax expense	3,594	2,628	5,713

Corporation Tax for the six months ended 31 March 2019 has been calculated at 19% (six months ended 31 March 2018: 19%; year ended 30 September 2018: 19%), 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 income statement, certain tax amounts have been recognised directly in equity as follows:

	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Deferred tax relating to share-based payments	(805)	(7)	(51)
Current tax relief on exercise of share options	(357)	-	(128)
	(1,162)	(7)	(179)

7 Taxation (continued)

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

	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Profit before tax	17,680	13,928	28,359
UK Corporation Tax at 19% (six months ended 31 March 2018: 19%; year ended 30 September 2018: 19%):	3,359	2,646	5,388
Tax effects of:			
Expenses not deductible for tax purposes	233	47	338
Change in recognised deductible temporary differences	-	(63)	(47)
Effect of tax rate changes to deferred tax	2	(3)	2
Adjustments in respect of prior periods	-	1	32
Total tax expense	3,594	2,628	5,713
Effective tax rate	20.3%	18.9%	20.1%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares, excluding own shares, in issue during the period.

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

The calculation of basic and diluted earnings per share is based on the following data:

	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Earnings			
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	14,086	11,300	22,646

	No.	(restated) No.	(restated) No.
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the period	399,918,952	393,863,211	393,407,642
Effect of potentially dilutive share options	3,025,687	7,008,242	8,821,105
Weighted average number of ordinary shares for the purposes of fully diluted EPS	402,944,639	400,871,453	402,228,747

Earnings per share	Unaudited Six months ended 31 March 2019 Pence	(restated) Unaudited Six months ended 31 March 2018 Pence	(restated) Audited Year ended 30 September 2018 Pence
Basic	3.52	2.87	5.76
Diluted	3.50	2.82	5.63

On 15 November 2018, as part of the AJ Bell plc listing process, a bonus issue and sub-division of shares occurred resulting in the number of shares in issue increasing from 42,950,663 to 412,326,184. The nominal value of each share was reduced from 0.1p to 0.0125p per share. The calculation of earnings per share for the comparative periods presented have been adjusted to reflect these changes.

9 Provisions

	Office dilapidations £000	Other provisions £000	Restructuring costs £000	Total £000
As at 1 October 2017	790	1,095	492	2,377
Additional provisions	43	-	246	289
As at 31 March 2018	833	1,095	738	2,666
Additional provisions	37	-	-	37
Provisions used	-	-	(568)	(568)
Unused provision reversed	(75)	-	-	(75)
As at 1 October 2018	795	1,095	170	2,060
Additional provisions	40	-	-	40
Provisions used	(17)	-	(170)	(187)
As at 31 March 2019	818	1,095	-	1,913
Non-current liabilities	818	-	-	818
Current liabilities	-	1,095	-	1,095

Office dilapidations
The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

Other provisions
The other provision recognised is to cover the settlement of a one-off tax liability. There is some uncertainty regarding the amount and timing of the outflow required to settle the obligation; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

Restructuring costs
The restructuring provision represents the estimated costs associated with the relocation of our stockbroking operation. Following completion of the move, the provision has been released in full during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

10 Share capital and share premium

Issued, fully-called and paid:	Unaudited Six months ended 31 March 2019 Number	Unaudited Six months ended 31 March 2018 Number	Audited Year ended 30 September 2018 Number
Ordinary Shares of 0.0125p each	407,336,653	-	-
Ordinary Shares of 0.1p each	-	38,691,894	38,840,741
Non-voting Ordinary Shares of 0.1p each	-	75,000	75,000
A Non-voting Ordinary Shares of 0.1p each	-	878,561	957,692
X Non-voting Ordinary Shares of 0.1p each	-	767,465	767,465
B Non-voting Ordinary Shares of 0.1p each	-	158,890	158,890
C Non-voting Ordinary Shares of 0.1p each	-	194,633	188,056
D Non-voting Ordinary Shares of 0.1p each	-	261,855	255,189
E Non-voting Ordinary Shares of 0.1p each	-	931,660	919,160
F Non-voting Ordinary Shares of 0.1p each	-	203,500	203,500
	407,336,653	42,163,458	42,365,693
Issued, partly-called and paid:			
A Non-voting Ordinary Shares of 0.1p each	-	325,104	260,973
X Non-voting Ordinary Shares of 0.1p each	-	318,497	318,497
	407,336,653	42,807,059	42,945,163

On 15 November 2018 the Company passed an ordinary and special resolution authorising:

- a bonus issue to the holders of Ordinary Shares, Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares in issue at close of business on 31 October 2018, in the proportion of one for every five shares held;
- the sub-division of those Ordinary Shares, Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares into eight shares of the same class with a nominal value of 0.0125p each.

Immediately prior to admission on the London Stock Exchange each Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares were then re-designated as Ordinary Shares of 0.0125p each.

All Ordinary Shares have full voting and dividend rights.

10 Share capital and share premium (continued)

The following share transactions have taken place during the period:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of CSOP options	Ordinary Shares of 0.1p each	213,895	111
Full payment	A Non-voting Ordinary Shares of 0.1p each	260,973	1,120
Full payment	X Non-voting Ordinary Shares of 0.1p each	318,497	1,065
Bonus issue	All share classes of 0.1p each	8,590,131	(9)
Sub-division	All share classes of 0.1p each to 0.0125p each	360,785,390	-
Exercise of CSOP options	Ordinary Shares of 0.0125p each	856,149	329
Deferred shares cancellation	Ordinary Shares of 0.0125p each	(6,054,075)	-
		364,970,960	**2,616**

Own shares

As at 31 March 2019, the Group held 1,369,896 own shares in the AJ Bell Employee Benefit Trust (31 March 2018: 1,465,987; 30 September 2018: 1,619,645). Comparative periods presented have been adjusted to reflect the share reorganisation as described above.

11 Dividends

The following dividends were declared and paid by the Company during the period:

	Unaudited Six months ended 31 March 2019 £000	Unaudited Six months ended 31 March 2018 £000	Audited Year ended 30 September 2018 £000
Final dividend of 15.50p per share paid 15 December 2017	-	6,362	6,362
Interim dividend of 14.00p per share paid 25 May 2018	-	-	5,728
Special dividend of 19.50p per share paid 28 September 2018	-	-	8,005
Final dividend of 21.50p per share paid 13 November 2018	8,827	-	-
Ordinary dividends paid on equity shares	8,827	6,362	20,095

An interim dividend of 1.50 pence per share was approved by the Board on 22 May 2019 and is payable on 28 June 2019 to shareholders on the register at the close of business on 7 June 2019. The ex-dividend date will be 6 June 2019. This dividend has not been included as a liability as at 31 March 2019.

As disclosed in note 10, prior to the listing of AJ Bell plc, a share reorganisation took place. The restated equivalent comparable dividend per share for the prior interim period was 1.46 pence per share.

AJ Bell Employee Benefit Trust, which held 1,369,896 ordinary shares (31 March 2018: 1,465,987; 30 September 2018: 1,619,645) in AJ Bell plc at 31 March 2019, has agreed to waive all dividends.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2019

12 Share-based payments

The Group had the following equity-settled share-based payment arrangements during the period:

Company Share Option Plan (CSOP)

The CSOP is a HMRC-approved scheme in which the Board, at their discretion, grant options to employees to purchase ordinary shares. Each participating employee can be granted options up to the value of £30,000. Options granted under the CSOP can be exercised between the third and tenth anniversary after the date of grant and usually lapse if the employee leaves the Group before the option expires in circumstances in which they are considered to be a bad leaver. In the case of a good leaver, the employee is able to exercise options for a limited time after the cessation of employment. The expense for share-based payments under the CSOP is recognised over the respective vesting period of these options.

Option To Buy scheme (OTB)

The OTB scheme is an award scheme whereby the Board at their discretion grant growth shares to employees. 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. Growth shares granted under the OTB have different vesting conditions. The vesting condition attached to all growth shares granted is that the threshold level needs to be met and an exit event needs to have occurred. As part of the AJ Bell listing process all awards were converted into ordinary shares and those awards granted with an additional employment condition of four or six years after the date of grant, continue to be recognised as a share-based payment. Awards that were issued subject to employment conditions are subject to buy back options under which the Group can buy back the shares for their issue price if the employee leaves the Group before the expiry of the employment condition period.

Buy As You Earn Plan (BAYE)

During the period the Group introduced a BAYE plan which is an all-employee share plan under which shares can be issued to employees as either free shares or partnership shares. During the period, free shares up to a maximum value of £750 have been offered to all employees who were employed by the Group at 6 December 2018.

Employees have been offered the opportunity to participate in the partnership plan where employees are required to save an amount of their gross monthly salary, up to a maximum of £150 per month, for a period of 12 months. Under the terms of the plan, at the end of the 12 month period, the employees are entitled to purchase shares using funds saved at the lower of the IPO price of £1.60 or the market value at the date of purchase. Employees who cease their employment before the 12 month period expires, will be refunded their saved amounts.

Executive Incentive Plan (EIP)

An EIP has been introduced during the period to replace the Executive Bonus scheme and OTB scheme. This is a performance related share plan. The awards made during the period involved the grant of nominal cost options to participants conditional on the achievement of specified performance targets. Individual grants will be dependent on the assessment of performance against a range of financial and non-financial targets set at the beginning of the financial year.

During the period the Group recognised total share-based payment expenses of £510,000 (six months ended 31 March 2018: £59,000; year ended 30 September 2018: £112,000).

13 Principal risks and uncertainties

We continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of our strategic objectives. The Board believes that the nature of the principal risks and uncertainties that may have a material effect on the Group's performance over the remainder of the financial year remain unchanged from those presented within the 2018 annual report and accounts.

14 Related-party transactions

The Group has a related-party relationship with its Directors and members of the Executive Management Board (the "key management personnel"). There were no changes to the related party transactions during the financial period that would materially affect the financial position or performance of the Group. Transactions are consistent in nature with the disclosure in note 27 of the consolidated financial statements for the year ended 30 September 2018.

15 Subsequent events

There have been no material events occurring between the reporting date and the date of approval of these interim financial statements.

DEFINITIONS

AUA	Assets Under Administration
BAYE	Buy As You Earn Plan
Board, Directors	The Board of Directors of AJ Bell plc
BPS	Basis points
Brexit	The withdrawal of the United Kingdom from the European Union
Company	AJ Bell plc
CSOP	Company Share Option Plan
Customer retention rate	Relates to platform customers
DEPS	Diluted Earnings per Share
D2C	Direct-to-Consumer
ECL	Expected Credit Loss
EIP	Executive Incentive Plan
EMB	Executive Management Board
EPS	Earnings per Share
FCA	Financial Conduct Authority
FTSE	Financial Times Stock Exchange
GDPR	General Data Protection Regulations
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
ISA	Individual Savings Account
LISA	Lifetime ISA
MiFID II	Markets in Financial Instruments Directive II
OCF	Ongoing Charges Figure
OTB	Option To Buy Scheme
Own shares	Shares held by the Group to satisfy future incentive plans
PBT	Profit Before Tax
PLC	Public Limited Company
PPTS	Percentage Points
Revenue per £ AUA	Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged for the year*
SIPP	Self Invested Personal Pension
UK	United Kingdom
VAT	Value Added Tax

* Prior year comparative restated to reflect the inclusion of AJ Bell Media revenue

COMPANY INFORMATION

Executive Directors

Andy Bell
Michael Summersgill

Non-Executive Directors

Les Platts
Simon Turner
Laura Carstensen
Eamonn Flanagan

Company Secretary

Christopher Bruce Robinson

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